

Town of Killian
Killian, Louisiana

Annual Financial Statements

As of and for the Year Then Ended June 30, 2018
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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CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

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



18435 HWY. 22
P.O. BOX 1151
PONCHATOULA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

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, 2018, 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 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 report.

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
April 30, 2019

Basic Financial Statements
Government-Wide Financial Statements

Town of Killian, Louisiana

Statement A

**Statement of Net Position
June 30, 2018**

Assets	Governmental Activities	Business- Type Activities	Total
Cash	\$ 99,884	\$ 60,930	\$ 160,814
Accounts Receivable, Net	17,770	2,099	19,869
Internal Balances	(695)	695	-
Restricted Assets - Cash	-	1,020	1,020
Land	49,200	-	49,200
Capital Assets, Net	135,367	546,380	681,747
Total Assets	<u>301,526</u>	<u>611,124</u>	<u>912,650</u>
 Liabilities			
Accounts Payable	3,661	1,214	4,875
Accrued Payroll and Payroll Liabilities	2,890	-	2,890
Water Customer Deposits	-	800	800
Total Liabilities	<u>6,551</u>	<u>2,014</u>	<u>8,565</u>
 Net Position			
Net Investment in Capital Assets	184,567	546,380	730,947
Unrestricted	<u>110,408</u>	<u>62,730</u>	<u>173,138</u>
Total Net Position	<u>\$ 294,975</u>	<u>\$ 609,110</u>	<u>\$ 904,085</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, 2018

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General and Administrative	\$ 139,364	\$ -	\$ -	\$ -	\$ (139,364)	\$ -	\$ (139,364)
Police Department	146,262	51,399	13,278	-	(81,585)	-	(81,585)
Street Department	2,247	-	-	-	(2,247)	-	(2,247)
Interest on Long-Term Debt	1,665	-	-	-	(1,665)	-	(1,665)
Total Government Activities	<u>289,538</u>	<u>51,399</u>	<u>13,278</u>	<u>-</u>	<u>(224,861)</u>	<u>-</u>	<u>(224,861)</u>
Business- Type Activities:							
Waterworks	116,456	87,959	-	51,310	-	22,813	22,813
Total Business- Type Activities	<u>116,456</u>	<u>87,959</u>	<u>-</u>	<u>51,310</u>	<u>-</u>	<u>22,813</u>	<u>22,813</u>
Total Primary Government	<u>\$ 405,994</u>	<u>\$ 139,358</u>	<u>\$ 13,278</u>	<u>\$ 51,310</u>	<u>(224,861)</u>	<u>22,813</u>	<u>(202,048)</u>
General Revenues:							
Taxes:							
Property Taxes					91,546	-	91,546
Franchise Taxes					90,045	-	90,045
Licenses, Permits & Fees					47,743	-	47,743
Insurance Reimbursement					34,419	-	34,419
Loss on Wrecked Vehicle					(24,964)	-	(24,964)
Miscellaneous					4,028	-	4,028
Total General Revenues					<u>242,817</u>	<u>-</u>	<u>242,817</u>
Change in Net Position					17,956	22,813	40,769
Net Position, Beginning of Year					277,019	586,297	863,316
Net Position, End of Year					<u>\$ 294,975</u>	<u>\$ 609,110</u>	<u>\$ 904,085</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, 2018**

	General Fund	Total Governmental Funds
Assets		
Cash	\$ 99,884	\$ 99,884
Property Tax Receivable	408	408
Franchise Tax Receivable	17,062	17,062
Other Receivable	300	300
Total Assets	\$ 117,654	\$ 117,654
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 3,661	\$ 3,661
Accrued Payroll and Payroll Liabilities	2,890	2,890
Due to Waterworks Fund	695	695
Total Liabilities	7,246	7,246
 Fund Balances:		
Unassigned	110,408	110,408
Total Fund Balance	110,408	110,408
Total Liabilities and Fund Balances	\$ 117,654	\$ 117,654

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, 2018**

Fund Balances, Governmental Funds, Statement C \$ 110,408

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 184,567

Net Position, Governmental Activities, Statement A \$ 294,975

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, 2018**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues		
Taxes	\$ 181,591	\$ 181,591
Licenses, Permits and Fees	47,743	47,743
Intergovernmental	9,678	9,678
Fines and Forfeits	51,399	51,399
Public Safety	-	-
Donations	2,440	2,440
Insurance Reimbursement	34,419	34,419
Miscellaneous	1,588	1,588
On-behalf Payments	3,600	3,600
Total Revenues	<u>332,458</u>	<u>332,458</u>
Expenditures		
General and Administrative	126,813	126,813
Police Department	121,127	121,127
Street Department	2,247	2,247
Debt Service	37,317	37,317
Capital Outlay	52,597	52,597
Total Expenditures	<u>340,101</u>	<u>340,101</u>
Net Changes in Fund Balances	(7,643)	(7,643)
Fund Balances, Beginning	<u>118,051</u>	<u>118,051</u>
Fund Balances, Ending	<u>\$ 110,408</u>	<u>\$ 110,408</u>

See accompanying notes and independent accountant's review report.

Town of Killian, Louisiana

Statement G

**Statement of Net Position
Proprietary Fund
June 30, 2018**

Assets	Waterworks Fund
Current Assets	
Cash	\$ 60,930
Accounts Receivable, Net	2,099
Due from General Fund	695
Total Current Assets	63,724
Restricted Assets	
Restricted Cash	1,020
Total Restricted Assets	1,020
Property, Plant, and Equipment	
Capital Assets, Net	546,380
Net Property, Plant and Equipment	546,380
Total Assets	611,124
Liabilities	
Current Liabilities	
Accounts Payable	1,214
Total Current Liabilities	1,214
Current Liabilities (Payable from Restricted Assets)	
Customer Deposits Payable	800
Total Liabilities	2,014
Net Position	
Invested in Capital Assets	546,380
Unrestricted	62,730
Total Net Position	\$ 609,110

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, 2018

	Waterworks Fund
Operating Revenues	
Water Sales	\$ 87,959
Total Operating Revenues	<u>87,959</u>
Operating Expenses	
Contract Labor	23,288
Repairs and Maintenance	18,924
Chlorine	13,382
Insurance	1,976
Miscellaneous	1,257
Safe Drinking Water Fees	3,343
Office Expense	1,781
Utilities	8,532
Depreciation	43,973
Total Operating Expenses	<u>116,456</u>
Operating Loss	<u>(28,497)</u>
Nonoperating Revenues (Expenses)	
Grants	51,310
Total Nonoperating Revenues (Expenses)	<u>51,310</u>
Change in Net Position	22,813
Net Position, Beginning	586,297
Net Position, Ending	<u>\$ 609,110</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, 2018**

	<u>Waterworks Fund</u>
Cash Flows From Operating Activities	
Received From Customers	\$ 92,621
Payments For Operations	(71,892)
Net Cash Provided by Operating Activities	<u>20,729</u>
Cash Flows From Noncapital Financing Activities	
Transfer to General Fund	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of Fixed Assets	(32,500)
Capital Grants	51,310
Net Cash Provided by Capital and Related Financing Activities	<u>18,810</u>
Cash Flows From Investing Activities	
Receipt of Interest	-
Net Cash Provided by Investing Activities	<u>-</u>
Net Increase in Cash	39,539
Cash, Beginning of Year	<u>22,411</u>
Cash, End of Year	<u><u>\$ 61,950</u></u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets	
Cash and Cash Equivalents, Unrestricted	\$ 60,930
Cash and Cash Equivalents, Restricted	<u>1,020</u>
Total Cash and Cash Equivalents	<u><u>\$ 61,950</u></u>
Reconciliation of Net Operating Loss to Net Cash	
Provided used Operating Activities	
Operating Loss	\$ (28,497)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	43,973
Change in Accounts Receivable	4,662
Change in Accounts Payable	<u>591</u>
Net Cash Provided by Operating Activities	<u><u>\$ 20,729</u></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, 2018

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 290 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, 2018**

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, 2018**

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, 2018

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, 2018**

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

<u>Description</u>	<u>Estimated Lives</u>
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, 2018**

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, 2018
- **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, 2018
- **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 year-end.
- **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

Town of Killian, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2018**

Aldermen who has the authority to assign amounts to be used for specific purposes: The Town did not have any assigned resources as of year-end.

- **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, 2018 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.

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

Town of Killian, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2018**

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 July 11, 2017. The original budget was adopted on July 11, 2017.

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, 2018, the Town had deposits (book balances) totaling \$161,834 as follows:

Petty Cash	\$	177
Interest Bearing Demand Deposits		<u>161,657</u>
	\$	<u><u>161,834</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, 2018, the Town has \$164,797 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, 2018**

4. Receivables

The Governmental Funds receivables of \$17,770 at June 30, 2018, consist of the following:

Taxes:

Public Utility Franchise	\$	17,062
Ad Valorem		408
Other Receivable		300
	\$	<u>17,770</u>

The Waterworks Fund accounts receivable of \$2,099 at June 30, 2018, consist of the following:

Accounts:

Water Receivables	\$	10,179
Allowance for Bad Debts		<u>(8,080)</u>
Total Accounts Receivable, Net	\$	<u>2,099</u>

5. Ad Valorem Taxes

For the year ended June 30, 2018, taxes of 7.48 mills were levied on property with assessed valuations totaling \$11,632,790. Total taxes levied were \$87,013. Taxes receivable at June 30, 2018 were \$408.

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, 2018**

7. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 49,200	\$ -	\$ -	\$ 49,200
Total Capital Assets Not Being Depreciated	<u>49,200</u>	<u>-</u>	<u>-</u>	<u>49,200</u>
Capital Assets Being Depreciated:				
Buildings	80,453	4,500	-	84,953
Land Improvements	26,000	-	-	26,000
Equipment	75,238	-	-	75,238
Police Vehicles	113,443	48,096	(42,794)	118,745
Police Equipment	66,821	-	-	66,821
Office Equipment	12,341	-	-	12,341
Total Capital Assets Being Depreciated	<u>374,296</u>	<u>52,596</u>	<u>(42,794)</u>	<u>384,098</u>
Less Accumulated Depreciation for:				
Buildings	(47,131)	(2,100)	-	(49,231)
Land Improvements	(1,300)	(1,300)	-	(2,600)
Equipment	(32,714)	(7,928)	-	(40,642)
Police Vehicles	(74,208)	(23,082)	17,831	(79,459)
Police Equipment	(62,776)	(2,053)	-	(64,829)
Office Equipment	(10,747)	(1,223)	-	(11,970)
Total Accumulated Depreciation	<u>(228,876)</u>	<u>(37,686)</u>	<u>17,831</u>	<u>(248,731)</u>
Capital Assets Being Depreciated, Net	<u>145,420</u>	<u>14,910</u>	<u>(24,963)</u>	<u>135,367</u>
Governmental Activities Capital Assets, Net \$	<u>\$ 194,620</u>	<u>\$ 14,910</u>	<u>\$ (24,963)</u>	<u>\$ 184,567</u>

Depreciation expense of \$37,686 was charged to governmental activities.

Town of Killian, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2018**

The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Water System	\$ 1,101,810	\$ 32,500	\$ -	\$ 1,134,310
Machinery and Equipment	22,663	-	-	22,663
Office Equipment	1,058	-	-	1,058
Total Capital Assets Being Depreciated	1,125,531	32,500	-	1,158,031
Less Accumulated Depreciation for:				
Water System	(545,730)	(43,358)	-	(589,088)
Machinery and Equipment	(20,890)	(615)	-	(21,505)
Office Equipment	(1,058)	-	-	(1,058)
Total Accumulated Depreciation	(567,678)	(43,973)	-	(611,651)
Capital Assets Being Depreciated, Net	557,853	(11,473)	-	546,380
Business- Type Activities Capital Assets, Net	\$ 557,853	\$ (11,473)	\$ -	\$ 546,380

Depreciation expense of \$43,973 was charged to the business-type activity.

8. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2018 consist of the following to subsidize operations:

	Due From Other Funds	Due to Other Funds
General Fund	\$ -	\$ 695
Waterworks Fund	695	-
	\$ 695	\$ 695

9. On Behalf Payments by State of Louisiana

For the year ended June 30, 2018, 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 \$3,600 on behalf payments.

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.

Town of Killian, Louisiana

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2018**

11. Lease Obligation

On March 31, 2017, The Town of Killian entered into a capital lease arrangement with Ford Motor Credit Company LLC for a new police vehicle and related equipment that provides for twelve quarterly installments of \$3,848 and an option to purchase the police vehicle and equipment for \$1.00 at the end of its lease term. The vehicle was wrecked and declared a total loss. Ford Motor Credit was paid off with the insurance proceeds for principal of \$35,652 and interest of \$1,665.

13. Subsequent Events

Subsequent events were evaluated through April 30, 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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts:</u> <u>GAAP</u> <u>Basis</u>	<u>Final Budget:</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Taxes	\$ 181,800	\$ 181,800	\$ 181,591	\$ (209)
Licenses, Permits and Fees	21,725	21,725	47,743	26,018
Intergovernmental	6,330	6,330	9,678	3,348
Fines and Forfeits	72,400	72,400	51,399	(21,001)
Public Safety	150	150	-	(150)
Donations	1,000	1,000	2,440	1,440
Insurance Reimbursement	-	-	34,419	34,419
Miscellaneous	-	-	1,588	1,588
On-behalf Payments	15,600	15,600	3,600	(12,000)
Total Revenues	<u>299,005</u>	<u>299,005</u>	<u>332,458</u>	<u>33,453</u>
Expenditures				
General and Administrative	99,435	99,435	126,813	(27,378)
Police Department	188,258	188,258	121,127	67,131
Street Department	2,350	2,350	2,247	103
Debt Service	-	-	37,317	(37,317)
Capital Outlay	61,350	61,350	52,597	8,753
Total Expenditures	<u>351,393</u>	<u>351,393</u>	<u>340,101</u>	<u>11,292</u>
Net Change in Fund Balance	<u>(52,388)</u>	<u>(52,388)</u>	<u>(7,643)</u>	<u>44,745</u>
Fund Balance, Beginning	<u>108,349</u>	<u>108,349</u>	<u>118,051</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 55,961</u>	<u>\$ 55,961</u>	<u>\$ 110,408</u>	<u>\$ 44,745</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, 2018**

<u>Elected Official</u>	<u>Term Expires</u>	<u>Compensation Received</u>
Peter Bock, Interim Mayor	Past Mayor	\$ -
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	-
Gillis Windham, Alderman (Current Mayor)	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, 2018

Agency Head Name: Peter Bock (Interim Mayor)

Salary	\$	-
Benefits - Insurance		-
Benefits - Retirement		-
Benefits - Payroll Taxes		-
Car Allowance		-
Vehicle Provided by Government		-
Per Diem		-
Reimbursements		114
Travel		-
Registration Fees		290
Conference Travel		-
Continuing Professional Education		-
Housing		-
Unvouchered Expenses		-
Special Meals		-
Cell Phone		-
Total	\$	<u>404</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



18435 HWY. 22
P.O. BOX 1151
PONCHATOULA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

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, 2018, 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 \$154,450. 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 purchased a vehicle for \$48,096 on state contract.

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 July 11, 2017, which indicated that the budget had been adopted by the Board of Aldermen of the Town of Killian. The original budget for June 30, 2018 was not adopted prior to the beginning of the fiscal year. This is not in compliance with the Louisiana Local Government Budget Act.
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 did not exceed budgeted amounts.

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 District's board of commissioners 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 was due on December 31, 2018 but was not submitted until April 30, 2019.

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
April 30, 2019

Town of Killian, Louisiana

**Schedule of Current Year Findings and Recommendations
For the Year Ended June 30, 2018**

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.

Cause:

The Town's staff is not sufficient size to allow for proper and appropriate segregation of duties to maintain an effective system of internal controls.

Effect:

Possible misappropriation of assets could occur when there is not proper segregation of duties over custody and record keeping. In addition, intentional or unintentional errors may occur in the financial reports provided to the Board of Aldermen which could impact the Board's management of Town resources. Without proper internal controls the Town is exposed to a higher risk of violations and noncompliance going undetected.

Criteria:

One of the basic elements of internal control is separation of incompatible accounting duties to the extent possible considering the size of the organization and the complexity of its accounting. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction or process.

Town of Killian, Louisiana

**Schedule of Current Year Findings and Recommendations
For the Year Ended June 30, 2018**

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.

Management Response:

Management hired a part-time bookkeeper in November 2018 to assist the Town Clerk with the accounting and bookkeeping duties. The following controls have been implemented:

- The bookkeeper is providing the Mayor and Board of Aldermen with a Balance Sheet, Profit and Loss, and Budget to Actual report on a monthly basis.
- A board member who does not sign checks has been designated to open and review the bank statements. He initials and dates the bank statements as proof of his review. The bank accounts are reconciled within 30 days of the last day of the month by the part time bookkeeper.
- The accounts payable/disbursement function is centralized in the town hall and under the supervision of the municipal clerk.
- The supply of blank checks are maintained under lock and access is restricted to only authorized personnel.
- Disbursements are made from an original invoice. The mayor documents his review and approval to pay all invoices.
- All documentation supporting a disbursement is attached together and maintained at the town hall.

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

Continued

Town of Killian, Louisiana

**Schedule of Current Year Findings and Recommendations
For the Year Ended June 30, 2018**

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.

Cause:

The municipal clerk did not have the technical skills to reconcile the utility billing to the general control account.

Effect:

Water Sales and customer receivables are not accurately reported in the Town's general ledger.

Criteria:

An adequate system of internal control over water sales and receivables requires the monthly reconciliation of the subsidiary receivable ledger to the general ledger control account.

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.

Management Response:

Management hired a part time bookkeeper in November 2018 who has obtained the knowledge to accurately record the utility billing in the Utility Fund's general ledger and reconcile the accounts receivable balance from the utility billing system to the general ledger on a daily basis. The Municipal Clerk prints a payment register from the utility billing system and reconciles the Utility Fund daily deposit to the payment register. The Municipal Clerk also prints three additional reports that allow the bookkeeper to reconcile the accounts receivable balance to the general ledger on a daily basis.

The Town's utility fund had a loss from operations of \$28,497 after depreciation of \$43,973. However there was an increase in cash of \$39,539 and an increase in unrestricted net assets of \$34,286 from the prior year to \$62,730. Management will continue to monitor the sufficiency of the water charges. At the present time the Town is billing water at a flat rate. In May 2019 the Mayor is meeting with Vendors to discuss purchasing water meters and metering the water charges. Mayor Gillis Windham is the responsible party and can be reached at the Town Hall at (225) 695-6785.

Town of Killian, Louisiana

**Schedule of Current Year Findings and Recommendations
For the Year Ended June 30, 2018**

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.

Cause:

This was an oversight by management.

Effect:

The Town is in violation of the Louisiana Local Government Budget Act.

Criteria:

R.S. 39:1309 states: "All action necessary to adopt and otherwise finalize and implement the budget for a fiscal year shall be taken in open meeting and completed before the end of the prior fiscal year except for school boards and parishes."

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.

Management Response:

Management will start the budget process no later than May of each fiscal year to insure the budget is ready to be adopted before the start of the new fiscal year. Mayor Gillis Windham is the responsible party and can be reached at the Town Hall at (225) 695-6785.

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.

Town of Killian, Louisiana

Schedule of Current Year Findings and Recommendations For the Year Ended June 30, 2018

Criteria:

The financial statements are due to the Louisiana Legislative Auditor's office in a prescribed period of six months after the close of the entity's fiscal year end. LRS 24:513(A)(5)(a)(i) reads "The Louisiana Governmental Audit Guide is a standard for audits and reviews of auditees within Louisiana and shall be produced by the society and the legislative auditor, with input from the Louisiana Municipal Association, the Louisiana Police Jury Association, the Louisiana School Board Association, and any other interested parties. Such audits shall be completed within six months of the close of the entity's fiscal year. "

Cause:

Management did not hire the Approved Independent Accountant to review the June 30, 2018 fiscal year financial statements until November 2018.

Effect:

The Town is not in compliance with the state audit law and LRS 24:513.

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.

Management Response:

Management will engage the Independent accountant prior to the end of the fiscal year to allow them time to prepare and submit the annual financial statements within six months of the close of the entity's fiscal year. Mayor Gillis Windham is the responsible party and can be reached at the Town Hall at (225) 695-6785.

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.

Criteria:

LA. R.S. 32:318 Audible and Visual Signals on Certain Vehicles F...(2) All persons other law enforcement officers on official duty are prohibited from equipping, operating, or using motor vehicles with blue colored electric lights thereon.

Town of Killian, Louisiana

**Schedule of Current Year Findings and Recommendations
For the Year Ended June 30, 2018**

Cause:

Unknown

Effect:

This is a violation of the Louisiana Revised Statute.

Recommendation:

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

Management Response:

The former mayor was told by the Chief of Police and the aldermen that he could not use the police car for personal use. He said he was the mayor and he could do it. Effective immediately only law enforcement officers on official duty will be allowed to operate the police vehicles. Mayor Gillis Windham is the responsible party and can be reached at the Town Hall at (225) 695-6785.

Town of Killian, Louisiana

**Schedule of Prior Year Findings
For the Year Ended June 30, 2018**

2017-1 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.

This is a repeat finding.

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.

See Current Year Finding 2018-1

2017-2 Accounting for Water Changes

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, 2017, the utility system's operating loss was \$54,645.

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.

See Current Year Finding 2018-2

Town of Killian, Louisiana

**Schedule of Prior Year Recommendations – Investigative Audit – January 8, 2018
For the Year Ended June 30, 2018**

Prior Year Findings and Recommendations by the Louisiana Legislative Auditor

(1) Require all employees to complete time sheets for all hours worked, which are to be reviewed and approved by an appropriate supervisor;

Resolved: Fully

(2) Develop written policies and procedures that require all police officers to notify the dispatch center at the beginning and end of all shifts, as well as during events encountered during shifts;

Resolved: Management has nearly finished completing the written policies and procedures. This will be adopted before June 30, 2019.

(3) Ensure that future contracts with the Louisiana Highway Safety Commission (LHSC) for overtime work specify that the contract overtime rate will be based on the actual overtime rate of the officers working the patrols;

Resolved: Fully

(4) Require appropriate documentation of the business purpose for all expenditures;

Resolved: Fully

(5) Require timely submission and retention of original receipts. Receipts should be submitted before the monthly statement arrives and in time to adequately review the propriety of expenditures;

Resolved: Fully

(6) Review monthly credit card statements for reasonableness and compliance with policy before payment is made. Any exceptions or noncompliance issues should be immediately investigated and resolved;

Resolved: Fully

Town of Killian, Louisiana

**Schedule of Prior Year Recommendations – Investigative Audit – January 8, 2018
For the Year Ended June 30, 2018**

(7) Provide for disciplinary action for noncompliance with policy;

Resolved: Fully

(8) Ensure that all purchases of materials and supplies are made in accordance with the Public Bid Law [Louisiana Revised Statute (La. R.S.) 38:2211, et seq.];

Resolved: Fully

(9) Adopt detailed policies and procedures to ensure compliance with the state's ethics laws regarding transactions between the Town and its employees;

Resolved: Management has nearly finished completing the written policies and procedures. This will be adopted before June 30, 2019.

(10) Require all employees to complete the annual ethics training in accordance with La. R.S. 42:1170; and

Resolved: Fully

(11) Develop detailed written policies and procedures to ensure that all traffic citations are deposited with the court having jurisdiction over the alleged offense.

Resolved: Management has nearly finished completing the written policies and procedures. This will be adopted before June 30, 2019.

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

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana governmental agencies. Upon completion, the questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected government officials should sign the document, in lieu of such a resolution.

The completed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to my office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (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 _____ (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.

may be nonapplicable

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. 39:1410.60-1410.65.

Financed automobile for police Dept. which was in collusion - Total Loss.

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.

do not know ?

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.

John Winkler
Cathy Pesey

Mayor December 11, 2018 Date
Clerk/Secretary 12/11/18 Date