

Town of Killian  
Killian, Louisiana

Annual Financial Statements

As of and for the Year Then Ended June 30, 2019  
With Supplemental Information Schedules



**PHIL HEBERT**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

**Town of Killian**

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**Town of Killian**

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## Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

### Independent Accountant's Review Report

To the Honorable Gillis Windham and  
Members of the Board of Alderman  
Town of Killian, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, general fund and the business activities of the Town of Killian, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### Management's Responsibility for the Financial Statements

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

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 28 be presented to supplement the basic financial statements. Such information, although not a required 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. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Management 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 operation, economic, or historical context.

### **Other Information**

The supplementary information contained in schedules 2 and 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management, and such information was derived from, and relates directly to, the underlying records (accounting or other) used to prepare the financial statements. The supplementary information was subjected to the review procedures applied in the accountant's review of the basic financial statements and based on the accountant's review, whether the accountant is aware of any material modifications that should be made to the information in order for it to be in conformity with the applicable financial reporting framework. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Sincerely,

*Phil Hebert*

Phil Hebert, CPA  
A Professional Accounting Corporation  
Ponchatoula, Louisiana  
December 20, 2019

**Basic Financial Statements**  
**Government-Wide Financial Statements**

**Town of Killian, Louisiana**

**Statement A**

**Statement of Net Position  
June 30, 2019**

	<u>Governmental</u>	<u>Business- Type</u>	<u>Total</u>
<b>Assets</b>	<b>Activities</b>	<b>Activities</b>	<b></b>
Cash	\$ 127,796	\$ 90,533	\$ 218,329
Accounts Receivable, Net	20,379	6,034	26,413
Internal Balances	3,858	(3,858)	-
Restricted Assets - Cash	-	1,000	1,000
Land	49,200	-	49,200
Capital Assets, Net	117,065	503,723	620,788
Total Assets	<u>318,298</u>	<u>597,432</u>	<u>915,730</u>
 <b>Liabilities</b>			
Accounts Payable	6,868	3,690	10,558
Accrued Payroll and Payroll Liabilities	5,196	632	5,828
Customer Overpayments	-	4,924	4,924
Water Customer Deposits	-	800	800
Total Liabilities	<u>12,064</u>	<u>10,046</u>	<u>22,110</u>
 <b>Net Position</b>			
Net Investment in Capital Assets	166,265	503,723	669,988
Unrestricted	139,969	83,663	223,632
Total Net Position	<u>\$ 306,234</u>	<u>\$ 587,386</u>	<u>\$ 893,620</u>

See accompanying notes and independent accountant's review report.

Town of Killian, Louisiana

Statement B

Statement of Activities  
For the Year Ended June 30, 2019

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating	Capital	Governmental Activities	Business- Type Activities	Total
			Grants and Contributions	Grants and Contributions			
Governmental Activities:							
General and Administrative	\$ 143,358	\$ -	\$ -	\$ -	\$ (143,358)	\$ -	\$ (143,358)
Police Department	140,023	58,073	3,500	-	(78,450)	-	(78,450)
Street Department	14,553	-	-	-	(14,553)	-	(14,553)
Total Government Activities	<u>297,934</u>	<u>58,073</u>	<u>3,500</u>	<u>-</u>	<u>(236,361)</u>	<u>-</u>	<u>(236,361)</u>
Business- Type Activities:							
Waterworks	120,567	98,843	-	-	-	(21,724)	(21,724)
Total Business- Type Activities	<u>120,567</u>	<u>98,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,724)</u>	<u>(21,724)</u>
Total Primary Government	<u>\$ 418,501</u>	<u>\$ 156,916</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>(236,361)</u>	<u>(21,724)</u>	<u>(258,085)</u>
General Revenues:							
Taxes:							
Property Taxes					121,381	-	121,381
Franchise Taxes					96,923	-	96,923
Licenses, Permits & Fees					24,729	-	24,729
Miscellaneous					4,587	-	4,587
Total General Revenues					<u>247,620</u>	<u>-</u>	<u>247,620</u>
Change in Net Position					11,259	(21,724)	(10,465)
Net Position, Beginning of Year					<u>294,975</u>	<u>609,110</u>	<u>904,085</u>
Net Position, End of Year					<u>\$ 306,234</u>	<u>\$ 587,386</u>	<u>\$ 893,620</u>

See accompanying notes and independent accountant's review report.

**Basic Financial Statements**  
**Governmental Fund Financial Statements**

**Town of Killian, Louisiana**

**Statement C**

**Balance Sheet  
Governmental Funds  
June 30, 2019**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>		
Cash	\$ 127,796	\$ 127,796
Property Tax Receivable	304	304
Franchise Tax Receivable	19,775	19,775
Other Receivable	300	300
Due From Waterworks Fund	4,553	4,553
Total Assets	\$ 152,728	\$ 152,728
 <b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts Payable	\$ 6,868	\$ 6,868
Accrued Payroll and Payroll Liabilities	5,196	5,196
Due to Waterworks Fund	695	695
Total Liabilities	12,759	12,759
 Fund Balances:		
Unassigned	139,969	139,969
Total Fund Balance	139,969	139,969
Total Liabilities and Fund Balances	\$ 152,728	\$ 152,728

See accompanying notes and independent accountant's review report.

**Town of Killian, Louisiana**

**Statement D**

**Reconciliation of the Governmental Funds Balance Sheet to  
the Government-Wide Statement of Net Assets  
June 30, 2019**

**Fund Balances, Governmental Funds, Statement C** \$ 139,969

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

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

Capital Assets, Net of Depreciation 166,265

**Net Position, Governmental Activities, Statement A** \$ 306,234

See accompanying notes and independent accountant's review report.

Town of Killian, Louisiana

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Governmental Funds  
 For the Year Ended June 30, 2019

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>		
Taxes	\$ 218,304	\$ 218,304
Licenses, Permits and Fees	24,729	24,729
Intergovernmental	779	779
Fines and Forfeits	58,073	58,073
Public Safety	-	-
Donations	385	385
Miscellaneous	3,423	3,423
On-behalf Payments	3,500	3,500
<b>Total Revenues</b>	<u>309,193</u>	<u>309,193</u>
<b>Expenditures</b>		
General and Administrative	130,544	130,544
Police Department	128,952	128,952
Street Department	14,553	14,553
Capital Outlay	5,583	5,583
<b>Total Expenditures</b>	<u>279,632</u>	<u>279,632</u>
<b>Net Changes in Fund Balances</b>	29,561	29,561
<b>Fund Balances, Beginning</b>	<u>110,408</u>	<u>110,408</u>
<b>Fund Balances, Ending</b>	<u>\$ 139,969</u>	<u>\$ 139,969</u>

See accompanying notes and independent accountant's review report.

Town of Killian, Louisiana

Statement F

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2019**

**Net Change in Fund Balances, Governmental Funds, Statement E**                   \$           29,561

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

Capital outlays are reported in governmental funds as expenditures.  
However in the statement of activities, the cost of these assets is  
allocated over their estimated useful lives as depreciation expense.  
These differences consist of:

Capital Outlay	5,583
Depreciation Expense	(23,885)

**Change in Net Position, Governmental Activities, Statement B**                   \$           11,259

See accompanying notes and independent accountant's review report.

Town of Killian, Louisiana

Statement G

Statement of Net Position  
 Proprietary Fund  
 June 30, 2019

<b>Assets</b>	<b>Waterworks Fund</b>
Current Assets	
Cash	\$ 90,533
Accounts Receivable, Net	6,034
Due from General Fund	695
Total Current Assets	<u>97,262</u>
Restricted Assets	
Restricted Cash	1,000
Total Restricted Assets	<u>1,000</u>
Property, Plant, and Equipment	
Capital Assets, Net	503,723
Net Property, Plant and Equipment	<u>503,723</u>
Total Assets	<u>601,985</u>
 <b>Liabilities</b>	
Current Liabilities	
Accounts Payable	3,690
Accrued Payables	632
Customer Overpayments	4,924
Due to General Fund	4,553
Total Current Liabilities	<u>13,799</u>
 Current Liabilities (Payable from Restricted Assets)	
Customer Deposits Payable	800
Total Liabilities	<u>14,599</u>
 <b>Net Position</b>	
Invested in Capital Assets	503,723
Unrestricted	83,663
Total Net Position	<u>\$ 587,386</u>

See accompanying notes and independent accountant's review report.

Town of Killian, Louisiana

Statement H

**Statement of Revenues, Expenses, and Change in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2019**

	<b>Waterworks Fund</b>
<b>Operating Revenues</b>	
Water Sales	\$ 90,274
Safe Drinking Water Fees	3,522
Penalties	817
Connection Fees	3,800
Other	430
Total Operating Revenues	<u>98,843</u>
 <b>Operating Expenses</b>	
Contract Labor	29,005
Repairs and Maintenance	15,400
Chlorine	15,983
Miscellaneous	3,322
Safe Drinking Water Fees	3,375
Office Expense	1,644
Utilities	7,567
Depreciation	44,271
Total Operating Expenses	<u>120,567</u>
 Change in Net Position	 <u>(21,724)</u>
 Net Position, Beginning	 <u>609,110</u>
Net Position, Ending	\$ <u><u>587,386</u></u>

See accompanying notes and independent accountant's review report.

**Town of Killian, Louisiana**

**Statement I**

**Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2019**

	<u><b>Waterworks Fund</b></u>
<b>Cash Flows From Operating Activities</b>	
Received From Customers	\$ 99,829
Payments For Operations	<u>(66,724)</u>
Net Cash Provided by Operating Activities	<u>33,105</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfer to General Fund	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Purchases of Fixed Assets	<u>(1,614)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(1,614)</u>
<b>Cash Flows From Investing Activities</b>	
Receipt of Interest	<u>-</u>
Net Cash Provided by Investing Activities	<u>-</u>
Net Increase in Cash	31,491
Cash, Beginning of Year	<u>60,042</u>
Cash, End of Year	<u>\$ 91,533</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>	
Cash and Cash Equivalents, Unrestricted	\$ 90,533
Cash and Cash Equivalents, Restricted	<u>1,000</u>
Total Cash and Cash Equivalents	<u>\$ 91,533</u>
<b>Reconciliation of Net Operating Loss to Net Cash</b>	
Provided used Operating Activities	
Operating Loss	\$ (21,724)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	44,271
Change in Accounts Receivable	(3,938)
Change in Accounts Payable	<u>14,496</u>
Net Cash Provided by Operating Activities	<u>\$ 33,105</u>

See accompanying notes and independent accountant's review report.

## Notes to the Financial Statements

## Town of Killian, Louisiana

### Notes to the Financial Statements As of and for the Year Ended June 30, 2019

#### Introduction

The Town of Killian, Louisiana (Town) was incorporated as a village in 1968 under the provisions of the "Lawrason Act" Louisiana Revised Statutes (R.S.) 33.321-481 of the constitution of the State of Louisiana. By Proclamation No. 67 MJF 2001, issued by the state, the village became a town on November 16, 2001. The Town is located in the Parish of Livingston with a geographic area of approximately 11.15 square miles and a population of 1,206.

The Town operates under a Board of Alderman-Mayor form of government, and, as permitted under the act, provides police protection, streets and drainage maintenance, public improvements, health and social services; culture-recreation, planning and zoning; water utilities; general administration; and sponsorship of federal and state supported programs.

The Mayor and five Council Members are elected at large to serve four year terms from July 1, 2017 to June 30, 2021. The Town employs 4 full-time employees. The Town serves 297 water customers.

The accounting and reporting policies of the Town of Killian conform with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements, and Management's Discussion and Analysis-for State and Local Governments, issued in June 1999. Management has elected to not present the Management's Discussion and Analysis.

#### 1. Summary of Significant Accounting Policies

##### A. Reporting Entity

Governmental Accounting Standards (GASB) Statement No 14 established criteria for determining the identification of a primary government unit for financial reporting purposes. The GASB has set forth criteria to be considered in determining which governmental entities are primary governments. An entity is a primary government if it satisfies all of the following criteria

1. The entity has a separate governing body elected by the citizenry in a general, popular election.
2. The entity is legally separate from other entities.
3. The entity is fiscally independent of other state and local governmental entities.

Based on the above criteria the Town has determined that the Town of Killian, Louisiana is a primary government and financial reporting entity in accordance with GASB Statement No 14. The Town has also determined that there are no component units that should be considered part of the Town for financial reporting purposes.

**Town of Killian, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019**

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges of support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements.

The focus of governmental and proprietary fund financial statements is on “major” funds. Fund statements present in separate columns the General Fund, followed by major funds, if any, with non-major funds aggregated and displayed in a separate column. GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprises fund that the government’s officials believe is particularly important so financial statement users may be reported as major fund.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available has been defined as received within 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgements, are recorded only when payment is due.

## Town of Killian, Louisiana

### Notes to the Financial Statements As of and for the Year Ended June 30, 2019

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

The Town reports the following major governmental funds:

#### **General Fund:**

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

#### **Proprietary Fund:**

Enterprise fund-accounts for operations (a) where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town maintains one enterprise fund, the Waterworks Fund, which provides water services.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the proprietary fund are user fees. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Deposits and Investments**

Cash includes cash on hand and amounts in demand deposit accounts. Cash equivalents, if any, include amounts with original maturities of 90 days or less. Under state law, the Town may deposit funds in

**Town of Killian, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019**

demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the municipality may invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. Investments, if any, are stated at fair market value.

**E. Receivables**

Receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due from water customers are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular accounts. Uncollectible amounts for property taxes are recorded as a reduction of current revenues.

**F. 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. Short-term interfund loans are classified as interfund receivables/payables.

**G. Restricted Assets**

Restricted assets consist of resources of the enterprise fund set aside for repayment of customer deposits.

**H. Capital Assets**

Capital assets, which include property, land, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains an informal threshold level of \$500 or more for capitalizing such assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if materials, is included as part of the capitalized value of the assets constructed. As a Phase III government under GASB Statement No 34, the Town elects not to retroactively report infrastructure assets constructed prior to June 30, 2003.

**Town of Killian, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019**

All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<b><u>Description</u></b>	<b><u>Estimated Lives</u></b>
Buildings	10-40 years
Water System	20-30 years
Equipment	10-30 years
Office Equipment	3-5 years
Police Vehicles	3-5 years
Police Equipment	5 years

Maintenance, repairs and minor equipment purchases are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings or equipment, the cost and related accumulated depreciation, if applicable, is eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

**I. Compensated Absences**

Employees of the Town earn from 10 to 15 days of vacation leave each year, depending on length of service. Vacation leave must be used in the year earned. Sick leave is earned at the rate of eight hours for each month worked. No employees may accumulate more than eighty hours of sick leave per year nor accumulate more than two hundred forty hours of sick leave overall. Sick leave is forfeited upon resignation, retirement, or dismissal from employment.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the governmental funds when leave is actually taken.

There are no accumulated and vested benefits relating to vacation or sick leave at June 30, 2018.

**J. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, if any, as well as issuance costs, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable, if any, are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized both premiums and discounts, if any, as well as bond issuance costs, if any, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances, if any, are reported as other financing sources while discounts on debt issuances, if any, are reported as other financing uses.

## Town of Killian, Louisiana

### Notes to the Financial Statements As of and for the Year Ended June 30, 2019

#### K. Restricted Net Position

For the government-wide financial statements of net position, net positions are reported as restricted when constraints placed on net position are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### L. Fund Equity and Net Assets

In the government-wide financial statements, net positions are classified in the following categories

- **Invested in Capital Assets, Net of Related Debt-** This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- **Restricted Net Position-** This category presents the net position restricted by external parties (creditors, grantors or laws and regulations).
- **Unrestricted Net Position-** This category represents the net position of the Town that is not restricted for any project or other purpose by third parties.

In the fund financial statements, governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form (b) legally or contractually required to be maintained intact. The Town did not have any nonspendable fund balance at June 30, 2019.
- **Restricted:** This classification includes amounts in which the use of resources is constrained either by (a) external impositions by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposition by law through constitutional provisions or enabling legislation. The Town did not have any restricted fund balance at June 30, 2019.
- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town did not have any committed resources as of June 30, 2019.

**Town of Killian, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019**

- **Assigned:** This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an unassigned fund balance should be expressed by the Board of Aldermen who has the authority to assign amounts to be used for specific purposes. The Town did not have any assigned resources as of June 30, 2019.
  
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents a fund balance that has been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund. The Town's General Fund balance at June 30, 2019 is unassigned.

When fund balance resources are available for a specific purpose in multiple classifications the Town will generally use the most restrictive funds first.

**M. Estimates**

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

**N. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. For the purpose of the statement of activities, all interfund transfers between funds have been eliminated.

**O. Elimination and Reclassification**

In the process of aggregated data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**P. Ad Valorem Taxes**

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Town in October and billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Livingston Parish.

**Town of Killian, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019**

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
General Fund	7.48	7.48

**Q. Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash includes demand deposit account balances.

**2. Stewardship, Compliance, and Accountability**

**Budgets**

Formal budgetary accounting is employed as a management control for the General Fund of the Town. An annual operating budget is adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, and the same basis of accounting is used to reflect revenues and expenditures recognized on a generally accepted accounting principles basis. Budgets are prepared and adopted in accordance with the Louisiana Local Government Budget Act and the Lawrason Act. Budgetary control is exercised at the fund level.

All budget appropriations lapse at the end of the fiscal year.

A public hearing was held at the Town's city hall on May 8, 2018. The original budget was adopted on June 12, 2018.

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total expenditures and other uses exceed total budgeted expenditures and other uses by 5% or more.

**3. Deposits and Investments**

At June 30, 2019, the Town had deposits (book balances) totaling \$218,944 as follows:

Petty Cash	\$	177
Demand Deposits		<u>228,856</u>
	\$	<u><u>229,033</u></u>

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

At June 30, 2019, the Town has \$228,856 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance. The Town does not have a deposit policy for custodial credit risk.

**Town of Killian, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019**

**4. Receivables**

The Governmental Funds receivables of \$20,379 at June 30, 2019, consist of the following:

Taxes:

Public Utility Franchise	\$ 19,775
Ad Valorem	304
Other Receivable	<u>300</u>
	<u>\$ 20,379</u>

The Waterworks Fund accounts receivable of \$6,034 at June 30, 2019, consist of the following:

Accounts:

Water Receivables	\$ 9,552
Allowance for Bad Debts	<u>(3,518)</u>
Total Accounts Receivable, Net	<u>\$ 6,034</u>

**5. Ad Valorem Taxes**

For the year ended June 30, 2019, taxes of 7.48 mills were levied on property with assessed valuations totaling \$11,694,170. Total taxes levied were \$87,472. Taxes receivable at June 30, 2019 were \$304.

**6. Restricted Assets-Proprietary Fund Type**

Restricted assets consist of cash resources set aside for repayment of customer deposits.

**Town of Killian, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019**

**7. Capital Assets**

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2019:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated:				
Land	\$ 49,200	\$ -	\$ -	\$ 49,200
Total Capital Assets Not Being Depreciated	49,200	-	-	49,200
Capital Assets Being Depreciated:				
Buildings	80,453	4,100	-	84,553
Land Improvements	26,000	-	-	26,000
Equipment	75,238	-	-	75,238
Police Vehicles	118,745	-	-	118,745
Police Equipment	66,821	1,483	-	68,304
Office Equipment	16,841	-	-	16,841
Total Capital Assets Being Depreciated	384,098	5,583	-	389,681
Less Accumulated Depreciation for:				
Buildings	(49,231)	(2,317)	-	(51,548)
Land Improvements	(2,600)	(1,300)	-	(3,900)
Equipment	(40,642)	(7,753)	-	(48,395)
Police Vehicles	(79,459)	(9,619)	-	(89,078)
Police Equipment	(64,829)	(1,451)	-	(66,280)
Office Equipment	(11,970)	(1,445)	-	(13,415)
Total Accumulated Depreciation	(248,731)	(23,885)	-	(272,616)
Capital Assets Being Depreciated, Net	135,367	(18,302)	-	117,065
Governmental Activities Capital Assets, Net	\$ 184,567	\$ (18,302)	\$ -	\$ 166,265

Depreciation Expense was Charged to the Following Activities:

General Government	\$ 12,814
Police Department	11,071
	\$ 23,885

**Town of Killian, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019**

The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2019:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets Being Depreciated:				
Water System	\$ 1,134,310	\$ 1,614	\$ -	\$ 1,135,924
Machinery and Equipment	22,663	-	-	22,663
Office Equipment	1,058	-	-	1,058
Total Capital Assets Being Depreciated	1,158,031	1,614	-	1,159,645
Less Accumulated Depreciation for:				
Water System	(589,088)	(43,656)	-	(632,744)
Machinery and Equipment	(21,505)	(615)	-	(22,120)
Office Equipment	(1,058)	-	-	(1,058)
Total Accumulated Depreciation	(611,651)	(44,271)	-	(655,922)
Capital Assets Being Depreciated, Net	546,380	(42,657)	-	503,723
Business- Type Activities Capital Assets, N \$	546,380	(42,657)	-	503,723

Depreciation expense of \$44,271 was charged to the business-type activity.

**8. Interfund Receivables and Payables**

Balances due to/from other funds at June 30, 2019 consist of the following to subsidize operations:

	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$ 4,553	\$ 695
Waterworks Fund	695	4,553
	\$ 5,248	\$ 5,248

**9. On Behalf Payments by State of Louisiana**

For the year ended June 30, 2019, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's police chief. In accordance with GASB 24, the Town has recorded \$3,500 on behalf payments.

**Town of Killian, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019**

**10. Risk Management**

The Town of Killian is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town attempts to minimize the risk from significant losses through the purchase of commercial insurance.

**11. Subsequent Events**

Subsequent events were evaluated through December 20, 2019, which is the date the financial statements were available to be issued.

## Required Supplemental Information

Town of Killian, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 186,737	\$ 186,737	\$ 218,304	\$ 31,567
Licenses, Permits and Fees	18,000	18,000	24,729	6,729
Intergovernmental	1,050	1,050	779	(271)
Fines and Forfeits	50,000	50,000	58,073	8,073
Public Safety	400	400	-	(400)
Donations	2,000	2,000	385	(1,615)
Miscellaneous	150	150	3,423	3,273
On-behalf Payments	9,600	9,600	3,500	(6,100)
<b>Total Revenues</b>	<u>267,937</u>	<u>267,937</u>	<u>309,193</u>	<u>41,256</u>
<b>Expenditures</b>				
General and Administrative	109,874	109,874	130,544	(20,670)
Police Department	154,950	154,950	128,952	25,998
Street Department	2,200	2,200	14,553	(12,353)
Capital Outlay	-	-	5,583	(5,583)
<b>Total Expenditures</b>	<u>267,024</u>	<u>267,024</u>	<u>279,632</u>	<u>(12,608)</u>
Net Change in Fund Balance	<u>913</u>	<u>913</u>	<u>29,561</u>	<u>28,648</u>
Fund Balance, Beginning	<u>108,349</u>	<u>108,349</u>	<u>110,408</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 109,262</u>	<u>\$ 109,262</u>	<u>\$ 139,969</u>	<u>\$ 28,648</u>

See Independent Accountant's Review Report.

## Other Supplemental Information

Town of Killian, Louisiana

Schedule 2

Schedule of Compensation Paid Elected Officials  
Year Ended June 30, 2019

<u>Elected Official</u>	<u>Term Expires</u>	<u>Compensation Received</u>
Gillis Windham, Alderman Mayor	June 30, 2021	\$ -
Brian Binkley, Alderman	June 30, 2021	-
Blaine LeMaire, Alderman	June 30, 2021	-
Jerry "JJ" Barnum, Jr., Alderman	June 30, 2021	-
Paul Canik, Alderman	June 30, 2021	-
Caleb Atwell, Alderman	June 30, 2021	-
		<u>\$ -</u>

See Independent Accountant's Review Report.

Town of Killian, Louisiana

Schedule 3

Schedule of Compensation, Benefits and Other Payments to Agency Head  
Year Ended June 30, 2019

Agency Head Name: Gillis Windham Mayor

Salary	\$	-
Benefits - Insurance		-
Benefits - Retirement		-
Benefits - Payroll Taxes		-
Car Allowance		-
Vehicle Provided by Government		-
Per Diem		-
Reimbursements		-
Travel		-
Registration Fees		-
Conference Travel		-
Continuing Professional Education		-
Housing		-
Unvouchered Expenses		-
Special Meals		-
Cell Phone		-
Total	\$	<u><u>-</u></u>

See Independent Accountant's Review Report.

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants



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## Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

### Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor Gillis Windham and  
Members of the Board of Aldermen  
Town of Killian, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Killian and the Louisiana Legislative Auditor (the specified parties), on the Town of Killian's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2019, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide. Management of the Town of Killian is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

#### ***Public Bid Law***

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

The Town did not purchase any expenditures subject to the public bid law.

#### ***Code of Ethics for Public Officials and Public Employees***

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided us with the requested information.

3. Obtain a list of all employees paid during the fiscal year.  
Management provided us with the requested information.
4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.  
None of the employees included on the list provided by management for agreed-upon procedure 3 appeared on the list provided by management for agreed-upon procedure 2.
5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.  
Management provided the requested information. None of the businesses of council members, employees, and council members' and employees' immediate families appeared as vendors on the list of disbursements.

### ***Budgeting***

6. Obtain a copy of the legally adopted budget and all amendments.  
Management provided us with a copy of the original budget. Management represented that there were no amendments to the budget during the year.
7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.  
We traced the adoption of the original budget to the minutes of a meeting held on June 12, 2018, which indicated that the budget had been adopted by the Board of Aldermen of the Town of Killian. The Town did not amend the budget for the year.
8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).  
We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues exceeded budgeted amounts. Actual expenditures exceeded budgeted amounts by less than 5% variance.

### ***Accounting and Reporting***

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:
  - (a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.  
Each of the selected disbursements agreed with the amount and payee in the supporting documentation.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

All of the payments were properly coded to the correct fund and general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

The supporting documentation for all six disbursements contained Mayor's approval.

### ***Meetings***

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Town of Killian is only required to post a notice of each meeting and the accompanying agenda on the door of the Town Hall no later than 24 hours prior to the meeting. We examined documentation that such notices were posted.

### ***Debt***

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

### ***Advances and Bonuses***

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

We scanned payroll disbursements and read the meeting minutes of the Town's meetings for the fiscal year. We found no payments or approval for payments to employees that would constitute bonuses, advances, or gifts.

### ***State Audit Law***

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The Town's report is due on December 31, 2019 and will be submitted timely.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The Town did not enter into any contracts that utilized state funds and that were subject to the public bid law while not in compliance with R.S. 24:513.

***Prior Comments and Recommendations***

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

See the schedule of prior year findings.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Town's compliance with the foregoing matters. 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.

The purpose of this report is solely to describe the scope of testing performed on the Town's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Phil Hebert*

Phil Hebert, CPA  
A Professional Accounting Corporation  
Ponchatoula, Louisiana  
December 20, 2019

**Town of Killian, Louisiana**

**Schedule of Current Year Findings and Recommendations  
For the Year Ended June 30, 2019**

**2019-1 Payroll Taxes not Remitted Timely**

**Criteria:**

According to Publication 15 (Employer's Tax Guide) of the Internal Revenue Service, a monthly depositor is required to deposit employment taxes on payments made during a month by the 15th day of the following month.

**Condition:**

As of June 30, 2019, the Town was late with payroll tax deposits in the amount of \$4,004. These late payments were made in November 2019.

**Cause:**

This was an oversight by management.

**Effect:**

The Town is not in compliance with Publication 15 (Employer's Tax Guide) of the Internal Revenue Service and will owe an additional penalty and interest.

**Recommendation:**

We recommend management to print out a payroll summary each month out of its accounting software and pay the appropriate tax by the 15<sup>th</sup> of the following month.

**Management's Response:**

Management agrees with the recommendation. Mayor Gillis Windham is the responsible party and can be reached at the Town Hall at (225) 695-6785.

**2019-2 Erroneously Contributing to Social Security Rather than Municipal Police Employees' Retirement System (MPERS)**

**Criteria:**

Under R.S. 11:2214(A)(1) any person who becomes an employee as defined in R.S. 11:2213 on and after September 9, 1977 "shall become a member as a condition of his employment, provided he is under fifty years of age at the date of employment." Additionally, under R.S. 11:142(I), "membership in any state, municipal, or parochial retirement system for which his employment makes him eligible for membership shall not be denied any employee by reason of attained age if his credited service in another state, municipal, or parochial retirement system, together with his prospective employment in that system until normal retirement age, would make him eligible for regular retirement benefits."

**Town of Killian, Louisiana**

**Schedule of Current Year Findings and Recommendations  
For the Year Ended June 30, 2019**

A person falling within the definition of “employee” is mandated to be enrolled in MPERS unless the municipality on or before January 1, 1978, enacted an ordinance exempting it from the provisions. Under R.S. 11:157(A), any employee as defined in R.S. 11:2213 who is employed by any municipality of this state which has its employees covered under the federal Social Security program may elect not to be or elect not to become a member of MPERS.

**Condition:**

The Town is currently contributing to Social Security for eligible employees that should be enrolled in MPERS.

**Cause:**

A Section 218 Agreement is a voluntary agreement between the State and Social Security Administration to provide Social Security and Medicare Hospital (HI) Insurance or Medicare (HI)-only coverage for State and local government employees.

The Town’s Section 218 agreement excludes any services performed by employees who were covered by a retirement system on its effective date, which is after July 1, 1973 from participating in social security.

**Effect:**

The Town has eligible employees contributing to Social Security rather than the Municipal Police Employees’ Retirement System.

**Recommendation:**

Recent enacted legislation will allow certain employees to opt out of MPERS and continue contributing to Social Security if they file a special affidavit within a certain time period. We recommend the Town to discuss with all eligible employees of MPERS, whether the employee wants to be enrolled in MPERS or opt out of MPERS. If the employee elects to opt out of MPERS we recommend you have the employee fill out the special affidavit pursuant to R.S. 11:157(A)(2). If the employees elect to be enrolled in MPERS, we recommend you stop contributing to social security and enroll all eligible employees.

**Management’s Response:**

Management agrees with the recommendation and will discuss both options with eligible employees. Mayor Gillis Windham is the responsible party and can be reached at the Town Hall at (225) 695-6785.

**2019-3      Cut-Off Policy**

**Criteria:**

According to the Town’s cut-off policy, services will be terminated after past due balances of 60 days.

**Town of Killian, Louisiana**

**Schedule of Current Year Findings and Recommendations  
For the Year Ended June 30, 2019**

**Condition:**

When reviewing the accounts receivable report, we noted active customers that are still receiving services with past due accounts over 60 days.

**Cause:**

With limited employees, the Town has not been able to enforce its cut-off policy fully.

**Effect:**

The Town is not abiding by its cut-off policy.

**Recommendation:**

We recommend the Town to abide by its cut-off policy when customers are past due on their payment by 60 days.

**Management's Response:**

Management agrees with the recommendation. Mayor Gillis Windham is the responsible party and can be reached at the Town Hall at (225) 695-6785.

Concluded

**Town of Killian, Louisiana**

**Schedule of Prior Year Findings  
For the Year Ended June 30, 2019**

**2018-1 Internal Control over Financial Reporting**

**Condition:**

The Town's management is responsible for establishing, and maintaining adequate internal controls over financial reporting and the custody of assets. We observed during our interview that the following previously reported deficiencies continue without substantial resolution.

"There is not adequate segregation of duties involved in the recording, processing, and summarizing of the Town's financial data." In addition controls related to Town assets are inadequate because custody and record keeping duties are not adequately segregated.

The Town clerk performs virtually all functions or has significant control over incompatible activities relating to billing and collections and procurement and payments.

**Recommendation:**

The Town's fiduciary responsibility to prudently manage public resources requires internal controls to be developed, implemented, and monitored, in a manner appropriate to meet its responsibilities. Although the small size of the Town's staff limits the extent of separation of duties, we believe certain steps could be taken to separate incompatible duties and provide some basic checks and balances, including oversight and review. Using a contract accountant on a part-time basis to assist the Town Clerk with the accounting and bookkeeping duties would provide some needed segregation of incompatible duties.

**Resolved:**

Fully

**2018-2 Accounting for Water Charges**

**Condition:**

The total of customer balances, as reported in the subsidiary utility billing system has not been reconciled to the general ledger control account. Water revenue continues to be insufficient to cover operating expenses of the water department. For fiscal year ended June 30, 2018, the utility system's operating loss was \$28,497.

**Recommendation:**

The QuickBooks receivable control account must be reconciled to the end of the month customer's balance, as reported in the subsidiary utility billing system.

Continued...

**Town of Killian, Louisiana**  
**Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2019**

**Resolved:**  
Fully

**2018-3            Violation of Louisiana Local Government Budget Act**

**Condition:**  
The General Fund Budget for June 30, 2018 was not adopted until after June 30, 2017.

**Recommendation:**  
We recommend the Town start the budget process in May of each year to insure the budget is ready to be adopted before the start of the new fiscal year.

**Resolved:**  
Fully

**2018-4            Violation of State Audit Law**

**Condition:**  
The Town of Killian did not file the June 30, 2018 financial statements within six months of the close of the fiscal year.

**Recommendation:**  
We recommend the Town engage the Independent accountant by the end of the fiscal year end to allow them time to prepare and submit the annual financial statements within six months of the close of the entity's fiscal year.

**Resolved:**  
Fully

**2018-5            Unauthorized Use of Police Vehicle**

**Condition:**  
It was alleged that the former mayor used the police car on at least three different occasions and removed the police decals from the police vehicle.

Continued...

**Town of Killian, Louisiana**  
**Schedule of Prior Year Findings**  
**For the Year Ended June 30, 2019**

**Recommendation:**

We recommend that only law enforcement officers on official duty operate the police vehicles.

**Resolved:**

Fully

Concluded

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
(For Attestation Engagements of Governmental Agencies)

October 8, 2019 (Date Transmitted)

Phil Hebert, CPA  
PO Box 1151  
Ponchatoula LA 70454

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of October 8, 2019 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No [ ]

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No [ ]

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No [ ]

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No [ ]

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.  
Yes [  ] No [  ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 30:1410.60-1410.65.

Yes [  ] No [  ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [  ] No [  ]

**Prior-Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes [  ] No [  ]

**General**

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [  ] No [  ]

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [  ] No [  ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [  ] No [  ]

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [  ] No [  ]

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [  ] No [  ]

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [  ] No [  ]

The previous responses have been made to the best of our belief and knowledge.

*Ellis Winkler* Mayor *Oct 9, 2019* Date

*Cathy Posey* Clerk/Secretary *10/23/19* Date