

VILLAGE OF RICHMOND, LOUISIANA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019
With
INDEPENDENT AUDITOR'S REPORT

VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA

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RICHMOND, LOUISIANA

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THE HALFORD FIRM, PLLC

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of
The Board of Aldermen
Village of Richmond
Richmond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Richmond, Louisiana as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

The Honorable Mayor, and Members of
The Board of Aldermen
Village of Richmond
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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Village of Richmond, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 and the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements.

The Honorable Mayor, and Members of
The Board of Aldermen
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The other supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated November 2, 2019, on our consideration of the Village of Richmond, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Richmond, Louisiana's internal control over financial reporting and compliance.

The Halford Firm, PLLC

Vicksburg, Mississippi
November 2, 2019

REQUIRED SUPPLEMENTARY INFORMATION

PART I

VILLAGE OF RICHMOND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of Richmond, Louisiana's financial performance provides an overview of the Village's financial activities for the year ended June 30, 2019. Please review it in conjunction with the Village's basic financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Village's net position increased \$48,025 as a result of this year's operations. This increase is due to the Village maintaining operating costs below revenue level.

During the year, the Village had total expenditures of \$585,510 in governmental funds, most of which was for general government.

Total general fund revenue for the Village for the current year was \$540,630. This was a decrease of \$43,995 from the previous year. This decrease is due to a decrease in sales tax revenue. The sales tax revenue for the current year is less than the prior year because in the current year the Village refunded \$50,000 of the \$253,000 settlement received in a prior year.

Total general fund expenditures were \$522,440 or \$87,574 more than the prior year. The increase in expenditures was as follows:

	Current Year	Prior Year	Change
General Government	\$ 305,717	\$ 271,828	\$ 33,889
Public Safety	29,738	45,344	(15,606)
Public Works	82,601	74,702	7,899
Recreation	12,066	25,702	(13,636)
Capital Outley	92,318	17,290	75,028
Total	<u>522,440</u>	<u>\$ 434,866</u>	<u>\$ 87,574</u>

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the Village of Richmond's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and illustrate a longer-term view of the Village's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The government-wide financial statements provide short-term and long-term information about the Village's financial statements as a whole.

The Village of Richmond's government-wide financial statements include a Statement of Net position (page 9) and Statement of Activities (page 10), which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the Statement of Net Position is to report all of the assets held and liabilities owed by the Village using the full accrual basis of accounting. The Village reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred.

The difference between the Village's total assets and total liabilities is reported as net position and this difference is similar to the total owner's equity presented by a commercial enterprise. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating.

The purpose of the Statement of Activities is to present the revenues and expenses of the Village. Again, the items presented on the Statement of Activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the Village. Thus, revenues are reported even though they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village adopts an annual budget for all funds. A budgetary comparison statement is provided to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's performance.

REPORTING ON THE VILLAGE OF RICHMOND AS A WHOLE

The following table reflects a condensed statement of the Village's net position as of June 30, 2019 and 2018.

CONDENSED STATEMENT OF NET POSITION
Years Ended June 30, 2019, and 2018

	2019	2018
Assets		
Current and other assets	\$ 996,007	\$ 1,040,321
Capital assets, net of accumulated depreciation	454,772	403,941
Total Assets	1,450,779	1,444,262
Liabilities		
Current and other liabilities	66,959	67,467
Long-term debt	555,000	596,000
Total Liabilities	621,959	663,467
Net Position		
Invested in capital assets, net of related debt	454,772	403,941
Unrestricted	374,048	376,854
Total Net Position	\$ 828,820	\$ 780,795

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Richmond, assets exceed liabilities at the close of the fiscal year, by \$828,820 in 2019, and \$780,795 in 2018. Of these amounts \$454,772, or 55%, and \$403,941, or 52% of the total net position, represent the investment of the Village in capital assets net of related debt. Net position of \$374,048 for 2019, and \$376,854 for 2018, which are technically unrestricted, need to be viewed in light of information in the fund financial statements.

Management's Discussion and Analysis
Page Four

The following table reflects the condensed Statement of Activities:

CONDENSED STATEMENT OF ACTIVITIES
Years Ended June 30, 2019, and 2018

	2019	2018
Revenues		
Taxes	\$ 375,371	\$ 442,707
Recreation	42,174	21,089
License & permits	34,542	28,115
Interest income	7,062	5,495
Public works	55,966	39,812
Intergovernmental	15,684	13,585
Other	11,661	27,904
Total	<u>542,460</u>	<u>578,707</u>
Expenses		
General government	312,736	278,399
Public safety	35,553	51,159
Public works	123,414	114,901
Recreation	22,732	35,836
Total	<u>494,435</u>	<u>480,295</u>
Change in Net Position	48,025	98,412
Net Position - beginning	<u>780,795</u>	<u>682,383</u>
Net Position - ending	<u>\$ 828,820</u>	<u>\$ 780,795</u>

As reported in the Statement of Activities, the cost of governmental activities for 2019 and 2018 was \$494,435 and \$480,295.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2019, combined governmental fund balances of \$973,109 showed a decrease of \$44,868 from the June 30, 2018, balance.

Budgetary Highlights

The Village's budget is prepared according to Louisiana law.

A budgetary comparison schedule showing the Village of Richmond's budget compared with actual operating results is provided in the report that follows.

Economic Factors and Next Year's Budgets

The Village considered many factors when setting the 2020 budget.

Revenues and expenditures of the Village's funds are expected to remain fairly consistent with the 2019 fiscal year.

Capital Assets and Debt Administration

Capital assets. The Village's capital assets for its governmental activities as of June 30, 2019, amounts to \$454,772 (net of accumulated depreciation). This investment includes land, buildings, sewer plant, furniture, equipment, and automobiles. The increase in capital assets for the year was \$50,831.

CONTACTING THE VILLAGE'S MANAGEMENT

This financial report is designed to provide a general overview of the Village of Richmond's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact the Village's Office at 598 Wood Street, Richmond, Louisiana 71282.

BASIC FINANCIAL STATEMENTS

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Governmental Funds</u>
Assets	
Cash and cash equivalents	\$ 402,821
Investments	522,780
Accounts receivable	70,113
Interest receivable	218
Other assets	75
Capital assets - net	454,772
Total Assets	<u>1,450,779</u>
Liabilities	
Accounts payable	14,531
Payroll taxes payable	4,045
Accrued interest payable	7,383
Noncurrent Liabilities:	
Due within one year	41,000
Due in more than one year	555,000
Total Liabilities	<u>621,959</u>
Net Position	
Invested in capital assets, net of related debt	454,772
Unrestricted	374,048
Total Net Position	<u>\$ 828,820</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expenses) Governmental Activities
		Charges for Services	Capital Grants	Operating Grants	
General government	\$ 312,736	\$ -	\$ -	\$ 15,684	\$ (297,052)
Public safety	35,553	-	-	-	(35,553)
Public works	123,414	55,966	-	-	(67,448)
Recreation	22,732	42,174	-	-	19,442
Total Government Activities	\$ 494,435	\$ 98,140	\$ -	\$ 15,684	(380,611)

General Revenues:

Sales tax and video poker	251,927
Property taxes	91,008
Franchise taxes	19,611
Fire protection service charge	12,825
License & permits	34,542
Building rent	11,175
Interest income	7,062
Other revenue	486
Total General Revenues	428,636
 Change in Net Position	 48,025
 Net Position, beginning	 780,795
 Net Position, ending	 \$ 828,820

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019**

ASSETS	<u>Governmental Fund Types</u>		Total Governmental Funds
	<u>General</u>	<u>Capital Projects Fund</u>	
Assets			
Cash & cash equivalents	\$ 399,700	\$ 3,121	\$ 402,821
Investments	522,780	-	522,780
Accounts receivable	65,791	-	65,791
Interest receivable	218	-	218
Other assets	75	-	75
Total Assets	<u>988,564</u>	<u>3,121</u>	<u>991,685</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	14,531	-	14,531
Payroll tax payable	4,045	-	4,045
Total Liabilities	<u>18,576</u>	<u>-</u>	<u>18,576</u>
Fund Balance			
Assigned fund balance	-	3,121	3,121
Unassigned fund balance	969,988	-	969,988
Total Fund Balance	<u>969,988</u>	<u>3,121</u>	<u>973,109</u>
Total Liabilities & Fund Equity	<u>\$ 988,564</u>	<u>\$ 3,121</u>	<u>\$ 991,685</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

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

Fund Balances, Total Governmental Funds		\$ 973,109
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		454,772
Receivables collected more than 60 days after year end are not recorded on governmental funds.		4,322
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	(7,383)	
Bond payable	(596,000)	
		(603,383)
Net Position of Governmental Activities		\$ 828,820

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General	Capital Projects	Totals
Revenue			
Taxes:			
Property	\$ 91,008	\$ -	\$ 91,008
Sales tax and video poker	251,927	-	251,927
Franchise	19,611	-	19,611
Fire protection service charge	12,825	-	12,825
Sewer fees	54,148	-	54,148
Licenses & permits	34,542	-	34,542
Rent	11,175	-	11,175
Interest	7,050	12	7,062
Intergovernmental	15,684	-	15,684
Other revenue	42,660	-	42,660
Total revenue	<u>540,630</u>	<u>12</u>	<u>540,642</u>
Expenditures			
Current:			
General government	305,717	-	305,717
Public safety	29,738	-	29,738
Public works	82,601	-	82,601
Recreation	12,066	-	12,066
Capital outlay	92,318	-	92,318
General Obligation Bond:			
Principal payment	-	40,000	40,000
Interest expense	-	23,070	23,070
Total expenditures	<u>522,440</u>	<u>63,070</u>	<u>585,510</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>18,190</u>	<u>(63,058)</u>	<u>(44,868)</u>
Other Financing Sources (Uses)			
Transfers in	-	63,070	63,070
Transfers out	(63,070)	-	(63,070)
Total Other Financing Sources (Uses)	<u>(63,070)</u>	<u>63,070</u>	<u>-</u>
Net Change in Fund Balance	(44,880)	12	(44,868)
Fund Balance - Beginning	<u>1,014,868</u>	<u>3,109</u>	<u>1,017,977</u>
Fund Balance - Ending	<u>\$ 969,988</u>	<u>\$ 3,121</u>	<u>\$ 973,109</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

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

Net Change in Fund Balances, Total Governmental Funds	\$ (44,868)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	50,832
Receivables collected more than 60 days from the Balance Sheet date are not recorded as income on governmental funds financial statements, but are on the Statement of Activities.	
Net change in amount	1,818
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Bond principal payments	40,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in accrued interest payable	<u>243</u>
Change in Net Position of Governmental Activities	<u>\$ 48,025</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

INTRODUCTION

The Village of Richmond, Louisiana (hereafter referred to as the Village) was created under the provisions of the Lawrason Act, Louisiana Revised Statute 33:321, August 28, 1973. Therefore, it operates under a Mayor - Board of Aldermen form of government.

The Mayor and three Alderpersons are elected at large every four years by the citizens of the Village.

The purpose of the municipality is to promote the general welfare, safety, health, peace, good order, comfort, convenience, and morals of its inhabitants.

The Village is situated in the northwest part of Madison Parish with a population of 604 persons. Within the boundaries are approximately 16 miles of roads maintained by the Village. It is currently servicing 165 sewer customers and employs 6 people.

GASB Statement No.14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No.14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Village does not have oversight of any other component units and therefore, no other government unit is included in the Village's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or 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 not properly included among program revenues are reported instead as general revenues.

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**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. 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. 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 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as claims and judgments, are recorded only when payment is due.

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

The Village reports the following major governmental funds:

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

The **Capital Projects Fund** accounts for grants and bonds that are designated for capital projects.

C. Cash and Cash Equivalents

Cash includes amounts in demand deposits. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principle offices in Louisiana. Certificates of deposit with maturities of 90 days or less are classified as cash equivalents, and those maturities exceeding 90 days are classified as investments,

D. Investments

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

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VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019 – continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Capital Assets

Under GASB Statement No. 34, capital assets, which include buildings, other improvements, machinery and equipment, vehicles, and furniture and fixtures, are reported and depreciated in the applicable governmental or business-type activities column of the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund statements.

As permitted by GASB Statement No. 34, the Village has elected not to capitalize infrastructure assets retroactively such as streets, sidewalks, drainage, and street lighting.

All purchased capital assets are recorded at cost. Donated capital assets are valued at fair market value at date of gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Interest is capitalized on funds used during construction of projects acquired with bonds.

Capital assets are depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Sewerage System	40 years
Office Equipment	5 to 10 years
Equipment	5 to 20 years
Vehicles	5 years

F. Fund Equity

Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Mayor/Board of Aldermen). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance - amounts the Village intends to use for a specific purpose. Intent is expressed by the Mayor/Board of Aldermen.

-continued

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. Fund Equity - continued

Unassigned Fund Balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Village establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Mayor/Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

G. Property Taxes

Ad valorem taxes were levied for 2019 at 5.80 mils for property tax and 14.70 mils for street improvements. These taxes, which attach as enforceable liens on property as of January 1, are levied in October, become due on receipt and until December 31, and become delinquent on January 1 of the following year. The taxes are generally collected in December of the current year and January and February of the following year.

H. Compensated Absences

Employees of the Village do not accrue or "carry forward" vacation or sick pay from year to year. As such, there is no liability for compensated absences.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The estimates are the responsibility of management. Actual results can differ from those estimates.

J. Retirement Plan

The Village is not a participant in a retirement plan.

K. Fire Protection

The Village assesses a service charge for fire protection an amount that would equal 2.90 mils of property tax.

-continued

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019 – continued**

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2019, the Village had cash and cash equivalents totaling \$402,821 as follows:

Petty cash	\$ 100
Demand deposits	9,354
Interest bearing demand deposits	393,367
Total	<u>\$ 402,821</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits 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 accepted by both parties.

Although the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district attorney that the fiscal agent has failed to pay deposited funds upon demand.

As of June 30, 2019, the book balance of the Village's deposits was \$402,821, and the bank balance was \$416,834. Of the bank balance, \$291,758 was covered by federal deposit insurance and \$125,076 by pledged securities.

NOTE 3 – INVESTMENTS

At June 30, 2019, the Village's investments were as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
Guaranty Bank and Trust Certificate of Deposit	\$ 339,224	\$ 339,224
Capital One Certificate of Deposit	183,556	183,556
Total	<u>\$ 522,780</u>	<u>\$ 522,780</u>

Of the \$522,780 of certificates of deposit, \$183,556 was secured from risk by federal deposit insurance and \$339,224 by pledged securities.

-continued

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019 – continued**

NOTE 4 – FIXED ASSETS

The changes in capital assets are as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Land	\$ 66,086	\$ -	\$ -	\$ 66,086
Building and improvements	172,174	15,684	-	187,858
Police equipment	61,043	-	-	61,043
Tractors	45,666	21,395	-	67,061
Mosquito equipment	44,742	-	-	44,742
Sewer plant and improvements	621,039	-	-	621,039
Equipment-Sewer	66,597	-	-	66,597
Ball park	105,437	53,343	-	158,780
Other equipment	133,800	1,895	-	135,695
Total Capital Assets	<u>1,316,584</u>	<u>92,317</u>	<u>-</u>	<u>1,408,901</u>
Less: Accumulated depreciation	<u>(912,643)</u>	<u>(41,486)</u>	<u>-</u>	<u>(954,129)</u>
Net Capital Assets - governmental activities	<u>\$ 403,941</u>	<u>\$ 50,831</u>	<u>\$ -</u>	<u>\$ 454,772</u>

NOTE 5 – GENERAL LONG-TERM OBLIGATION

The Village issued \$790,000 of General Obligation Bonds, dated March 11, 2014, for the purpose of overlaying and improving public streets. The bonds bear interest at 3.42799%, and are payable in semi-annual installments on March 1 and September 1 until maturity on March 1, 2031. The Village passed an ad valorem tax increase which is restricted for repayment of the bonds

The debt service requirement to amortize the bonds outstanding at June 30, 2019 is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	41,000	22,271	63,271
2021	42,000	21,348	63,348
2022	43,000	20,298	63,298
2023	44,000	19,094	63,094
2024	46,000	17,774	63,774
2025-2029	259,000	63,072	322,072
2030-2032	<u>121,000</u>	<u>8,950</u>	<u>129,950</u>
Total	<u>\$ 596,000</u>	<u>\$ 172,807</u>	<u>\$ 768,807</u>

-continued

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019 – continued**

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated through November 2, 2019, the date the financial statements were available to be issued, and it was determined that no additional disclosures are necessary.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Original	Amended Original	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes- general	\$ 27,000	\$ 27,000	\$ 25,878	\$ (1,122)
Service charge- fire protection	13,000	13,000	12,825	(175)
Street improvement tax	65,300	65,300	65,130	(170)
Franchise tax	14,300	15,100	19,611	4,511
Occupational licenses & permits	27,000	34,000	34,542	542
Sewer fees	45,000	56,000	54,148	(1,852)
Building rent	2,000	4,500	3,000	(1,500)
Civic Center rent	8,500	8,500	8,175	(325)
Interest	1,400	1,400	7,050	5,650
Grant	13,500	-	15,684	15,684
Other	38,000	44,000	42,660	(1,340)
Sales tax & video poker	296,000	291,000	251,927	(39,073)
Total Revenues	551,000	559,800	540,630	(19,170)
Expenditures				
Current - General Government				
Salaries	174,000	199,196	195,335	3,861
Advertising	1,500	2,500	2,506	(6)
Bank, bond & court fees	500	800	822	(22)
Contract labor	9,000	9,000	9,500	(500)
Fire protection service	6,000	6,000	6,000	-
Dues & subscriptions	2,200	2,200	1,642	558
Fuel & oil	6,000	6,500	6,322	178
Police care expense	2,100	300	255	45
Insurance	30,000	30,000	24,672	5,328
Legal & accounting	20,000	15,000	13,375	1,625
Office expense	6,000	3,500	3,049	451
Postage	500	500	612	(112)
Repairs & maintenance	54,700	72,000	73,334	(1,334)
Police supplies	1,500	500	120	380
Supplies	25,000	25,500	15,294	10,206
Supplies - mosquito control	3,500	6,000	5,370	630
Richmond Sports Complex	25,000	71,000	12,066	58,934
Miscellaneous	19,886	-	-	-
Payroll taxes	13,500	13,500	15,028	(1,528)
Telephone	7,300	7,300	6,342	958
Travel	2,500	2,500	1,360	1,140
Utilities	34,100	37,800	37,118	682
Capital outlay	2,500	25,000	92,318	(67,318)
Total expenditures	447,286	536,596	522,440	14,156
Excess (Deficiency) of Revenue Over Expenditures	103,714	23,204	18,190	(5,014)
Other Financing Sources (Uses)				
Operating transfers out	(62,714)	(63,100)	(63,070)	30
Total other financing sources (uses)	(62,714)	(63,100)	(63,070)	30
Net Change in Fund Balance	41,000	(39,896)	(44,880)	(4,984)
Fund Balance - beginning	1,014,868	1,014,868	1,014,868	-
Fund Balance - ending	\$ 1,055,868	\$ 974,972	\$ 969,988	\$ (4,984)

OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
FOR THE YEAR ENDED JUNE 30, 2019**

The following information is provided in compliance with House Concurrent Resolution No. 54 of the Louisiana Legislature.

<u>Name</u>	<u>Amount</u>
Mayor Olga Butler	\$ 33,779
Alderman Lamar Walters	4,500
Alderwoman Margaret Leoty	4,500
Alderman Lester McIntyre	<u>4,500</u>
 Total	 <u>\$ 47,279</u>

VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS,
OTHER PAYMENTS TO AGENCY HEAD
JUNE 30, 2019

Olga Butler, Mayor

Salary & expense	\$ 36,363
Reimbursement	<u>319</u>
Total	<u>\$ 36,682</u>

**COMPLIANCE REPORTING AND OTHER SCHEDULES REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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Certified Public Accountants

Mississippi Society of
Certified Public Accountants

Louisiana Society of
Certified Public Accountants

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

Honorable Mayor and Members
Of the Board of Aldermen
Village of Richmond, Louisiana

We have audited the financial statements of the Village of Richmond as of and for the year ended June 30, 2019, and have issued our report thereon dated November 2, 2019. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Richmond's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 19-01 that we consider to be significant deficiency.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Village of Richmond, management, others within the organization, and applicable State Auditors and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

The Halford Firm, PLLC

November 2, 2019

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the annual financial statements of the Village of Richmond, Louisiana.
2. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.
3. One significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

FINDINGS - FINANCIAL STATEMENTS AUDIT

19-01- Segregation of Duties

Finding:

During our audit we noted that the size of the Village of Richmond and the limited number of employees does not permit an adequate segregation of employee duties for effective internal control. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Recommendation:

To the extent that it is practical to do so, management should segregate employee duties and perform supervisory reviews.

Response: Based on the size of the office staff, it is not feasible to add additional personnel to achieve complete segregation of duties.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

The following is a summary of the status of the prior year findings included in the auditor's report dated October 30, 2018, covering the examination of the financial statements of the Village of Richmond, Louisiana as of and for the year ended June 30, 2018.

18-01 – Segregation of Duties

Finding:

During our audit we noted that the size of the Village of Richmond and the limited number of employees does not permit an adequate segregation of employee duties for effective internal control. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Status:

This finding was not resolved by June 30, 2019, and is a repeat finding for the current year.

**STATEWIDE
AGREED-UPON PROCEDURES**

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of The Village of Richmond
and the Louisiana Legislative Auditor,

We have performed the procedures enumerated below, which were agreed to by the Village of Richmond Louisiana and the Louisiana Legislative Auditor (LLA), solely to assist the users in evaluating management's assertions about the Village of Richmond's compliance with certain laws and regulations during the fiscal year ended December 31, 2018, included in the Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures (SAUPs). The Village of Richmond's management is responsible for those control and compliance (C/C) areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Governmental Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations).
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving

Written Policies and Procedures - continued

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

There were no written policies and procedures.

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

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-11121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirements that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

Written Policies and Procedures – continued

- k) **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.

The Village of Richmond does not have written policies and procedures.

Management's Response:

Despite the lack of written policies and procedures, the Village of Richmond has policies and procedures that are understood by the employees responsible for performing them.

Board or Finance Committee

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

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

The Board met at least once monthly with a quorum present.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget- to- actual comparisons, if budgeted) for major proprietary fund.

The Board reviews the Village's financial statements monthly, but the financial statement does not included budget to actual comparison.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

N/A- The Village did not have a negative fund balance in the prior year.

Written Policies and Procedures - continued

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

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

The date of preparation was not on the reconciliation.

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

The examined bank reconciliation did not have any evidence that management had reviewed them.

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

No items on the bank reconciliation were more than 12 months old.

Collections

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

The Village of Richmond has only one deposit site.

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Only one employee is responsible for cash collections.

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

The employee responsible for cash collections is also responsible for preparing bank deposits.

Written Policies and Procedures - continued

Collections -continued

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

The employee responsible for collections is also responsible for posting collections.

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

The employee responsible for cash collections is also responsible for reconciliation to the general ledger.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Employees with access to cash are covered by a bond.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Receipts are pre-numbered.

- b) Trace sequentially pre-numbered receipts, systems report, and other related collection documentation to the deposit slip.

Receipt numbers are not listed on the deposit slips.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

All deposit slips were traced to deposits on the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100)

The date of collection was not recorded therefore the actual time from collection to deposit in the bank could not be determined.

- e) Trace the actual deposit per the bank statement to the general ledger.

All deposits were recorded in the general ledger.

Written Policies and Procedures - continued

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

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

The Village has only one location for processing payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee jobs duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

All purchases require a purchase order number (clerk) and approval (mayor).

- b) At least two employees are involved in processing and approving payments to vendors.

Processing of payments to vendor is handled by the Clerk and approval is done by the Mayor.

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

The Village does not maintain an approved vendor list.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The United States Postal Service picks up the mail at the Village's office.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

The disbursement matched the invoice on all tested transactions.

Written Policies and Procedures - continued

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

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The Village only has three administrative employees (including the mayor), therefore segregation of duties is difficult to achieve.

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

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

Listing was obtained and only included two cards.

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

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

There was evidence that the statements were reviewed and approved.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No finance charges or late fees were noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions, observe that 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).

Documentation did support the above listed required detail.

Written Policies and Procedures - continued

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

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

Obtained general ledger account for travel reimbursement and management's representation that the general ledger was complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov)

No per diem reimbursements.

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

All reimbursements were supported by itemized receipts.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No written policy, but all reimbursements were supported by adequate documentation.

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

All reimbursements were reviewed by the Clerk and approved by the Mayor.

Contracts

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

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

There were two contracts and neither required bids.

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

Both contracts were approved by Council.

Written Policies and Procedures – continued

Contracts-continued

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No amendments noted.

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

Reviewed 3 payments on each contract and found to be in agreement with contract.

Payroll and Personnel

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

Management provided list of employees and their related salaries.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected officials are earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Daily attendance and leave were documented for each employee.

- b) Observe that supervisors approved the attendance and leave of the selected employee/officials.

Supervisor's approval of attendances and leave was not present on employee time records.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

All leave accrued or taken during the tested period was correctly recorded on the leave records.

Written Policies and Procedures – continued

Payroll and Personnel-continued

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

No termination payments during the period under review.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Management claimed all payroll related taxes, etc. have been paid and all returns filed timely. In our testing of financial data, we reviewed all state and federal payroll tax returns and payments thereon. All payments tested were paid timely and all returns tested were filed timely.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

The Village had documentation that all employees had completed ethics training.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

No written policies.

Debit Service

21. Obtain a listing of bond/notes issued during the fiscal period and management's representation that the listing is complete. Select all bond/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No debt issued in period under review.

22. Obtain a listing of bond/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.

The Village had on bond issue outstanding in the current year and was in compliance with all debt covenants.

Written Policies and Procedures – continued

Other

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

There were no misappropriations in the period under review.

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

Required notice was posted on the entity's premises. Entity does not maintain a website.