CITY OF FRANKLIN, LOUISIANA

Financial Report

Year Ended April 30, 2023

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KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

C. Burton Kolder, CPA*
Of Counsel

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

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Eugene Foulcard, Mayor
And the Honorable Members of the City Council
City of Franklin, Louisiana

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Franklin, Louisiana (hereinafter "City"), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government (hereinafter "basic financial statements") as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City, as of April 30, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City, as of April 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

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. Our responsibilities under those standards are further described in the

Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effects of not including the City's legally separate component units on the aggregate discretely presented component units have not been determined.

Change in Accounting Principle

As described in Note 7 to the financial statements, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the year ended April 30, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

The City has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying justice system funding schedule and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative* Requirements, Cost Principles, and Audit Requirements for Federal awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the City's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary 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 justice system funding schedule and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 30, 2023 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
October 30, 2023

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF FRANKLIN, LOUISIANA

Statement of Net Position
April 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	$ 1,553,050	$ -	$ 1,553,050
Receivables, net	581,971	694,942	1,276,913
Due from other governments	81,038	3,688	84,726
Internal balances	2,868,054	(2,868,054)	-
Prepaid expense	104,767	14,169	118,936
Total current assets	5,188,880	(2,155,255)	3,033,625
Noncurrent assets:			
Restricted assets	-	389,323	389,323
Capital assets:			
Land and construction in progress	2,207,510	12,160	2,219,670
Other, net of accumulated depreciation	12,444,843	4,426,390	16,871,233
Total noncurrent assets	14,652,353	4,827,873	19,480,226
Total assets	19,841,233	2,672,618	22,513,851
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to net pension liability	2,380,427	317,278	2,697,705
LIABILITIES			
Current liabilities:			
Cash overdraft	-	91,848	91,848
Accounts and other payables	654,408	399,950	1,054,358
Accrued liabilities	186,750	34,634	221,384
Contracts and notes payable	62,001	10,294	72,295
Current portion of long-term obligations	288,281	284,608	572,889
Total current liabilities	1,191,440	821,334	2,012,774
Noncurrent liabilities:			
Net pension liability	5,451,498	974,277	6,425,775
Customer deposits	-	273,365	273,365
Noncurrent portion of long-term obligations	2,174,713	2,079,110	4,253,823
Total noncurrent liabilities	7,626,211	3,326,752	10,952,963
Total liabilities	8,817,651	4,148,086	12,965,737
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	185,411	18,040	203,451
NET POSITION			
Net investment in capital assets	12,189,359	2,074,832	14,264,191
Restricted			
Capital projects	716,266	-	716,266
Debt service	26,482	314,323	340,805
Other purposes	23,177	-	23,177
Unrestricted (deficit)	263,314	(3,565,385)	(3,302,071)
Total net position (deficit)	$ 13,218,598	$ (1,176,230)	$ 12,042,368

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

CITY OF FRANKLIN, LOUISIANA

Statement of Activities
Year Ended April 30, 2023

Functions/Programs	Expenses	Program Revenues: Fees, Commissions, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government:							
Administrative	$ 701,138	$ 400,444	$ 7,218	$ -	$ (293,476)	$ -	$ (293,476)
Judicial	678,209	147,969	8,393	-	(521,847)	-	(521,847)
Public safety:							
Fire	1,015,168	46,943	63,924	-	(904,301)	-	(904,301)
Police	2,000,692	48,022	96,787	-	(1,855,883)	-	(1,855,883)
Public works	1,002,509	-	11,122	47,535	(943,852)	-	(943,852)
Other funding	137,468	-	228,741	-	91,273	-	91,273
Recreation	408,425	-	3,297	-	(405,128)	-	(405,128)
Sanitation	2,605,361	845,215	16,129	198,104	(1,545,913)	-	(1,545,913)
Community development	96,757	-	375,767	21,231	300,241	-	300,241
Food services	44,140	-	46,685	-	2,545	-	2,545
Interest on long term debt	90,712	-	-	-	(90,712)	-	(90,712)
Total governmental activities	8,780,579	1,488,593	858,063	266,870	(6,167,053)	-	(6,167,053)
Business-type activities:							
Water	2,472,113	2,015,828	-	71,500	-	(384,785)	(384,785)
Interest on long term debt	87,442	-	-	-	-	(87,442)	(87,442)
Total business-type activities	2,559,555	2,015,828	-	71,500	-	(472,227)	(472,227)
Total government	$ 11,340,134	$ 3,504,421	$ 858,063	$ 338,370	(6,167,053)	(472,227)	(6,639,280)
General revenues:							
Taxes:							
Ad valorem taxes					766,670	-	766,670
Franchise					478,406	-	478,406
Sales					3,213,201	-	3,213,201
Intergovernmental					1,514,372	-	1,514,372
Interest and investment earnings					561	293	854
Insurance dividends					166,758	9,083	175,841
Rentals					28,363	-	28,363
Cemetery and mausoleum sales					55,750	-	55,750
Miscellaneous					81,018	17,931	98,949
Gain on disposition of fixed assets					13,040	-	13,040
Transfers					88,000	(88,000)	-
Total general revenues and transfers					6,406,139	(60,693)	6,345,446
Change in net position					239,086	(532,920)	(293,834)
Net position (deficit), beginning					12,979,512	(643,310)	12,336,202
Net position (deficit), ending					$ 13,218,598	$ (1,176,230)	$ 12,042,368

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

FUND FINANCIAL STATEMENTS

CITY OF FRANKLIN, LOUISIANA

Balance Sheet
Governmental Funds
April 30, 2023

	General	Liquid and Solid Waste	Capital Outlay	Other Governmental	Total Governmental Funds
ASSETS					
Cash and interest-bearing deposits	$ 590,417	$ 115,076	$ 797,898	$ 49,659	$ 1,553,050
Receivables:					
Taxes	351,483	199,693	-	-	551,176
Accounts	30,795	-	-	-	30,795
Due from other funds	120,000	558,380	30,000	-	708,380
Due from other governments	69,245	11,793	-	-	81,038
Advances to other funds	-	2,200,000	-	-	2,200,000
Prepaid expenditures	87,003	17,764	-	-	104,767
Total assets	$ 1,248,943	$ 3,102,706	$ 827,898	$ 49,659	$ 5,229,206
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 104,804	$ 437,972	$ 111,632	$ -	$ 654,408
Due to other funds	10,326	30,000	-	-	40,326
Accrued liabilities	148,833	24,840	-	-	173,673
Notes payable	51,578	10,423	-	-	62,001
Total liabilities	315,541	503,235	111,632	-	930,408
Fund balances:					
Nonspendable	119,964	2,217,764	-	-	2,337,728
Restricted	-	-	716,266	49,659	765,925
Committed	-	381,707	-	-	381,707
Assigned	8,319	-	-	-	8,319
Unassigned	805,119	-	-	-	805,119
Total fund balances	933,402	2,599,471	716,266	49,659	4,298,798
Total liabilities and fund balances	$ 1,248,943	$ 3,102,706	$ 827,898	$ 49,659	$ 5,229,206

(continued)

CITY OF FRANKLIN, LOUISIANA

Balance Sheet (continued)
Governmental Funds
April 30, 2023

Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at April 30, 2023		$ 4,298,798
Cost of capital assets:		
Land	$ 864,766	
Construction in progress	1,342,744	
Capital assets, net of accumulated depreciation	12,444,843	14,652,353
Deferred outflows of resources related to net pension liability		2,380,427
Long-term liabilities:		
Long-term obligations		(2,462,994)
Net pension liability		(5,451,498)
Accrued interest payable		(13,077)
Deferred inflows of resources related to net pension liability		(185,411)
Net position at April 30, 2023		$ 13,218,598

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

CITY OF FRANKLIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended April 30, 2023

	General	Liquid and Solid Waste	Capital Outlay	Other Governmental	Total Governmental Funds
Revenues:					
Taxes	$ 3,057,318	$ 1,400,959	$ -	$ -	$ 4,458,277
Licenses and permits	390,087	-	-	-	390,087
Intergovernmental	2,421,214	198,104	47,535	46,941	2,713,794
Insurance rebates	166,758				166,758
Fees, commissions, and charges for services	-	845,215	-	1,454	846,669
Fines and forfeits	35,170	-	-	-	35,170
Rentals	28,363	-	-	-	28,363
Interest income	490	5	60	6	561
Cemetery plot and mausoleum sales	55,750	-	-	-	55,750
Miscellaneous	119,416	-	-	-	119,416
Total revenues	6,274,566	2,444,283	47,595	48,401	8,814,845
Expenditures:					
Current -					
General government:					
Administrative	537,284	-	741	-	538,025
Judicial	672,327	-	-	-	672,327
Public safety:					
Fire	865,351	-	-	-	865,351
Police	1,676,512	-	-	3,337	1,679,849
Public works:					
Streets and drainage	832,835	-	-	-	832,835
Other funding	137,468	-	-	-	137,468
Recreation	340,585	-	1,123	-	341,708
Sanitation	-	2,338,134	-	-	2,338,134
Community development	65,870	-	-	-	65,870
Food services	-	-	-	44,140	44,140
Miscellaneous	-	-	357	-	357
Debt service -					
Principal	120,384	54,000	-	124,637	299,021
Interest and fiscal charges	46,220	13,697	-	32,004	91,921
Capital outlay	142,601	181,860	459,326	-	783,787
Total expenditures	5,437,437	2,587,691	461,547	204,118	8,690,793
Excess (deficiency) of revenues over expenditures	837,129	(143,408)	(413,952)	(155,717)	124,052
Other financing sources (uses):					
Proceeds from finance agreement	109,430	-	-	-	109,430
Transfers in	225,000	-	1,002,114	164,600	1,391,714
Transfers out	(1,160,714)	(143,000)	-	-	(1,303,714)
Total other financing sources (uses)	(826,284)	(143,000)	1,002,114	164,600	197,430
Net change in fund balances	10,845	(286,408)	588,162	8,883	321,482
Fund balances, beginning	922,557	2,885,879	128,104	40,776	3,977,316
Fund balances, ending	$ 933,402	$ 2,599,471	$ 716,266	$ 49,659	$ 4,298,798

(continued)

CITY OF FRANKLIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended April 30, 2023

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Total net change in fund balances for the year ended April 30, 2023 per Statement of Revenues, Expenditures and Changes in Fund Balances	$	321,482
Cost of capital assets acquired or constructed		783,787
Depreciation expense		(868,499)
Loss on disposition of assets		(467)
Principal payments on bonds and lease obligations		299,021
Adjustment to lease liability		36,659
Change in accrued interest		1,413
Proceeds from finance agreement		(109,430)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:		
Change in pension expense		(341,496)
Nonemployer pension contribution revenue		116,616
Total change in net position for the year ended April 30, 2023 per Statement of Activities	$	239,086

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

CITY OF FRANKLIN, LOUISIANA

Statement of Net Position
Proprietary Funds
April 30, 2023

	Water
ASSETS	
Current assets:	
Receivables, net	$ 694,942
Due from other governments	3,688
Prepaid expenses	14,169
Due from other funds	3,702
Total current assets	716,501
Noncurrent assets:	
Restricted assets-	
Cash	389,323
Capital assets:	
Land and construction in progress	12,160
Other, net of accumulated depreciation	4,426,390
Total noncurrent assets	4,827,873
Total assets	5,544,374
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to net pension liability	317,278
LIABILITIES	
Liabilities:	
Current liabilities:	
Cash overdraft	91,848
Accounts payable	399,950
Accrued liabilities	34,634
Notes payable	10,294
Lease obligation	6,582
Financed purchase agreement	203,026
Due to other funds	671,756
Payable from restricted assets-	
Revenue bonds	75,000
Total current liabilities	1,493,090
Noncurrent liabilities:	
Net pension liability	974,277
Lease obligation	2,398
Financed purchase agreement	511,712
Revenue bonds	1,565,000
Advances from other funds	2,200,000
Customer deposits	273,365
Total noncurrent liabilities	5,526,752
Total liabilities	7,019,842
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to net pension liability	18,040
NET POSITION	
Net investment in capital assets	2,074,832
Restricted	314,323
Unrestricted (deficit)	(3,565,385)
Total net position (deficit)	$ (1,176,230)

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

CITY OF FRANKLIN, LOUISIANA

Statement of Revenues, Expenses and Change in Fund Net Position
Proprietary Funds
Year Ended April 30, 2023

	Water
Operating revenues:	
Charges for services-	
Water sales	$ 1,653,687
Street lights	182,948
Mosquito control	70,066
Other	109,127
Miscellaneous	17,931
Total operating revenues	2,033,759
Operating expenses:	
Administrative and finance	522,666
Water production	881,252
Water distribution	243,340
Meter department	142,946
Street light fees	233,028
Depreciation	375,862
Mosquito control	72,015
Miscellaneous	1,004
Total operating expense	2,472,113
Operating income (loss)	(438,354)
Nonoperating revenues (expenses):	
Insurance proceeds	9,083
Interest income	293
Interest and fiscal charges	(87,442)
Total nonoperating revenues (expenses)	(78,066)
Loss before contributions and transfers	(516,420)
Capital contributions	71,500
Transfers out	(88,000)
Change in net position	(532,920)
Net position (deficit), beginning	(643,310)
Net position (deficit), ending	$ (1,176,230)

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

CITY OF FRANKLIN, LOUISIANA

Statement of Cash Flows
Proprietary Funds
Year Ended April 30, 2023

	Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 1,960,598
Payments to suppliers for goods and services	(1,089,641)
Payments to employees	(825,835)
Net cash provided by operating activities	45,122
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other receipts	9,083
Receipts from other funds	309,927
Net cash provided by noncapital financing activities	319,010
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of property, plant and equipment	(205,871)
Capital contributions	71,500
Interest and fiscal charges paid	(87,442)
Principal paid on -	
Revenue bonds	(75,000)
Leases	(6,138)
Financed purchase obligations	(195,741)
Net cash used by capital and related financing activities	(498,692)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on interest-bearing deposits	293
Net decrease in cash and cash equivalents	(134,267)
Cash and cash equivalents, beginning	431,742
Cash and cash equivalents, ending	$ 297,475

(continued)

CITY OF FRANKLIN, LOUISIANA

Statement of Cash Flows (continued)
Proprietary Funds
Year Ended April 30, 2023

	Water
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (438,354)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	375,862
Pension expense, net of nonemployer contributions	103,349
Changes in assets and liabilities:	
Accounts receivable	(73,539)
Due from other governments	1,055
Prepaid expenses	1,521
Accounts payable and other liabilities	72,176
Accrued liabilities	(14,763)
Notes payable	1,787
Customer deposits	16,028
Total adjustments	483,476
Net cash provided by operating activities	$ 45,122

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

(1) Summary of Significant Accounting Policies

The City of Franklin ("City") was incorporated April 15, 1876, under the provisions of a special charter. The City operated under a Mayor-Council form of government until August 1, 2004, at which time the City adopted a Home Rule Charter and now operates under an elected Mayor-Council, administrative-legislative form of government. The City 's operations include police and fire protection, streets and drainage, parks and recreation, residential waste collection services, certain social services and general and administration services. The City owns and operates an enterprise fund which provides water services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
   a) The ability of the City to impose its will on that organization and/or
   b) The potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the City.

2. Organizations for which the City does not appoint a voting majority but are fiscally dependent upon the City.

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Component Units –

Based on the previous criteria, the City has two component units, the City Court of the City of Franklin (City Court) and the Ward Three Marshal of the Parish of St. Mary (Marshal's Office).

The City Court operates a court for the City of Franklin and the territorial jurisdiction throughout Ward Three of St. Mary Parish, Louisiana. The City Court collects all fines, forfeitures, penalties and costs assessed. The city judge is elected for a six-year term. The City Court's fiscal year ends on June 30, which is different from that of the City, the primary government. The City provides the facilities in which the City Court operates and has approval authority over certain expenditures of the City Court. Complete financial statements issued by the City Court may be obtained directly from the City Court at 508 2nd Street, Franklin, Louisiana 70538.

The Marshal's Office accounts for the activities of the Marshal in carrying out the duties of the City Court. The expense of carrying out these duties are defrayed by costs collected through the City Court and remitted to the Marshal's Office. The Marshal is elected for a six-year term. The fiscal year of the Marshal's Office ends on June 30, which is different from that of the City, the primary government. The City provides the facilities in which the Marshal's Office operates and has approval authority over certain expenditures of the Marshal's Office. Complete financial statements issued by the Marshal's Office may be obtained directly from the Marshal's Office at PO Box 343, Franklin, Louisiana 70538.

The City has chosen to issue financial statements of the primary government only.

B. Basis of Presentation

Government-wide Financial Statements –

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, 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.

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

Fund Financial Statements –

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major governmental funds of the City are described below:

General Fund – primary operating fund of the City. The general fund is always classified as a major fund and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund:

Liquid and Solid Waste Fund— accounts for the receipt and use of proceeds of the City's pro-rata portion of the St. Mary Parish ¾% sales and use tax. These taxes are dedicated to the construction, maintenance, and operations of sewerage or solid waste disposal systems, and police and fire protection.

Capital Project Fund:

Capital Outlay Fund— accounts for the receipt and use of funds received from grant sources for the purpose of acquiring assets or other capital expenditures.

Proprietary Funds:

Water Fund—accounts for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned including unbilled water services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenues at that time. The City considers property taxes available if they are collected within 60 days after year-end. Expenditures are recorded when the related liability is incurred.

Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on investments. Licenses, permits, and fines are recognized when they are received because they are not objectively measurable.

D. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. Deposits are stated at cost, which approximates market.

For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand and savings accounts.

E. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

F. Receivables

All receivables are shown net of an allowance account, as applicable.

G. Prepaid Items

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

H. Capital Assets

Capital assets, which include property, plant, equipment and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for the proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Assets capitalized have an original cost of $2,500 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 40 years
Improvements	20 - 40 years
Equipment	5 - 25 years

I. Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

J. Deferred Outflows of Resources and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense or expenditure) until then. The City reports deferred outflows of resources related to its net pension liability on its government-wide and proprietary funds statements of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City may report deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The City also reports deferred inflows related to its net pension liability on its government-wide and proprietary funds statements of net position.

K. Long-Term Debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, capital lease obligations, and utility meter deposits payable.

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

L. Equity Classifications

Government-wide Financial Statements –

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted – Consists of 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.

c. Unrestricted – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City considers the restricted funds to have been spent first.

Fund Financial Statements –

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance for the City's governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other government.

c. Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the City Council.

e. Unassigned – all other spendable amounts.

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

M. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses –

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 the fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses −

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the governmental funds' financial statements, expenditures are classified by character. In the proprietary fund, expenses are classified as operating or nonoperating.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Bad Debts –

Uncollectible amounts due for ad valorem taxes are recognized as bed debts at the time information becomes available which would indicate collection of the particular receivable is unlikely. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), the resulting difference between the allowance method and the specific charge-off method would result in an immaterial difference. An allowance for uncollectible utility receivables has been provided at April 30, 2023.

N. Interfund Transfers

Permanent reallocation of resources between funds is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. Interfund transfers between governmental funds and business-type funds are not eliminated but are shown in the statement of activities as "transfers."

O. Compensated Absences

Full time employees of the City earn vacation leave based upon their total years of service. Vacation leave must be used within the fiscal year and cannot be carried over to subsequent periods.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System, the Municipal Police Retirement System, the Firefighters' Retirement System, and the Louisiana State Employee' Retirement System, and additions to/deductions from the retirement systems' net positions have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms and investments are reported at fair value.

Q. Use of Estimates

The City's management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate. Actual results may differ from these estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At April 30, 2023, the City has cash and interest-bearing deposits (book balances) totaling $1,850,525 as follows:

	Governmental Activities	Business-type Activities	Total
Demand deposits	$ 1,552,450	$ 296,575	$ 1,849,025
Petty cash	600	900	1,500
Total	$ 1,553,050	$ 297,475	$ 1,850,525

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. Deposit balances (bank balances) at April 30, 2023 are as follows:

Bank balances	$ 1,591,127
Federal deposit insurance	$ 883,437
Pledged securities	707,690
Total	$ 1,591,127

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City’s deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The City has not formally adopted policies that limit allowable deposits or investments and address the specific type of risk to which the City is exposed, nor a policy to monitor or attempt to reduce exposure to custodial credit risk. At April 30, 2023, deposits in the amount of $707,690 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution’s trust department or agent but not in the City’s name.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish.

City property tax revenues are budgeted in the year billed.

For the year ended April 30, 2023, taxes of 20.54 mills were levied on property with assessed valuations totaling $37,065,465 and were dedicated as follows:

General governmental services	14.45 mills
Sewerage system maintenance	6.09 mills

Total taxes levied for the year ended April 30, 2023 were $761,325.

(4) Receivables

Receivables at April 30, 2023 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts	30,795	$ 1,032,130	$ 1,062,925
Taxes	551,176	-	551,176
	581,971	1,032,130	1,614,101
Less: allowance for uncollectible	-	(337,188)	(337,188)
Net receivables	$ 581,971	$ 694,942	$ 1,276,913

(5) Due from other Governments

Amounts due from other governments at April 30, 2023 consisted of the following:

Governmental Activities:	
State of Louisiana - Transportation Grant	$ 18,730
State of Louisiana - Video poker	29,131
St. Mary Parish Government - Parish share of City Court operating costs	21,384
St. Mary Parish Government - Parish share of sewer plant operating costs	11,793
Total governmental activities	$ 81,038

Business-Type Activities:	
St. Mary Parish Water & Sewer Commission No. 4 - Charges for services	$ 3,688

(6) Changes in Capital Assets

Capital asset activity for the year ended April 30, 2023, was as follows:

	Balance 05/01/2022	Additions	Deletions	Balance 04/30/2023
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 864,766	$ -	$ -	$ 864,766
Construction in progress	1,009,928	332,816	-	1,342,744
Total capital assets not being depreciated	1,874,694	332,816	-	2,207,510
Capital assets being depreciated:				
Buildings	5,150,812	183,689	-	5,334,501
Equipment	5,158,506	266,792	(90,804)	5,334,494
Infrastructure	21,996,263	-	-	21,996,263
Total capital assets being depreciated	32,305,581	450,481	(90,804)	32,665,258
Less accumulated depreciation for:				
Buildings	(2,131,225)	(110,525)	-	(2,241,750)
Equipment	(3,908,597)	(203,098)	90,337	(4,021,358)
Infrastructure	(13,402,431)	(554,876)	-	(13,957,307)
Total accumulated depreciation	(19,442,253)	(868,499)	90,337	(20,220,415)
Total capital assets, being depreciated, net	12,863,328	(418,018)	(467)	12,444,843
Governmental activities capital assets, net	$ 14,738,022	$ (85,202)	$ (467)	$ 14,652,353
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 10,000	$ -	$ -	$ 10,000
Construction in progress	2,160	-	-	2,160
Total capital assets not being depreciated	12,160	-	-	12,160
Capital assets being depreciated:				
Water utility system	10,892,158	205,871	(10,400)	11,087,629
Less accumulated depreciation for:				
Water utility system	(6,295,777)	(375,862)	10,400	(6,661,239)
Total capital assets, being depreciated, net	4,596,381	(169,991)	-	4,426,390
Business-type activities capital assets, net	$ 4,608,541	$ (169,991)	$ -	$ 4,438,550

Depreciation expense was charged as direct expense to functions as follows:

Governmental activities:	
General government and administration	$ 96,573
Public safety:	
Police	49,390
Fire	103,262
Public works:	
Streets and drainage	197,681
Community development	30,514
Culture and recreation	66,221
Sanitation	324,858
Total depreciation expense, governmental activities	$ 868,499
Business-type activities:	
Water	$ 375,862

(7) Long-Term Liabilities

During the year ended April 30, 2023 the following changes occurred in long-term liabilities:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Direct placements					
Taxable limited tax bonds	$ 936,003	$ -	$ (54,000)	$ 882,003	$ 55,000
Public improvement revenue bonds	945,000	-	(90,000)	855,000	95,000
Direct borrowings					
Financed purchase agreement	751,584	109,430	(148,096)	712,918	130,964
Lease obligations	19,998	-	(6,925)	13,073	7,317
Total governmental activities	$ 2,652,585	$ 109,430	$ (299,021)	$ 2,462,994	$ 288,281
Business- type activities:					
Direct placements					
Water revenue bonds	$ 1,715,000	$ -	$ (75,000)	$ 1,640,000	$ 75,000
Direct borrowings					
Financed purchase agreement	910,479	-	(195,741)	714,738	203,026
Lease obligations	15,118	-	(6,138)	8,980	6,582
Total business-type activities	$ 2,640,597	$ -	$ (276,879)	$ 2,363,718	$ 284,608

Bonds payable at April 30, 2023 are comprised of the following individual issues:

Governmental Activities-	
$1,880,000 Taxable Limited Tax Bonds, Series 2018, payable in annual installments of $18,000 to $63,000 through April 1, 2038, with interest at 0.95%; secured by ad valorem tax proceeds	$ 882,003
$1,650,000 Public Improvement Revenue Bonds, Series 2012, payable in annual installments of $70,000 to $120,000 through June 1, 2030, with interest from 3.150% to 3.900%; secured by excess annual revenues	855,000
Total	$ 1,737,003

Business-Type Activities-	
$1,800,000 Water Revenue Bonds, Series 2021, payable in annual installments of $10,000 to $115,000 through March 1, 2040, with interest at 2.380%; secured by water revenues from the Water Fund.	$ 1,640,000

The schedule of interest rates for the Series 2012 variable-rate debt is as follows:

April 30,	Rate
2024	3.15%
2025	3.25%
2026	3.35%
2027	3.50%
2028	3.55%
2029	3.65%
2030	3.70%
2031	3.90%

The various bond indentures contain significant limitations and restrictions as to the annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The City is in compliance with all such significant limitations and restrictions.

The annual requirements to amortize all debt outstanding as of April 30, 2023 are as follows:

	Governmental Activities								
	Direct Placements			Direct Borrowings			Totals		
Year Ending April 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	$ 150,000	$ 37,006	$ 187,006	$ 130,964	$ 31,520	$ 162,484	$ 280,964	$ 68,526	$ 349,490
2025	156,000	33,361	189,361	136,923	25,561	162,484	292,923	58,922	351,845
2026	156,000	29,529	185,529	137,189	19,440	156,629	293,189	48,969	342,158
2027	162,000	25,485	187,485	141,293	13,385	154,678	303,293	38,870	342,163
2028	167,000	21,153	188,153	166,549	6,942	173,491	333,549	28,095	361,644
2029-2033	639,000	43,102	682,102	-	-	-	639,000	43,102	682,102
2034-2038	307,003	8,816	315,819	-	-	-	307,003	8,816	315,819
Total	$ 1,737,003	$ 198,452	$ 1,935,455	$ 712,918	$ 96,848	$ 809,766	$ 2,449,921	$ 295,300	$ 2,745,221

	Business-Type Activities								
	Direct Placements			Direct Borrowings			Totals		
Year Ending April 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	$ 75,000	$ 39,032	$ 114,032	$ 203,026	$ 22,109	$ 225,135	$ 278,026	$ 61,141	$ 339,167
2025	85,000	37,128	122,128	202,997	15,226	218,223	287,997	52,354	340,351
2026	85,000	35,224	120,224	196,314	8,084	204,398	281,314	43,308	324,622
2027	85,000	33,201	118,201	105,812	2,110	107,922	190,812	35,311	226,123
2028	85,000	31,178	116,178	6,589	99	6,688	91,589	31,277	122,866
2029-2033	470,000	123,998	593,998	-	-	-	470,000	123,998	593,998
2034-2038	525,000	65,331	590,331	-	-	-	525,000	65,331	590,331
2039-2040	230,000	8,211	238,211	-	-	-	230,000	8,211	238,211
Total	$ 1,640,000	$ 373,303	$ 2,013,303	$ 714,738	$ 47,628	$ 762,366	$ 2,354,738	$ 420,931	$ 2,775,669

Lease Obligations

During the fiscal year ended April 30, 2023, the City implemented GASBS No. 87, *Leases*, for accounting and reporting leases that had previously been reported as capital and operating leases. A restatement of opening net position was not reported due to immateriality considering the facts and circumstances at the beginning of the period.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The City uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

In accordance with GASBS No. 87, the City recognizes lease liabilities and intangible right to use assets (lease assets) in the government-wide financial statements and in its enterprise funds.

Lease assets are reported with capital assets on the statement of net position. The leased equipment and accumulated amortization of the right-to-use assets are as follows:

	Governmental Activities	Business-Type Activities
Vehicles - police unit	$ 34,416	$ -
Equipment - tractor	-	24,443
Less: accumulated amortization	(15,282)	(2,444)
	$ 19,134	$ 21,999

Amortization of leased capital assets is included with depreciation expense. The City also rents various equipment at times on a short-term basis.

The following is a schedule of future minimum lease payments under lease obligations as of April 30, 2023:

Year ending April 30,	Governmental Activities	Business-Type Activities
2024	7,317	6,582
2025	5,756	2,398
Present value of net minimum lease payments	$ 13,073	$ 8,980

Current year lease payments totaled $6,925 and $6,138 for governmental and business-type activities, respectively.

(8) Net position

Net position is presented as net investments in capital assets, restricted and/or unrestricted. The City's net position is affected by transactions that resulted in the recognition of deferred outflow of resources and deferred inflow of resources, and the difference between the deferred outflow of resources and deferred inflow of resources, and balance of the related asset or liability is significant. As discussed in Note 13, the City's recognition of net pension liability in accordance with GASBS No. 68 significantly affect the City's unrestricted component of net position in its governmental activities and business-type activities as of April 30, 2023.

At April 30, 2023, the government-wide statement of net position reports the following restricted net position:

	Governmental Activities	Business-Type Activities
Restricted by enabling legislation:		
Capital grants	$ 716,266	$ -
Police narcotics	12,379	-
Net position otherwise restricted for:		
Debt service	26,482	314,323
Summer feeding program	10,798	-
Total restricted net position	$ 765,925	$ 314,323

(9) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Liquid and Solid Waste	Capital Outlay	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable -					
Perpetual care	$ 32,961	$ -	$ -	$ -	$ 32,961
Interfund advances	-	2,200,000	-	-	2,200,000
Prepaid items	87,003	17,764	-	-	104,767
Total fund balances - nonspendable	119,964	2,217,764	-	-	2,337,728
Restricted for -					
Capital improvements	-	-	716,266	-	716,266
Debt service	-	-	-	26,482	26,482
Summer feeding program	-	-	-	10,798	10,798
Drug enforcement	-	-	-	12,379	12,379
Total fund balances - restricted	-	-	716,266	49,659	765,925
Committed to -					
Sanitation and sewer operations	-	381,707	-	-	381,707
Assigned to -					
Law enforcement	8,319	-	-	-	8,319
Unassigned	805,119	-	-	-	805,119
Total fund balances	$ 933,402	$ 2,599,471	$ 716,266	$ 49,659	$ 4,298,798

(10) Contingencies

Threatened/Pending Litigation

There are several lawsuits presently threatened or pending against the City as of April 30, 2023. In suits pending, legal counsel and management are of the opinion that any unfavorable outcome in these cases would be within the limits of the City's insurance coverage, when applicable. However, the City does not carry insurance for certain general liabilities. Potential damages or liabilities on the part of the City cannot be estimated for related cases due to current status of litigation.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. However, it is the policy of the City to retain the risk of losses related to general public liability (excluding vehicles and buildings). The City is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended April 30, 2023. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(11) Interfund Transactions

A. Receivables and payables

Interfund receivables and payables at April 30, 2023 consisted of the following:

	Interfund payables			
	General	Liquid and Solid	Water Enterprise	Total
Interfund receivables				
General	$ -	$ -	$ 120,000	$ 120,000
Liquid and Solid Waste	6,624	-	551,756	558,380
Capital outlay	-	30,000	-	30,000
Water Enterprise	3,702	-	-	3,702
Total	$ 10,326	$ 30,000	$ 671,756	$ 712,082

Interfund receivables and payables arise as a result of transactions between funds when there is an expectation that the disbursing fund will be repaid or reimbursed by the recipient fund.

B. Operating transfers

Transfers between funds for the year ended April 30, 2023 were as follows:

	Transfers in			
	General	Capital Outlay	Nonmajor Governmental	Total
Transfers out:				
General	$ -	$ 1,002,114	158,600	$ 1,160,714
Liquid and Solid Waste	140,000	-	3,000	143,000
Water Enterprise	85,000	-	3,000	88,000
Total	$ 225,000	$ 1,002,114	$ 164,600	$ 1,391,714

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(12) Dedication of Proceeds and Flow of Fund-Sales and Use Tax

The City collects sales taxes under four sales tax levies as follows:

Proceeds of a 1% parish wide sales and use tax levied in 1966 (2023 collections $1,318,744). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis. Proceeds of this tax shall be used for the following purposes: construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings); for payment or supplementing salaries of all municipal employees; for the operation of recreational facilities; for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality; and for any other public purpose authorized by state law.

Proceeds of a 3/4 of 1% sales and use tax levied in 1974 (2023 collections $1,175,228). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are to be used for the construction, acquisition, extension, improvement, operation, and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, and other facilities for pollution control and abatement, fire and police protection; and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. The tax was reapproved for levy in 1987. At the time of reauthorization, voters approved a provision authorizing that the proceeds could also be used for law enforcement and fire protection costs.

Proceeds of a 3/10 of 1% sales and use tax levied in 1982 (2023 collections $327,494). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are dedicated to the following purposes: operating and maintaining the police department, including the acquisition and maintenance of equipment and supplies; paying or supplementing the salaries of municipal employees; and purchasing, constructing, acquiring, extending and/or improving all or any portion of public works or capital improvements, including but not limited to the construction, improvement and maintenance of drainage, water, and flood control extensions and improvements and the acquisition, construction, improvement, maintenance and repair of streets, roads, and bridges.

Proceeds of a ½ of 1% sales and use tax levied in 2001 (2023 collections $391,735). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are to be used for increased salaries for police departments and also for operating and maintaining the police department.

(13) Employee Retirement

Eligible employees of the City participate in one of four cost-sharing, multiple-employer defined benefit public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

A. Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description: The Municipal Employees' Retirement System of Louisiana (MERS), was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the State which did not have their own retirement system and which elect to become members of the System. The City participates in Plan A of MERS.

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 MERS with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in MERS 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.

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 was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with twenty (20) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarily reduced 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 final compensation multiplied by his years of creditable service. Final 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. See Plan Booklet for further details.

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

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

Generally, the monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final 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.

Survivor Benefits: Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for normal 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.

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

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

Disability Benefits: For Plan 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 Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of credible service, but not less than forty-five percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases: MERS 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 MERS to grant an 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.

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.

Employer Contributions: Contributions for all members are established by statute. For the year ended June 30, 2022, Member contributions were at 10.00% of earnable compensation for Plan A. 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, 2022, the employer contribution rate was 29.50% of member's earnings for Plan A.

Non-Employer Contributions: According to state statute, MERS also receives one-fourth (1/4) 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 and plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the System and the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge. MERS also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At April 30, 2023, The City reported liabilities in its government-wide financial statements of \$2,922,831 and \$974,277 in its governmental activities and its business-type activities, respectively, for its proportionate share of the net pension liabilities of MERS. The net pension liabilities were measured as of June 30, 2022 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportional share of MERS was 0.938331%, which was a decrease of 0.050848% from its proportion measured as of June 30, 2021.

For the year ended April 30, 2023, the City recognized pension expense of $513,560 and $171,187 in its governmental activities and business-type activities, respectively, related to its participation in MERS.

At April 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,452	$ 11,193	$ 1,151	$ 3,731
Changes in Assumption	28,316	-	9,438	-
Net difference between projected and actual earnings on pension plan investments	486,348	-	162,116	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	88,840	42,928	29,613	14,309
Employer contributions subsequent to the measurement date	344,879	-	114,960	-
	$ 951,835	$ 54,121	$ 317,278	$ 18,040

Deferred outflows of resources of $459,839 related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Governmental Activities	Business-Type Activities	Total
2024	$ 143,127	$ 47,708	$ 190,835
2025	129,936	43,312	173,248
2026	46,541	15,513	62,054
2027	233,231	77,745	310,976
	$ 552,835	$ 184,278	$ 737,113

Actuarial 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.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, 2022 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

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

	Municipal Employees' Retirement System (MERS) Plan A
Valuation Date	June 30, 2022
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Projected salary increases, including inflation and merit increases:	
-1 to 4 years of service	6.4%
-More than 4 years of service	4.5%
Annuity and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The investment rate of return was 6.85%, which was the same from the rate used as of June 30, 2021. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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 expected inflation and an adjustment for the effect of rebalancing/diversification.

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

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

The discount rate used to measure the total pension liability was 6.85%, which was the same from the rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Changes in Discount Rate: MERS - Plan A		
	1% Decrease 5.85%	Current Discount Rate 6.85%	1% Increase 7.85%
Net Pension Liability	$ 5,183,914	$ 3,897,108	$ 2,809,797

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended April 30, 2023, the City recognized revenue as a result of support received from the non-employer contributing entities of $66,823 for its participation in MERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MERS for the year ended April 30, 2023 primarily due to the accrual for payroll at the end of the fiscal year. The balance due to MERS as of April 30, 2023 is $40,511.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MERS available at www.mersla.com.

B. Municipal and State Police Retirement System of Louisiana (MPERS)

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS 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. MPERS 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 MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: www.lampers.org or on the Louisiana Legislative Auditor's website, www.lla.state.la.us.

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

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS 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 MPERS 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.

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 MPERS 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 MPERS 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 MPERS 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 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under 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 the member's 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.

Cost of Living Adjustments (COLA): 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.

Deferred Retirement Option Plan (DROP): A member is eligible to enter DROP when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 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 negative earnings rate being applied to the account.

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

Initial Benefit Option Plan: In 1999, the State Legislature authorized MPERS 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.

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, 2022, the employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 29.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 29.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than poverty guidelines issued by the United States Department of Health and Human Services were 32.25% and 7.5%, respectively.

Non-Employer Contributions: MPERS 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 study. Non-employer contributions were recognized as revenue during the year ended June 30, 2022 and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At April 30, 2023, The City reported liabilities in its government-wide financial statements of $1,751,379 in its governmental activities for its proportionate share of the net pension liabilities of MPERS. The net pension liabilities were measured as of June 30, 2022, and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 the City's proportional share of MPERS was 0.171338%, which was an increase of 0.046169% from its proportion measured as of June 30, 2021.

For the year ended April 30, 2023, the City recognized a pension expense of $435,541 in its governmental activities related to its participation in MPERS.

At April 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 8,638	$ 14,274
Changes in Assumption	60,413	13,027
Net difference between projected and actual earnings on pension plan	314,292	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	445,457	39,787
Employer contributions subsequent to the measurement date	138,289	-
	$ 967,089	$ 67,088

Deferred outflows of resources of $138,289 related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2024	$ 224,894
2025	265,214
2026	107,594
2027	164,010
	$ 761,712

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

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

	Municipal Police Employees' Retirement System (MPERS)
Valuation Date	June 30, 2022
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	4 years
Investment rate of return	6.75%, net of investment expense
Inflation rate	2.50%
Projected salary increases	Yrs of Service — Salary Growth 1-2 — 12.30% Above 2 — 4.70%
Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 sale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The investment rate of return was 6.75%, which was the same from the rate used as of June 30, 2021.

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

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, 2022 are summarized in the following table:

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

The discount rate used to measure the total pension liability was 6.75%, which was the same from the rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, 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, 5.75%, or one percentage point higher, 7.75%, than the current rate as of June 30, 2022:

	Changes in Discount Rate: MPERS		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	$2,451,595	$1,751,379	$1,166,466

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended April 30, 2023, the City recognized revenue as a result of support received from the non-employer contributing entities of $38,114 for its participation in MPERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MPERS for the year ended April 30, 2023 primarily due to the accrual for payroll at the end of the fiscal year. The balance due to MPERS as of April 30, 2023 is $15,116.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MPERS available at www.lampers.org.

C. Firefighters' Retirement System (FFRS)

Plan Description: The Firefighters' Retirement System (FFRS) is a cost-sharing multiple-employer, defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Eligibility Requirements: Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in FFRS consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least $375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of FFRS unless the person becomes a member by reason of merger or unless FFRS received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 shall become a member of FFRS.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of FFRS, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with FFRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in FFRS.

Retirement Benefits: Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before completing 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect the maximum benefit (unreduced benefit which ceases upon the member's death) or any of six other options at retirement

See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits: A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits: Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan (DROP): After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in DROP, employer and employee contributions to FFRS cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to FFRS. No withdrawals may be made from the DROP account until the participant retires.

Initial Benefit Option Plan: Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs): Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, FFRS must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to $1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of living adjustment.

Contributions: Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statute.

Employer Contributions: According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2022, employer and employee contributions for members above the poverty line were 33.75% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.75% and 8%, respectively.

Non-Employer Contributions: According to state statute, FFRS receives insurance premium assessments from the state of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2022 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At April 30, 2023, The City reported liabilities in its government-wide financial statements of $703,127 in its governmental activities for its proportionate share of the net pension liabilities of FFRS. The net pension liabilities were measured as of June 30, 2022 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportional share of FFRS was 0.099716%, which was an increase of 0.012412% from its proportion measured as of June 30, 2021.

For the year ended April 30, 2023, the City recognized a pension expense of $141,010 in its governmental activities related to its participation in FFRS.

At April 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,202	$ 33,142
Changes in Assumption	57,978	-
Net difference between projected and actual earnings on pension plan investments	159,277	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	144,460	31,060
Employer contributions subsequent to the measurement date	80,073	-
	$ 445,990	$ 64,202

Deferred outflows of resources of $80,073 related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2024	$ 65,909
2025	64,341
2026	34,111
2027	109,071
2028	21,010
2029	7,273
	$ 301,715

Actuarial 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.

For each year, the actuary determines the reasonable range of the actuarial valuation interest rate, an expected long-term portfolio rate of return and standard deviation based upon the System's target asset allocation and a thirty-year time horizon. These rates were based on an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition to the System's investment consultant, NEPC. Using these values and assuming that future portfolio returns are normally distributed, ten thousand trials of returns over the upcoming thirty years was performed. The results of these trials were organized into percentiles and a reasonable range equal to the 40th through 60th percentiles was set. For the fiscal year ended June 30, 2022, the reasonable range was set at 6.03% through 7.18% and the Board of Trustees elected to set the System's assumed rate of return at 6.90% for Fiscal 2022.

The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. Additional details are given in the actuary's complete 2020 Experience Reports for the period July 1, 2014 – June 30, 2019 which can be obtained from the Firefighters' Retirement System website at www.ffret.com under the Finance tab, Actuarial Valuations section.

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

	Firefighters' Retirement System
Valuation Date	June 30, 2022
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years
Investment rate of return	6.90% per annum (net of investment expenses, including inflation)
Inflation rate	2.500% per annum
Projected salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The investment rate of return was 6.90%, which was the same from the rate used as of June 30, 2021.

For the June 30, 2022 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The June 30, 2022, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2022 and the Curran Actuarial Consulting Average study for 2022. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.5% was used in this process for the fiscal year ended June 30, 2022.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022, and June 30, 2021, are summarized in the following tables:

As of June 30, 2022:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	27.5%	5.64%
Non-U.S. Equity	11.5%	5.89%
Global Equity	10%	5.99%
Emerging Market Equity	7%	7.75%
Fixed Income		
U.S. Core Fixed Income	18%	0.84%
U.S. TIPS	3%	0.51%
Emerging Market Debt	5%	2.99%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0%	3.14%
Risk Parity	0%	3.14%
Alternatives:		
Private Equity	9%	8.99%
Real Estate	6%	4.57%
Real Assets	3%	4.89%
	100%	

As of June 30, 2021:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	27.5%	5.86%
Non-U.S. Equity	11.5%	6.44%
Global Equity	10%	6.40%
Emerging Market Equity	7%	8.64%
Fixed Income		
U.S. Core Fixed Income	18%	0.97%
U.S. TIPS	3%	0.51%
Emerging Market Debt	5%	2.75%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0%	4.17%
Risk Parity	0%	4.17%
Alternatives:		
Private Equity	9%	8.99%
Real Estate	6%	5.31%
Real Assets	3%	8.99%
	100%	

The discount rate used to measure the total pension liability was 6.90%, which was the same from the rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2022.

	Changes in Discount Rate: Firefighters' Retirement System		
	1% Decrease 5.9%	Current Discount Rate 6.9%	1% Increase 7.9%
Net Pension Liability	$ 1,040,198	$ 703,127	$ 421,985

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended April 30, 2023, the City recognized revenue as a result of support received from the non-employer contributing entities of $28,385 for its participation in FFRS.

Payables to the Pension Plan: The City recorded accrued liabilities to FFRS for the year ended April 30, 2023 primarily due to the accrual for payroll at the end of the fiscal year. The balance due to FFRS as of April 30, 2022 is $7,366.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.lafirefightersret.com.

D. Louisiana State Employees' Retirement System (LASERS)

The Court's judge participates in the Louisiana State Employees' Retirement System (LASERS). LASERS is a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) to provide retirement allowances and other benefits to eligible officers, employees, and their beneficiaries. The employer pensions schedules for the Louisiana State Employees' Retirement System are prepared using the accrual basis of accounting.

Benefits Provided: The following is a 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.

Retirement: The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of credible service, and at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Benefits: The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Disability Benefits: Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of the final average compensation if the injury was the result of an intentional act of violence.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

Survivor Benefits: Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the members final average compensation.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, or 100% of final average compensation if the injury was the result of an intentional act of violence regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

Permanent Benefit Increases/Cost-of-Living Adjustments: As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions: The employer contribution rate is established annually under LRS 11:401-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarily-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. The rates for the year ended June 30, 2022 for the various plans are as follows:

	Plan	Contributions
Plan	Status	Employer
Appellate Law Clerks	Closed	39.5%
Appellate Law Clerks hired on or after 7/01/06	Closed	39.5%
Alcohol Tobacco Control	Closed	42.6%
Bridge Police	Closed	38.6%
Bridge Police hired on or after 7/01/06	Closed	38.6%
Corrections Primary	Closed	39.0%
Corrections Secondary	Closed	43.3%
Harbor Police	Closed	14.3%
Hazardous Duty	Open	45.3%
Judges hired before 1/1/2011	Closed	43.7%
Judges hired after 12/31/2010	Closed	43.0%
Judges hired on or after 7/1/15	Open	43.0%
Legislators	Closed	35.8%
Optional Retirement Plan (ORP) before 7/01/06	Closed	37.6%
Optional Retirement Plan (ORP) on or after 7/01/06	Closed	37.6%
Peace Officers	Closed	41.4%
Regular Employees hired before 7/01/06	Closed	39.5%
Regular Employees hired on or after 7/01/06	Closed	39.5%
Regular Employees hired on or after 1/1/11	Closed	39.5%
Regular Employees hired on or after 7/1/15	Open	39.5%
Special Legislative Employees	Closed	37.8%
Wildlife Agents	Closed	51.2%
Aggregate Rate		40.2%

The agency's contractually required composite contribution rate for the plan year ended June 30, 2022 was 40.2% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At April 30, 2023, the City reported a liability of $74,161 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was 0.000980%, which was a decrease of 0.000010% from its proportion measured as of June 30, 2021.

For the year ended April 30, 2023, the City recognized pension expense of $9,543 in its governmental activities related to its participation in LASERS.

At April 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to LASERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expenses	$ 202	$ -
Change of assumptions	1,348	-
Net differences between projected and actual earnings on pension plan investments	5,973	-
Change in proportion and differences between employer contributions and proportionate share of contributions	261	-
Employer contributions subsequent to the measurement date	7,729	-
Total	$ 15,513	$ -

Deferred outflows of resources of $7,729 related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2024	$ 3,966
2025	1,234
2026	(1,511)
2027	4,095
	$ 7,784

Contributions – Proportionate Share: Differences between contributions remitted to the System and the employer's proportionate share are 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 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.

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

	LASERS Retirement System
Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	2 years
Investment Rate of Return	7.25% per annum, net of investment expense
Inflation Rate	2.3% per annum
Mortality Rates	Non-disabled members - Mortality rates were based on the RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.0%	12.8%
Judges	2.6%	5.1%
Corrections	3.6%	13.8%
Hazardous Duty	3.6%	13.8%
Wildlife	3.6%	13.8%

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The investment rate of return used in the actuarial valuation for funding purposes was 7.60%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular pension plan benefits is 7.25%, which is the same as the discount rate and a .150% decrease from the rate used as of June 30, 2021. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34% for 2022. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	0.39%
Domestic equity	4.57%
International equity	5.76%
Domestic fixed income	1.48%
International fixed income	5.04%
Alternative investments	8.30%
Total Fund	5.91%

The discount rate used to measure the total pension liability was 7.25%, which was a .150% decrease from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Employer's proportionate share of the Net Pension Liability calculated using the discount rate of 7.25%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Changes in Discount Rate: LASERS Retirement System		
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	$ 93,316	$ 74,161	$ 56,694

Payables to the Pension Plan: The City recorded accrued liabilities to LASERS for the year ended April 30, 2023 primarily due to the accrual for payroll at the end of the fiscal year. The balance due to PERS as of April 30, 2023 is $703.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2022 Comprehensive Annual Financial Report at www.lasersonline.org.

E. Aggregate Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Pension Expense

As detailed above, the City participates in four separate defined benefit pension plans. The aggregate amounts for the City's participation in Municipal Employees' Retirement System of Louisiana (MERS), Municipal, State Police Retirement System of Louisiana (MPERS), Firefighters' Retirement System (FFRS), and Louisiana State Employees' Retirement System (LASERS) are as follows:

Employer's Proportionate Share of Net Pension Liability:

	Governmental Activities	Business-Type Activities	Total
MERS	2,922,831	$ 974,277	$3,897,108
MPERS	1,751,379	-	1,751,379
FFRS	703,127	-	703,127
LASERS	74,161	-	74,161
Total	$ 5,451,498	$ 974,277	$6,425,775

Deferred Outflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	$ 951,835	$ 317,278	$1,269,113
MPERS	967,089	-	967,089
FFRS	445,990	-	445,990
LASERS	15,513	-	15,513
Total	$ 2,380,427	$ 317,278	$2,697,705

Deferred Inflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	$ 54,121	$ 18,040	$ 72,161
MPERS	67,088	-	67,088
FFRS	64,202	-	64,202
LASERS	-	-	-
Total	$ 185,411	$ 18,040	$ 203,451

Pension Expense:

	Governmental Activities	Business-Type Activities	Total
MERS	$ 513,560	$ 171,187	$ 684,747
MPERS	435,541	-	435,541
FFRS	141,010	-	141,010
LASERS	9,543	-	9,543
Total	$ 1,099,654	$ 171,187	$1,270,841

(14) On-Behalf Payments of Salaries

During the year ended April 30, 2023, the State of Louisiana paid the City's policemen and firemen $55,473 and $35,539, respectively, of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety expenses/expenditures.

(15) Compensation of City Officials

A detail of compensation paid to the City Council for the year ended April 30, 2023 follows:

	Salary	Expense Allowance	Total
Chuck Autin	$ 7,800	$ 1,800	$ 9,600
Joseph Garrison	7,800	1,800	9,600
Larry Guilbeau	7,800	1,800	9,600
Lester Levine	8,400	1,800	10,200
Jamie Robison	7,800	1,800	9,600
Total	$ 39,600	$ 9,000	$ 48,600

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to a political subdivision head. For the year ended April 30, 2023, payments made to Mayor Eugene Foulcard requiring disclosure are as follows:

Salary	$ 60,000
Car allowance	5,400
Benefits-retirement	22,465
Benefits-health insurance	4,038
Expense allowance-unvouchered	3,000
Cell phone allowance	420
Total	$ 95,323

(16) Tax Abatements

The City is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the City may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, local governments have the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program. For the year ended April 30, 2023, the City incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of $5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which the City administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fails to fulfill its commitments under the agreement. For the year ended April 30, 2023, $44,507 in City ad valorem tax revenues were abated by the State of Louisiana through ITEP.

(17) New Accounting Pronouncements Scheduled to be Implemented

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the City's financial report:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP)*

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The provisions of GASB Statement No. 94 are effective for fiscal years beginning after June 15, 2022. The effect of implementation of the City's financial statements has not yet been determined.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets – an intangible asset – and a corresponding liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions of GASB Statement No. 96 are effective for fiscal years beginning after June 15, 2022. The effect of implementation on the City's financial statements has not yet been determined.

GASB Statement 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62.*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The standard is effective for annual reporting periods beginning after June 15, 2023. The effect of implementation on the City's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FRANKLIN, LOUISIANA

Budgetary Comparison Schedule
General Fund
Year Ended April 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Taxes:				
Ad valorem	$ 557,700	$ 553,200	$ 540,939	$ (12,261)
Sales	2,090,000	2,070,000	2,037,973	(32,027)
Franchise	365,000	380,000	478,406	98,406
	3,012,700	3,003,200	3,057,318	54,118
Licenses and permits	418,000	428,000	390,087	(37,913)
Intergovernmental:				
Video poker and gaming	220,000	200,000	251,119	51,119
Federal Government	2,450,000	1,600,000	1,471,432	(128,568)
State of Louisiana	885,000	420,000	501,637	81,637
St. Mary Parish Council	209,500	207,500	194,670	(12,830)
Franklin City Court	5,000	-	2,356	2,356
	3,769,500	2,427,500	2,421,214	(6,286)
Insurance rebates	120,000	120,000	166,758	46,758
Fines and forfeits	40,000	25,000	35,170	10,170
Rentals	21,000	19,420	28,363	8,943
Interest	200	200	490	290
Cemetery plot and mausoleum sales	130,000	60,000	55,750	(4,250)
Miscellaneous				
Donations	13,000	4,000	3,550	(450)
Other sources	48,850	81,700	115,866	34,166
	61,850	85,700	119,416	33,716
Total revenues	7,573,250	6,169,020	6,274,566	105,546

(continued)

CITY OF FRANKLIN, LOUISIANA

Budgetary Comparison Schedule
General Fund (continued)
Year Ended April 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
General Government -				
Administrative	523,960	536,785	537,284	(499)
Judicial	722,400	751,600	672,327	79,273
Public Safety -				
Police	1,552,300	1,588,500	1,676,512	(88,012)
Fire	808,200	850,530	865,351	(14,821)
Public works -				
Streets and drainage	753,800	803,600	832,835	(29,235)
Other funding	98,800	127,300	137,468	(10,168)
Recreation	303,100	307,155	340,585	(33,430)
Community development	63,964	61,150	65,870	(4,720)
Debt service-				
Principal	132,000	130,000	120,384	9,616
Interest and fiscal charges	43,000	44,000	46,220	(2,220)
Capital Outlay				
Administrative	4,000	-	-	-
Fire	45,000	45,000	24,691	20,309
Public works	-	96,000	113,106	(17,106)
Recreation	30,000	5,000	4,804	196
Community development	4,420	-	-	-
Total expenditures	5,084,944	5,346,620	5,437,437	(90,817)
Excess (deficiency) of revenues over expenditures	2,488,306	822,400	837,129	14,729
Other financing sources (uses):				
Proceeds from capital lease	-	90,000	109,430	19,430
Proceeds from sale of assets	10,000	15,000	-	(15,000)
Transfers in	-	225,000	225,000	-
Transfers out	(2,506,606)	(1,152,400)	(1,160,714)	(8,314)
Total other financing sources (uses)	(2,496,606)	(822,400)	(826,284)	(3,884)
Net change in fund balance	(8,300)	-	10,845	10,845
Fund balance, beginning	922,557	922,557	922,557	-
Fund balance, ending	$ 914,257	$ 922,557	$ 933,402	$ 10,845

See accompanying independent auditor's report and notes to required supplementary information.

CITY OF FRANKLIN, LOUISIANA

Budgetary Comparison Schedule
Liquid and Solid Waste Fund
Year Ended April 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes				
Ad valorem	$ 235,000	$ 226,000	$ 225,731	$ (269)
Sales	1,187,000	1,300,000	1,175,228	(124,772)
Sewer service charges	225,000	225,300	168,889	(56,411)
Sanitation service charges	645,000	645,000	676,326	31,326
Intergovernmental	190,000	190,000	198,104	8,104
Interest earned	20	20	5	(15)
Total revenues	2,482,020	2,586,320	2,444,283	(142,037)
Expenditures:				
Sanitation -				
Administrative	$ 438,429	$ 430,536	$ 455,324	$ (24,788)
Meter department	118,220	144,400	131,187	13,213
Sewer collection	386,800	500,800	440,407	60,393
Sewer plant	603,190	709,727	609,948	99,779
Solid waste	680,000	690,000	701,268	(11,268)
Debt service-				
Principal retirement	55,000	54,000	54,000	-
Interest and fiscal charges	10,000	11,000	13,697	(2,697)
Capital outlay	-	60,000	181,860	(121,860)
Total expenditures	2,291,639	2,600,463	2,587,691	12,772
Excess (deficiency) of revenues over expenditures	190,381	(14,143)	(143,408)	(129,265)
Other financing sources (uses):				
Operating transfers out	(6,000)	(146,000)	(143,000)	3,000
Net change in fund balance	184,381	(160,143)	(286,408)	(126,265)
Fund balance, beginning	2,885,879	2,885,879	2,885,879	-
Fund balance, ending	$ 3,070,260	$ 2,725,736	$ 2,599,471	$ (126,265)

See independent auditor's report and notes to required supplementary information.

CITY OF FRANKLIN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Year Ended April 30, 2023

Plan Year ended June 30,	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System					
2016	0.826225%	3,386,457	1,478,889	229.0%	62.11%
2017	0.701866%	2,936,201	1,274,736	230.3%	62.49%
2018	0.727959%	3,014,244	1,326,141	227.3%	63.94%
2019	0.828828%	3,463,392	1,526,023	227.0%	64.68%
2020	0.915050%	3,956,135	1,741,192	227.2%	64.52%
2021	0.887483%	2,468,537	1,752,609	140.8%	77.82%
2022	0.938331%	3,897,108	1,793,857	217.2%	67.87%
Municipal Police Employees' Retirement System					
2016	0.119337%	1,118,524	326,744	342.3%	66.04%
2017	0.093529%	816,548	248,195	329.0%	66.04%
2018	0.105378%	890,872	284,374	313.3%	71.89%
2019	0.101163%	918,729	343,863	267.2%	71.01%
2020	0.081862%	756,596	264,888	285.6%	70.94%
2021	0.125169%	667,219	381,866	174.7%	84.09%
2022	0.171338%	1,751,379	529,045	331.0%	70.80%
Firefighters' Retirement System					
2016	0.074360%	486,382	169,997	286.1%	68.16%
2017	0.061138%	350,434	139,455	251.3%	73.55%
2018	0.081638%	469,588	171,193	274.3%	74.76%
2019	0.072603%	454,633	175,470	259.1%	73.96%
2020	0.077073%	534,235	191,880	278.4%	72.61%
2021	0.087304%	309,392	218,983	141.3%	86.78%
2022	0.099716%	703,127	255,686	275.0%	74.68%
Louisiana State Employees' Retirement System					
2016	0.001050%	82,452	22,374	368.5%	57.73%
2017	0.001080%	75,949	20,854	364.2%	62.54%
2018	0.001020%	69,836	20,854	334.9%	64.30%
2019	0.001000%	72,377	20,854	347.1%	62.90%
2020	0.001000%	82,541	20,854	395.8%	58.00%
2021	0.000990%	54,544	20,854	261.6%	72.80%
2022	0.000980%	74,161	20,854	355.6%	63.65%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See independent auditor's report and notes to required supplementary information.

CITY OF FRANKLIN, LOUISIANA

Schedule of Employer Pension Contributions
Year Ended April 30, 2023

Fiscal Year ended April 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System					
2017	$ 290,697	$ 289,495	1,202	$ 1,306,502	22.16%
2018	$ 316,325	$ 316,125	200	$ 1,295,530	24.40%
2019	$ 385,245	$ 378,977	6,268	$ 1,469,933	25.78%
2020	$ 489,068	$ 489,068	-	$ 1,782,117	27.44%
2021	$ 510,557	$ 510,557	-	$ 1,746,814	29.23%
2022	$ 518,422	$ 518,422	-	$ 1,800,808	28.79%
2023	$ 558,214	$ 558,214	-	$ 1,558,776	35.81%
Municipal Police Employees' Retirement System					
2017	$ 97,271	$ 96,746	525	$ 310,028	31.21%
2018	$ 80,617	$ 80,587	30	$ 260,755	30.91%
2019	$ 103,731	$ 103,681	50	$ 324,160	31.98%
2020	$ 86,716	$ 86,716	-	$ 267,254	32.45%
2021	$ 120,950	$ 120,950	-	$ 360,235	33.58%
2022	$ 128,880	$ 128,880	-	$ 508,936	25.32%
2023	$ 157,580	$ 157,580	-	$ 442,524	35.61%
Firefighters' Retirement System					
2017	$ 38,400	$ 38,603	(203)	$ 150,096	25.72%
2018	$ 51,072	$ 51,128	(56)	$ 194,251	26.32%
2019	$ 43,843	$ 43,843	-	$ 165,447	26.50%
2020	$ 55,082	$ 55,082	-	$ 200,206	27.51%
2021	$ 68,126	$ 68,126	-	$ 215,382	31.63%
2022	$ 70,622	$ 70,622	-	$ 246,337	28.67%
2023	$ 86,911	$ 86,911	-	$ 240,821	36.09%
Louisiana State Employees' Retirement System					
2017	$ 7,744	$ 7,758	(14)	$ 20,854	37.20%
2018	$ 8,157	$ 8,142	15	$ 20,854	39.04%
2019	$ 8,154	$ 8,157	(3)	$ 20,854	39.11%
2020	$ 8,927	$ 8,927	-	$ 21,656	41.22%
2021	$ 9,041	$ 9,041	-	$ 20,854	43.35%
2022	$ 8,277	$ 8,277	-	$ 20,854	39.69%
2023	$ 8,396	$ 8,396	-	$ 17,646	47.58%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
See independent auditor's report and notes to required supplementary information.

Notes to Required Supplementary Information
Year Ended April 30, 2023

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Mayor and the City Council.

(2) Budgets and Budgetary Reporting

The City follows these procedures in establishing budgetary data:

A. The City's chief financial officer prepares a proposed budget for the general and special revenue funds and submits them to the Mayor and City Council.

B. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

C. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

D. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.

E. Budgetary amendments involving the transfers of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.

F. All budgetary appropriations lapse at the end of each fiscal year.

(3) Expenditures in Excess of Appropriations

Actual expenditures exceeded budgeted appropriations in the General Fund by $90,817.

(4) Retirement Systems

Municipal Employees' Retirement System

A. Changes of benefit terms – There were no changes of benefit terms.

B. Changes of assumptions –

Fiscal Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2017	7.500%	7.500%	2.875%	3	5.0%
2018	7.400%	7.400%	2.775%	3	5.0%
2019	7.275%	7.275%	2.600%	3	5.0%
2020	7.000%	7.000%	2.500%	3	4.5% - 6.5%
2021	6.950%	6.950%	2.500%	3	4.5% - 6.4%
2022	6.850%	6.850%	2.500%	3	4.5% - 6.4%
2023	6.850%	6.850%	2.500%	3	4.5% - 6.4%

Municipal Police Employees' Retirement System

A. Changes of benefit terms – There were no changes of benefit terms.

B. Changes of assumptions –

Fiscal Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2017	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2018	7.325%	7.325%	2.700%	4	4.25% - 9.75%
2019	7.200%	7.200%	2.600%	4	4.25% - 9.75%
2020	7.125%	7.125%	2.500%	4	4.25% - 9.75%
2021	6.950%	6.950%	2.500%	4	4.70% - 12.30%
2022	6.750%	6.750%	2.500%	4	4.70% - 12.30%
2023	6.750%	6.750%	2.500%	4	4.70% - 12.30%

Firefighters' Retirement System

A. Changes of benefit terms – There were no changes of benefit terms.

B. Changes of assumptions –

Fiscal Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2017	7.500%	7.500%	2.875%	7	4.75% - 15.0%
2018	7.400%	7.400%	2.775%	7	4.75% - 15.0%
2019	7.300%	7.300%	2.700%	7	4.75% - 15.0%
2020	7.150%	7.150%	2.500%	7	4.5% - 14.75%
2021	7.000%	7.000%	2.500%	7	5.20% - 14.10%
2022	6.900%	6.900%	2.500%	7	5.20% - 14.10%
2023	6.900%	6.900%	2.500%	7	5.20% - 14.10%

Louisiana State Employees' Retirement System

A. Changes of benefit terms – There were no changes of benefit terms.

B. Changes of assumptions –

Fiscal Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2017	7.750%	7.750%	3.000%	3	3.0% - 5.5%
2018	7.700%	7.700%	2.750%	3	2.8% - 5.3%
2019	7.650%	7.650%	2.750%	3	2.8% - 5.3%
2020	7.600%	7.600%	2.500%	2	2.8% - 5.3%
2021	7.550%	7.550%	2.300%	2	2.6% - 5.1%
2022	7.400%	7.400%	2.300%	2	2.6% - 5.1%
2023	7.250%	7.250%	2.300%	2	2.6% - 5.1%

SUPPLEMENTARY INFORMATION

CITY OF FRANKLIN, LOUISIANA

Justice System Funding Schedule - Receiving Entity
Year Ended April 30, 2023

	First Six Month Period Ended 10/31/2022	Second Six Month Period Ended 4/30/2023
Receipts From:		
City Court of Franklin - Criminal Fines	$ 9,406	$ 8,655
City Court of Franklin - Criminal Fees - Other	-	2,356
Total Receipts	$ 9,406	$ 11,011

See independent auditor's report.

CITY OF FRANKLIN, LOUISIANA

Schedule of Expenditures of Federal Awards
Year Ended April 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-through/ Entity Identifying Number	Expenditures
U. S. Department of Interior National Park Service			
Passed through Louisiana Office of the Lt. Governor			
Child Nutrition Cluster			
Summer Food Service Program for Children	10.559	02-SFSP-071	46,685
U. S. Department of Justice			
Edward Byrne Memorial Justice Assistance Grant Program			
Passed through Louisiana Commission on Law Enforcement			
Evangeline Law Enforcement Council	16.738	2019-DJ-01-6185	10,026
U. S. Department of Transportation			
Passed through Louisiana Department of Transportation and Development			
Formula Grants for Rural Areas and Tribal Transit Progrrams (Amount provided to subrecipients - $217,818)	20.509	LA-2020-007 & LA-2017-013	217,818
Highway Planning and Construction Cluster			
Passed through Louisiana Department of State Parks			
Recreational Trails Program	20.219	H.014338	898
Total U. S. Department of Transportation			218,716
U. S. Department of Treasury			
Passed through Louisiana Division of Administration			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	LA1093	1,242,690
Totals			$ 1,518,117

See independent auditor's report and notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards
Year Ended April 30, 2023

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City. The City reporting entity is defined in Note 1 to the financial statements for the year ended April 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City. The American Rescue Plan Act Funding Program from the U.S. Department Treasury, passed through the Louisiana Division of Administration was considered to be a major federal program of the City.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through identifying numbers are presented where available. The City did not incur any indirect costs associated with federal awards. The City has not elected to use the ten (10) percent de minimis indirect cost.

(3) Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City provided federal awards to subrecipients as follows:

Assistance Listing Number	Program Name	Amount Provided to Subrecipients
20.509	Formula Grants for Rural Areas and Tribal Transit Program	$ 217,818

(4) Donated PPE Purchased with Federal Assistance Funds for the COVID-19 Response

The City did not receive donated PPE purchased with federal assistance funds for COVID-19 response.

OTHER INFORMATION

CITY OF FRANKLIN, LOUISIANA

Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2023

	Special Revenue		Debt Service	
	Summer Feeding Program Fund	Narcotic Aid Fund	Equipment Lease Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 10,798	$ 12,379	$ 26,482	$ 49,659
FUND BALANCES				
Restricted	$ 10,798	$ 12,379	$ 26,482	$ 49,659

See independent auditor's report.

CITY OF FRANKLIN, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended April 30, 2023

	Special Revenue		Debt Service	
	Summer Feeding Program Fund	Narcotic Aid Fund	Equipment Lease Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	$ 46,685	$ 256	$ -	$ 46,941
Fees, commissions, and charges for services	-	1,454	-	1,454
Interest Income	-	1	5	6
Total revenues	46,685	1,711	5	48,401
Expenditures:				
Public safety:				
Police	-	3,337	-	3,337
Food Services	44,140	-	-	44,140
Debt Service -				
Principal	-	-	124,637	124,637
Interest and fiscal charges	-	-	32,004	32,004
Total expenditures	44,140	3,337	156,641	204,118
Excess (deficiency) of revenues over expenditures	2,545	(1,626)	(156,636)	(155,717)
Other financing sources:				
Operating transfers in	-	-	164,600	164,600
Net change in fund balances	2,545	(1,626)	7,964	8,883
Fund balances, beginning	8,253	14,005	18,518	40,776
Fund balances, ending	$ 10,798	$ 12,379	$ 26,482	$ 49,659

See independent auditor's report.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

C. Burton Kolder, CPA*
Of Counsel

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

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

WWW.KCSRCPAS.COM

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

The Honorable Eugene Foulcard, Mayor
And the Honorable Members of the City Council
City of Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin (hereinafter "City"), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 30, 2023. Our report expressed an adverse opinion on the aggregate discretely presented component units because the financial statements of the City's primary government do not include financial data for the City's legally separate component units.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 identified a deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2023-002, 2023-003, and 2023-004.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
October 30, 2023

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

The Honorable Eugene Foulcard, Mayor
And the Honorable Members of the City Council
City of Franklin, Louisiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Franklin's (hereinafter, "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended April 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended April 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
October 30, 2023

CITY OF FRANKLIN, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended April 30, 2023

Part I. Summary of Audit/Examination Results

Financial Statements

1. Type of auditor's report issued on the financial statements:

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Major Funds:	
General	Unmodified
Liquid and Solid Waste	Unmodified
Capital Outlay	Unmodified
Water	Unmodified
Aggregate remaining fund information	Unmodified
Aggregate discretely presented component units	Adverse

2. Internal control over financial reporting:

Material weakness(es) identified	✓ yes	no
Significant deficiency(ies) identified	yes	✓ none reported

3. Noncompliance material to the financial statements? ✓ yes ___ no

Federal Awards

4. Internal control over the specified requirements:

Material weakness(es) identified?	yes	✓ no
Significant deficiency(ies) identified?	yes	✓ none reported

5. Program and type of opinion issued:

Assistance Listing Number	Name of Program	Type of Opinion
21.027	Coronavirus State and Local Fiscal Recovery Funds	Unmodified

6. Audit findings required to be reported in accordance with 2 CFR § 200.516(a) ___ yes ✓ no

7. Threshold for distinguishing type A and B programs? $ 750,000

8. Qualified as a low-risk auditee? ___ yes ✓ no

Other

9. Management letter issued? ___ yes ✓ no

Part II. Findings reported in accordance with *Government Auditing Standards*:

A. Internal Control-

2023-001 − Financial Statement Adjustments

Year Initially Occurring: 2023

CONDITION: Misstatements in the financial statements were not prevented, nor detected and corrected, by the City's internal control resulting in proposed audit adjustments material to the financial statements.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The City's internal control over financial reporting includes those policies and procedures that pertain to the City's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

Such internal controls allow management to prevent or detect and correct misstatements on a timely basis.

CAUSE: The condition results from the failure to design and implement or follow implemented policies and procedures which provide assurance that the financial statements are not misstated.

EFFECT: Audit adjustments were necessary to correct misstatements in the financial statements.

RECOMMENDATION: We recommend the City design and implement policies and procedures or follow implemented policies and procedures which provide assurance to the fair presentation of the financial statements.

B. Compliance-

2023-002 – Local Government Budget Act

Year Initially Occurring: 2023

CONDITION: Budget variances of revenues in excess of 5% was incurred in the Liquid and Solid Waste Fund.

CRITERIA: LSA-RS 39:1311 et seq, Budget Authority and Control, section A. (2) and B, provide for the following, respectively:

> "A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation

shall advise the governing authority or independently elected official in writing when:

> (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

B. The written notification as required by this Section as well as any responsive action taken by the governing authority or independently elected official shall be transmitted to and retained by the chief executive or administrative officer. The written notification as required by this Section and the resulting budget amendment shall only be statutorily required for a special revenue fund with anticipated expenditures that equal or exceed five hundred thousand dollars. Furthermore, only the written notification of Paragraph (A)(2) of this Section shall be required for special revenue funds whose revenues are expenditure driven."

CAUSE: The condition results from failure to adopt budgetary amendments.

EFFECT: They City may be noncompliant with certain provisions of the Local Government Budget Act.

RECOMMENDATION: We recommend that the City monitor activity to ensure compliance with the Local Government Budget Act.

2023-003 – 115% Operating Requirement

Year Initially Occurring: 2023

CONDITION: Operating requirement established by debt convents not met.

CRITERIA: $1,800,000 Water Revenue Bonds, Series 2021 states "The issuer covenants to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the System and to revise the same whenever necessary as will always provide revenues in each year sufficient to pay the reasonable and necessary expenses of operating and maintaining the System in each year, the principal and interest falling due on the bonds in each year, all sinking funds, contingency or other payments required and which will provide such revenues in each year, after paying all reasonable and necessary expenses of operating and maintaining the System in such year, at least equal to 115% of the largest amount of principal and interest falling due on the bonds in any future fiscal year."

CAUSE: The condition results from the failure increase rates to comply with bond issuance requirements.

EFFECT: The City may be noncompliant with certain provisions of the $1,800,000 Water Revenue Bonds, Series 2021.

RECOMMENDATION: We recommend that the City evaluate operating costs and increase rates if necessary to ensure compliance with bond requirements.

2023-004 – Capital Additions and Contingency Fund Requirement

Year Initially Occurring: 2023

CONDITION: Restricted assets maintained for capital additions and contingencies were used for purposes other than those established by debt covenants.

CRITERIA: $1,800,000 Water Revenue Bonds, Series 2021 states "Establishment and maintenance of the 2020 Water System Renewal and Replacement Fund to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System, by transferring from the Revenue Fund monthly in advance on or before the 20th day of each month, a sum at least equal to 5% of the amount required to be paid into the Sinking Fund until a sum equal to $100,000 is on deposit therein."

CAUSE: The condition results from cash flow shortfalls and interfund transfers to cover accounts payable and payroll-related costs.

EFFECT: The City may be noncompliant with certain provisions of the $1,800,00 Water Revenue Bonds, Series 2021.

RECOMMENDATION: We recommend the City closely monitor expenditures and implement policies and procedures to ensure restricted resources are used for their intended purposes.

Part III. Findings and questioned costs reported in accordance with Uniform Guidance:

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

APPENDIX A

City of Franklin
Louisiana

P.O. Box 567 • 300 Iberia Street, Franklin, La 70538
Phone: (337) 828-6350 • Fax: (337) 828-6359

Eugene P. Foulcard
Mayor

Summary Schedule of Prior Audit Findings
For the Year Ended April 30, 2023

Findings reported in accordance with *Government Auditing Standards:*

A. Internal Control –

No findings previously reported

B. Compliance –

No findings previously reported

Findings and questioned costs reported in accordance with the Uniform Guidance:

Not applicable in the prior year

Findings reported in accordance with the requirements for an alternative compliance examination:

A. Internal Control over Compliance with Specific Requirements –

No findings previously reported

B. Compliance with Specific Requirements –

No findings previously reported

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX B

City of Franklin
Louisiana
P.O. Box 567 • 300 Iberia Street, Franklin, La 70538
Phone: (337) 828-3631 • (337) 828-6310

Eugene P. Foulcard
Mayor

October 30, 2023

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the finding resulting from the City of Franklin audit for the fiscal year ended April 30, 2023:

2023-001 – Financial Statement Adjustments

CONDITION: Misstatement in the financial statements were not prevented, nor detected and corrected by the City's internal control resulting in proposed audit adjustments.

Management's Response

Corrective Action Plan: Internal control procedures will be modified to provide for monitoring and reviewing all entries into the accounting system on a day to day basis to avoid errors in recording.

Name of person responsible for corrective action: Edward Hay, Director of Finance

Anticipated completion date for the corrective action: November 7, 2023

2023-002 – Local Government Budget Act

CONDITION: Budget variances of revenues in excess of 5% was incurred in the Liquid and Solid Waste Fund.

Management's Response

Corrective Action Plan: City will do more extensive research with the parish sales tax office to get more accurate estimates of sales tax revenue.

Name of person responsible for corrective action: Edward Hay, Director of Finance

Anticipated completion date for the corrective action: November 7, 2023

2023-003 – 115% Operating Requirement

CONDITION: Operating requirement established by debt covenants not met.

Management's Response

Corrective Action Plan: City will perform annual rate study. City has performed rate study in August, 2023 and council has approved rate increase.

Name of person responsible for corrective action: Edward Hay, Director of Finance

Anticipated completion date for the corrective action: Action completed in August with effective date of rate increase September 1, 2023.

2023-004 – Capital Additions and Contingency Fund Requirement

CONDITION: Restricted assets maintained for capital additions and contingencies were used for purposed other than those established by debt covenants.

Management's Response

Corrective Action Plan: City will closely monitor expenditures and ensure compliance with policies and procedures that restrict use of those funds.

Name of person responsible for corrective action: Edward Hay, Director of Finance

Anticipated completion date for the corrective action: November 7, 2023

Sincerely,

Eugene Foulcard

Eugene P. Foulcard
Mayor

City of Franklin

Statewide Agreed-Upon Procedures

Fiscal period May 1, 2022 through April 30, 2023

KOLDER, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

C. Burton Kolder, CPA*
Of Counsel

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

* A Professional Accounting Corporation

183 S. Beadle Rd.
Lafayette, LA 70508
Phone (337) 232-4141

1428 Metro Dr.
Alexandria, LA 71301
Phone (318) 442-4421

450 E. Main St.
New Iberia, LA 70560
Phone (337) 367-9204

200 S. Main St.
Abbeville, LA 70510
Phone (337) 893-7944

1201 David Dr.
Morgan City, LA 70380
Phone (985) 384-2020

434 E. Main St.
Ville Platte, LA 70586
Phone (337) 363-2792

11929 Bricksome Ave.
Baton Rouge, LA 70816
Phone (225) 293-8300

WWW.KCSRCPAS.COM

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

The Honorable Eugene Foulcard, Mayor,
The Honorable Members of the City Council of the City of Franklin, and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2022 through April 30, 2023. The management of the City of Franklin (hereinafter "City") is responsible for those control and compliance areas identified in the SAUPs.

An agreed-upon procedures engagement involves the performing of specific procedures that the City has agreed to and acknowledged to be appropriate on those control and compliance areas identified in the LLA's SAUPs for the fiscal period May 1, 2022 through April 30, 2023 and report on exceptions based upon the procedures performed. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. However, this report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

1) Written Policies and Procedures

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

   i. ***Budgeting,*** including preparing, adopting, monitoring, and amending the budget.

   Written policies and procedures were obtained and address the subcategories noted above.

ii. ***Purchasing,*** including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the subcategories noted above with the exception of (2) how vendors are added to the vendor list, (4) controls to ensure compliance with the public bid law and (5) documentation required to be maintained for all bids and price quotes.

iii. ***Disbursements*, **including processing, reviewing, and approving.

Written policies and procedures were obtained and address the subcategories noted above.

iv. ***Receipts/Collections*, **including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the subcategories noted above.

v. ***Payroll/Personnel*, **including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and address the subcategories noted above.

vi. ***Contracting*, **including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Written policies and procedures for contracting could not be obtained.

vii. ***Travel and Expense Reimbursement*, **including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policies and procedures were obtained and address the subcategories noted above with the exception of (2) dollar threshold by category of expense and (4) required approvers. However, the City's policy states that per diem payment is provided in accordance with GSA rates for meals, and mileage reimbursements are based on IRS regulations.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable),*** including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures were obtained and address subcategories noted above with the exception of (4) required approvers of statements; however, policies and procedures have not been formally adopted by the council.

ix. ***Ethics*, **including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Written policies and procedures were obtained but address only subcategory (2) actions to be taken if an ethics violation takes place.

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

Written policies and procedures were obtained but do not address the subcategories noted above.

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

Written policies and procedures were obtained and address the subcategories noted above with the exception of (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

Written policies and procedures were obtained and address the subcategories noted above with the exception of (2) annual employee training and (3) annual reporting.

2) Board or Finance Committee

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

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

No exceptions were found as a result of this procedure.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

The minutes reference or include monthly budget-to-actual comparisons beginning October 2022.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Obtained the prior year audit report and observed the unassigned fund balance in the general fund which was not negative.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The City had no prior audit findings to resolve.

3) Bank Reconciliations

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

Obtained a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the main operating account, and four (4) additional accounts were randomly selected. Obtained and inspected the corresponding bank statements and reconciliations for each account.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

4) Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Selected the City's two (2) deposit sites.

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

Obtained a listing of collection locations for the fiscal period and management's representation that the listing is complete. Randomly selected one (1) collection location for the first deposit site and selected the one (1) location for the second deposit site.

i. Employees responsible for cash collections do not share cash drawers/registers;

Employees responsible for cash collections share cash drawers/registers at one (1) of the two (2) collection locations.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

Obtained from management a copy of the insurance policy for theft covering all employees who have access to cash and observed that the insurance policy for theft was enforced during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

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

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

Obtained a listing of locations that process payments and management's representation that the listing is complete. Selected the City's one (1) location.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

In accordance with the City's policies and procedures, two (2) employees are involved in initiating a purchase request, approving a purchase and placing an order/making a purchase, unless the transaction is routine/recurring.

ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

The person responsible for processing payments is also responsible for mailing checks.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Employees/officials authorized to sign checks do not approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

Obtained the City's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected five (5) disbursements for the City's one (1) location that processes payments.

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions were found as a result of this procedure.

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Two (2) of the five (5) disbursements selected did not evidence that two or more employees were involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase in accordance with the City's policies regarding routine/recurring disbursements.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Selected the City's two (2) non-payroll-related electronic disbursements noting that each electronic disbursement was not approved by those authorized to disburse funds.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

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

Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards, including the card numbers, the names of the persons who maintained possession of the cards, and management's representation that the listing is complete.

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

Randomly selected five (5) of the City's active cards.

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

Evidence that the selected statements were reviewed and approved by someone other than the authorized cardholder could not be obtained.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were found as a result of this procedure.

C. Using the monthly statements or combined statements selected under procedure #6B above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

N/A – All cards selected were fuel cards.

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

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

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) reimbursements.

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

Two (2) of the five (5) selected reimbursements did not include the necessary information to determine if per diem reimbursements were no more than those established by the State of Louisiana or the GSA.

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

No exceptions were found as a result of this procedure.

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions were found as a result of this procedure.

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

8) *Contracts*

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

Obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) contracts.

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

No contracts selected were subject to the requirements of the Louisiana Public Bid Law.

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

No exceptions were found as a result of this procedure.

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

There were no amendments to the selected contracts.

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

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

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

Obtained a listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees or officials. Agreed paid salaries to authorized salaries/pay rates in personnel files with one (1) exception.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions were found as a result of this procedure.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions were found as a result of this procedure.

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions were found as a result of this procedure.

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

One (1) of the five (5) employees or officials selected did not have an authorized salary/pay rate within the personnel file.

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

Obtained management's representation that there were no termination payments during the fiscal year.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Obtained management's representation that all amounts have been paid, and any associated forms have been filed, by required deadlines.

10) *Ethics*

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions were found as a result of this procedure.

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

N/A – There were no changes to the City's ethics policy during the fiscal period.

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

The City has not appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Obtained a listing of bonds/notes and other debt instruments that were issued during the fiscal period. Selected the four (4) debt instruments, all of which were leases, observing that none were subject to approval by the State Bond Commission.

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

No exceptions were found as a result of this procedure.

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.

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

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures:

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Documentation demonstrating completion of at least one hour of sexual harassment training during the calendar year was not provided for one (1) of the five (5) selected employees.

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

The City has an inactive link to its sexual harassment policy and complaint procedures on its website.

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

The City's annual sexual harassment report does not contain a preparation date on or before February 1.

i. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions were found as a result of this procedure.

ii. Number of sexual harassment complaints received by the agency;

No exceptions were found as a result of this procedure.

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were found as a result of this procedure.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions were found as a result of this procedure.

v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.

Management's Response

The City concurs with the exceptions and is working to address the deficiencies identified.

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

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

This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the City's management and the LLA and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
October 30, 2023