
TOWN OF KILLIAN, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2022

TOWN OF KILLIAN, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor Ronald Sharp and
Members of the Board of Alderman
Town of Killian, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Killian, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Killian, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Killian, Louisiana, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Killian, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Killian, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Killian, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

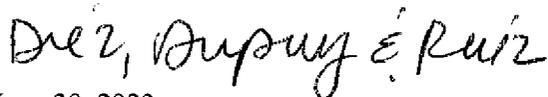
Management has omitted the management's discussions and analysis that the accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Killian, Louisiana's basic financial statements. The, schedule of compensation paid to elected officials, schedule of compensation, benefits, and other payments to agency head, and schedule of justice system funding-collecting/disbursing entity, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the Town of Killian, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Killian, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Killian, Louisiana's internal control over financial reporting and compliance.



June 30, 2023
Gonzales, Louisiana

TOWN OF KILLIAN
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 97,247	\$ 108,228	\$ 205,475
Receivables, net:			
Accounts receivable	-	5,745	5,745
Taxes	23,517	-	23,517
Overpayment of payroll taxes	23,271	-	23,271
Insurance premiums taxes	8,355	-	8,355
Grant	-	17,500	17,500
Internal	3,479	(3,479)	-
Total current assets	<u>155,869</u>	<u>127,994</u>	<u>283,863</u>
Capital assets:			
Land	49,200	-	49,200
Construction in progress	-	27,010	27,010
Capital assets, net	<u>94,782</u>	<u>529,351</u>	<u>624,133</u>
Total capital assets	<u>143,982</u>	<u>556,361</u>	<u>700,343</u>
Total assets	<u>\$ 299,851</u>	<u>\$ 684,355</u>	<u>\$ 984,206</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 11,904	\$ 6,427	\$ 18,331
Payroll liabilities	5,080	-	5,080
Contracts payable	-	15,750	15,750
Retainage payable	-	1,750	1,750
Unearned revenue	-	12,834	12,834
Long-term liabilities:			
Due within one year	24,000	-	24,000
Due in more than one year	112,395	-	112,395
Total liabilities	<u>153,379</u>	<u>36,761</u>	<u>190,140</u>
<u>NET POSITION</u>			
Net investment in capital assets	143,982	538,861	682,843
Unrestricted	2,490	108,733	111,223
Total net position	<u>146,472</u>	<u>647,594</u>	<u>794,066</u>
Total liabilities and net position	<u>\$ 299,851</u>	<u>\$ 684,355</u>	<u>\$ 984,206</u>

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

TOWN OF KILLIAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General and administrative	\$ 298,341	\$ -	\$ 5,000	\$ -	\$ (293,341)	\$ -	\$ (293,341)
Police department	208,394	41,140	22,505	-	(144,749)	-	(144,749)
Street department	752	-	-	-	(752)	-	(752)
Total governmental activities	<u>507,487</u>	<u>41,140</u>	<u>27,505</u>	<u>-</u>	<u>(438,842)</u>	<u>-</u>	<u>(438,842)</u>
Business-type activities:							
Waterworks	134,675	115,223	-	149,965	-	130,513	130,513
Total business-type activities	<u>134,675</u>	<u>115,223</u>	<u>-</u>	<u>149,965</u>	<u>-</u>	<u>130,513</u>	<u>130,513</u>
Total	<u>\$ 642,162</u>	<u>\$ 156,363</u>	<u>\$ 27,505</u>	<u>\$ 149,965</u>	<u>(438,842)</u>	<u>130,513</u>	<u>(308,329)</u>
General Revenues:							
Property taxes					99,755	-	99,755
Franchise taxes					102,458	-	102,458
Taxes on insurance premiums					23,817	-	23,817
Miscellaneous					6,199	-	6,199
Total general revenues					<u>232,229</u>	<u>-</u>	<u>232,229</u>
Change in net position					(206,613)	130,513	(76,100)
Total net position - July 1, 2021					<u>353,085</u>	<u>517,081</u>	<u>870,166</u>
Total net position - June 30, 2022					<u>\$ 146,472</u>	<u>\$ 647,594</u>	<u>\$ 794,066</u>

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

TOWN OF KILLIAN
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2022

	General Fund
ASSETS	
Cash and cash equivalents	\$ 97,247
Receivables, net:	
Franchise taxes	23,517
Overpayment of payroll taxes	23,271
Insurance premiums taxes	8,355
Due from Waterworks Fund	3,479
Total assets	<u>\$ 155,869</u>
 LIABILITIES	
Accounts payable	\$ 11,904
Payroll liabilities	5,080
Total liabilities	<u>16,984</u>
 FUND BALANCE	
Unassigned	138,885
Total fund balance	<u>138,885</u>
Total liabilities and fund balance	<u>\$ 155,869</u>

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

TOWN OF KILLIAN
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balance at June 30, 2022 - Governmental fund \$ 138,885

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.

Cost of capital assets at June 30, 2022	466,056	
Less: accumulated depreciation as of June 30, 2022	<u>(322,074)</u>	143,982

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund. (136,395)

Total net position at June 30, 2022 - Governmental Activities	<u>\$ 146,472</u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF KILLIAN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>
REVENUES	
Taxes	\$ 226,030
License, permits and fees	4,335
Intergovernmental	3,900
Fines and forfeitures	41,140
Donations	20,605
Miscellaneous	1,864
On-behalf payments	3,000
Total revenues	<u>300,874</u>
EXPENDITURES	
General and administrative	288,672
Police department	191,106
Street department	752
Debt service	
Principal	17,327
Interest	1,925
Intergovernmental	2,000
Total expenditures	<u>501,782</u>
Deficiency of revenues under expenditures	<u>(200,908)</u>
OTHER FINANCING SOURCES	
CEA with Livingston parish government	138,395
Total other financing sources	<u>138,395</u>
Net change in fund balance	(62,513)
Fund balance at beginning of year	<u>201,398</u>
Fund balance at end of year	<u>\$ 138,885</u>

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

TOWN OF KILLIAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Waterworks Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 108,228
Receivables, net:	
Accounts receivable	5,745
Grant	17,500
Total Current Assets	131,473
Property, Plant, and Equipment	
Construction in progress	27,010
Property, plant, and equipment, net	529,351
Total Property, Plant, and Equipment	556,361
Total assets	687,834
 LIABILITIES	
Current Liabilities :	
Accounts payable	6,427
Due to general fund	3,479
Contracts payable	15,750
Retainage payable	1,750
Unearned revenue	12,834
Total Current Liabilities	40,240
Total liabilities	40,240
 NET POSITION	
Net investment in capital assets	538,861
Unrestricted	108,733
Total Net Position	\$ 647,594

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

TOWN OF KILLIAN
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Waterworks Fund
OPERATING REVENUES	
Water sales	\$ 101,122
Safe drinking water fees	3,974
Connection fees	2,800
Other	7,327
Total operating revenues	115,223
OPERATING EXPENSES	
Contract labor	44,863
Repairs and maintenance	11,296
Chlorine	12,324
Miscellaneous	3,577
Safe drinking water fees	2,822
Office expense	913
Utilities	9,566
Depreciation	49,314
Total operating expenses	134,675
OPERATING LOSS	(19,452)
NONOPERATING REVENUES	
American rescue funds	132,465
LGAP/CWEF grants	17,500
Total nonoperating revenues	149,965
Change in net position	130,513
Total net position, beginning	517,081
Total net position, ending	\$ 647,594

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

TOWN OF KILLIAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

Cash flow from operating activities	
Received from customers	\$ 109,428
Payments for operations	(76,953)
Payments to other funds	(378)
Net cash provided by operating activities	<u>32,097</u>
Cash flows from capital and related financing activities	
Purchases of fixed assets	(139,845)
Proceeds from capital grants	145,300
Net cash provided by capital and related financing activities	<u>5,455</u>
Net cash increase in cash and cash equivalents	37,552
Cash and cash equivalents, beginning of year	70,676
Cash and cash equivalents, end of year	<u>\$ 108,228</u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (19,452)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	49,314
Increase in accounts receivable	(5,798)
Decrease in inventory	4,800
Increase in accounts payable	3,611
Decrease in due to other funds	(378)
Net cash provided by operating activities	<u>\$ 32,097</u>

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

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

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 Alderman are elected at large to serve four-year terms from July 1, 2021 to June 30, 2025. The Town employs 4 full-time employees. The Town serves 389 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. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as a component unit within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

1. The organization is legally separate (can sue and be sued in their own name), incur its own debt, levy its own taxes and charges, expropriate property in its own name, and the right to buy, sell and lease property.
2. The Town appoints a voting majority of the organization's board.
3. Fiscal interdependency between the Town and potential component units
4. Imposition of will by the Town on the potential component unit and
5. The organization has the potential to impose a financial benefit/burden on the Town.

Based on the aforementioned criteria, the Town has no component units.

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

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 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 for support.

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

Separate financial statements is provided for governmental fund and proprietary fund. 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 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise fund combined) for determination of major funds. In addition to the funds that meet the major fund criteria, any other governmental or proprietary 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. 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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The Town reports the following major governmental fund:

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.

The Town reports the following major proprietary fund:

Water Works 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 payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) 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 principal operating revenues of the proprietary funds 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.

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

D. Deposits

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 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.

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. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Interfund loans are classified as interfund receivables/payables.

G. 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 material, 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.

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

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

G. Capital Assets (continued)

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. Lease assets are capital assets that are recorded as right-to-use assets and amortized over the life of the associated contract using the straight-line method.

H. 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 fund when leave is actually taken. There are no accumulated and vested benefits relating to vacation or sick leave at June 30, 2022.

I. Long-Term Obligations

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

J. 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.

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

K. Fund Equity and Net Assets

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

- **Net Investment in Capital Assets-** 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.

2. **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, 2022.
 3. **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, 2022.
 4. **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town did not have any committed resources as of June 30, 2022.
- **Assigned:** This classification includes spendable amounts that are reported in governmental fund other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an unassigned fund balance should be expressed by the Board of Aldermen who has the authority to assign amounts to be used for specific purposes. The Town did not have any assigned resources as of June 30, 2022.
 - **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, 2022 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.

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

L. 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 reported period. Actual results could differ from those estimates.

M. 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.

N. 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.

O. 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	7.79	7.79

P. Cash and Cash Equivalents

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

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Q. Adoption of New Accounting Pronouncement

The Town of Killian adopted GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Town had no leases at year end.

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.

The budget was adopted on June 8, 2021. The budget was not amended.

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.

The General Fund's final expenditures exceeded the final budget amount by \$250,472 resulting in a budget violation. The Town is not in compliance with the Louisiana Local Government Budget Act.

3. Deposits

At June 30, 2022, the Town had deposits (book balances) totaling \$205,474 as follows:

Petty Cash	\$	147
Demand Deposits		205,327
	\$	<u>205,474</u>

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

3. Deposits (continued)

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, 2022, the Town has \$234,021 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.

4. Receivables

The Waterworks Fund accounts receivable of \$5,745 at June 30, 2022, consist of the following:

Accounts:		
Water Receivables	\$	8,837
Allowance for Bad Debts		<u>(3,092)</u>
	\$	<u>5,745</u>

5. Ad Valorem Taxes

For the year ended June 30, 2022, taxes of 7.79 mills were levied on property with assessed valuations totaling \$12,204,740. Total taxes levied were \$95,076.

6. Unearned Revenue

The Town received \$145,300 in American Rescue Plan Act funding in its waterworks fund. For the fiscal year ending June 30, 2022, the Town used \$132,465 for its water meter project. The Town has \$12,834 remaining from the funds recorded as unearned revenue.

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2022 for governmental activities is as follows:

Governmental Activities Capital Assets:	<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	84,553	-	-	84,553
Land Improvements	26,000	-	-	26,000
Equipment	75,238	-	-	75,238
Police Vehicles	140,611	-	-	140,611
Police Equipment	73,613	-	-	73,613
Office Equipment	16,841	-	-	16,841
Total Capital Assets Being Depreciated:	<u>416,856</u>	<u>-</u>	<u>-</u>	<u>416,856</u>
Less Accumulated Depreciation for:				
Building	(56,316)	(2,384)	-	(58,700)
Land Improvements	(6,500)	(1,300)	-	(7,800)
Equipment	(63,373)	(5,085)	-	(68,458)
Police Vehicles	(87,108)	(13,994)	-	(101,102)
Police Equipment	(68,030)	(1,369)	-	(69,399)
Office Equipment	(15,715)	(900)	-	(16,615)
Total Accumulated Depreciation	<u>(297,042)</u>	<u>(25,032)</u>	<u>-</u>	<u>(322,074)</u>
Total Capital Assets Being Depreciated, Net	<u>119,814</u>	<u>(25,032)</u>	<u>-</u>	<u>94,782</u>
Total Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 169,014</u>	<u>\$ (25,032)</u>	<u>\$ -</u>	<u>\$ 143,982</u>

Depreciation expense was charged to the following activities:

General Government	\$ 9,669
Police Department	<u>15,363</u>
	<u>\$ 25,032</u>

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

7. Capital Assets (continued)

Capital assets and depreciation activity as of and for the year ended June 30, 2022 for business-type activities is as follows:

Business- Type Capital Assets:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Construction on Progress	\$ -	\$ 27,010	\$ -	\$ 27,010
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>27,010</u>	<u>-</u>	<u>27,010</u>
Capital Assets Being Depreciated:				
Water System	1,174,448	130,334	-	1,304,782
Machinery and Equipment	24,001	-	-	24,001
Office Equipment	1,058	-	-	1,058
Total Capital Assets Being Depreciated:	<u>1,199,507</u>	<u>130,334</u>	<u>-</u>	<u>1,329,841</u>
Less Accumulated Depreciation for:				
Water System	(727,606)	(49,161)	-	(776,767)
Machinery and Equipment	(22,513)	(152)	-	(22,665)
Office Equipment	(1,058)	-	-	(1,058)
Total Accumulated Depreciation	<u>(751,177)</u>	<u>(49,313)</u>	<u>-</u>	<u>(800,490)</u>
Total Capital Assets Being Depreciated, Net	<u>448,330</u>	<u>(81,021)</u>	<u>-</u>	<u>529,351</u>
Total Business-Type Activities Capital Assets, Net of Depreciation	<u>\$ 448,330</u>	<u>\$ (108,031)</u>	<u>\$ -</u>	<u>\$ 556,361</u>

Depreciation expense of \$49,313 was charged to the business-type activity.

The Town began a waterline project in June 2022. The contract amount is for \$48,535. At June 30, 2022, the Town has incurred costs of \$17,500 for the contractor and \$9,510 in engineering fees. The amount paid to the contractor will be reimbursed with a LGAP/CWEF grant.

8. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2022 consists of the following to subsidize operations:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 3,479	\$ -
Waterworks Fund	-	3,479
	<u>\$ 3,479</u>	<u>\$ 3,479</u>

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

9. Leases

On June 25, 2019, the Town entered into a lease purchase agreement to purchase a 2019 Chevy Tahoe for the police department. The lease is for 4 annual payments of \$9,626.17 beginning July 1, 2019. The lease was paid off early in May 2022. Interest expense on the capital lease totaled \$1,925 for June 30, 2022.

10. Repayment Agreement with Livingston Parish Council

On September 5, 2021, the Town entered into Cooperative Endeavor Agreement with the Parish of Livingston. The Town agreed to engage the Parish, through their contractor, to provide debris removal services. The Town is to pay the Parish upon the successful removal of all debris their cost as calculated by the contract. The total cost for debris removal services to the Town of Killian was \$138,395.

As a result of the cost, the Town passed a resolution on June 14, 2022, to enter into a repayment agreement with the Parish of Livingston. The Town will make payments of \$2,000 per month until the balance has been paid in full. At June 30, 2022, the Town owes the Parish of Livingston \$136,395. The following is a schedule by years of the future minimum payments to the Parish:

<u>Year Ending June 30</u>	
2023	\$ 24,000
2024	24,000
2025	24,000
2026	24,000
2027	24,000
2028	16,395
	<u>\$ 136,395</u>

The following is a summary of long-term liability transactions for the year ended June 30, 2022 recorded in the governmental activities:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease Payable	\$ 17,327	\$ -	\$ (17,327)	\$ -	\$ -
Livingston Parish Council	-	138,395	(2,000)	136,395	24,000
	<u>\$ 17,327</u>	<u>\$ 138,395</u>	<u>\$ (19,327)</u>	<u>\$ 136,395</u>	<u>\$ 24,000</u>

11. On Behalf Payments by State of Louisiana

For the year ended June 30, 2022, 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 \$3,000 on behalf payments.

TOWN OF KILLIAN

NOTES TO THE FINANCIAL STATEMENTS

12. 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.

13. Litigation

The Town is a defendant in various lawsuits including one with Municipal Police Employees Retirement System regarding whether the Town exempted itself from participation in the retirement system in the 1970's. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the Town.

14. Subsequent Events

Subsequent events were evaluated by management through June 30, 2023 the date the financial statements were available for issuance. On October 4, 2022, the Town received the second half of the American Rescue Program funding totaling \$145,300.

Required Supplemental Information (Part II)

TOWN OF KILLIAN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 211,163	\$ 211,163	\$ 226,030	\$ 14,867
License, permits and fees	5,050	5,050	4,335	(715)
Intergovernmental	3,600	3,600	3,900	300
Fines and forfeitures	66,000	66,000	41,140	(24,860)
Donations	400	400	20,605	20,205
Miscellaneous	1,300	1,300	1,864	564
On-behalf payments	-	-	3,000	3,000
Total revenues	<u>287,513</u>	<u>287,513</u>	<u>300,874</u>	<u>13,361</u>
EXPENDITURES				
General and administrative	116,350	116,350	288,672	(172,322)
Police department	124,360	124,360	191,106	(66,746)
Street department	8600	8,600	752	7,848
Capital outlay	2,000	2,000	-	2,000
Debt Service				
Principal	-	-	17,327	(17,327)
Interest	-	-	1,925	(1,925)
Intergovernmental	-	-	2,000	(2,000)
Total expenditures	<u>251,310</u>	<u>251,310</u>	<u>501,782</u>	<u>(250,472)</u>
Excess (deficiency) of revenues over expenditures	<u>36,203</u>	<u>36,203</u>	<u>(200,908)</u>	<u>(237,111)</u>
OTHER FINANCING SOURCES				
CEA with Livingston parish government	-	-	138,395	138,395
Total other financing sources	<u>-</u>	<u>-</u>	<u>138,395</u>	<u>138,395</u>
Net change in fund balances	36,203	36,203	(62,513)	(98,716)
Fund balance at beginning of year	-	-	201,398	(98,716)
Fund balance at end of year	<u>\$ 36,203</u>	<u>\$ 36,203</u>	<u>\$ 138,885</u>	<u>\$ (197,432)</u>

Supplementary Information (Part III)

TOWN OF KILLIAN
SCHEDULE OF COMPENSATION PAID TO ELECTED OFFICIALS
YEAR ENDED JUNE 30, 2022

<u>Elected Official</u>	<u>Term Expires</u>	<u>Compensation Received</u>
Gillis Windham, Mayor (Resigned)	March 29, 2022	-
Kenny Bayhi, Mayor (Appointed)	November 18, 2022	-
Brian Binkley, Alderman	June 30, 2025	-
Kimberly Gill, Alderman	June 30, 2025	-
Kenny Bayhi, Alderman	March 29, 2022	-
John Henry, Alderman	June 30, 2025	-
Patrick Canal, Alderman	November 18, 2022	-
Caleb Atwell, Alderman	November 22, 2022	-
		<hr/> \$ - <hr/>

TOWN OF KILLIAN
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2022

Agency Head Name: Gillis Windham Mayor (July 1, 2021 through March 29, 2022)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - Insurance	-
Benefits - Retirement	-
Benefits - Payroll Taxes	-
Car Allowance	-
Travel	-
Registration Fees	-
Conference Travel	-
Cell Phone	-
Total	<u>\$ -</u>

Agency Head Name: Kenny Bayhi Mayor (March 29, 2022 through June 30, 2022)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - Insurance	-
Benefits - Retirement	-
Benefits - Payroll Taxes	-
Car Allowance	-
Travel	-
Registration Fees	-
Conference Travel	-
Cell Phone	-
Total	<u>\$ -</u>

TOWN OF KILLIAN
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
JUNE 30, 2022

Cash Basis Presentation	First Six Month Period Ended 12/31/21	Second Six Month Period Ended 6/30/22
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	-	-
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	25,501	15,280
Subtotal Collections	<u>25,501</u>	<u>15,280</u>
Less: Disbursements To Governments & Nonprofits:		
Treasury State of Louisiana CMIS	79	-
DHH Traumatic Head & Spinal Cord Injury Trust	495	-
Judicial Administration, Supreme Court of LA	27	-
Louisiana Commission on Law Enforcement	1,059	151
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency - Other	23,232	14,634
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds		
Bond Fee Refunds		
Restitution Payments to Individual (additional detail is not required)		
Other Disbursements to Individual (additional detail is not required)		
Payments to 3rd Party Collection/Processing Agencies	609	495
Subtotal Disbursements/Retainage	<u>25,501</u>	<u>15,280</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>

TOWN OF KILLIAN
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of the Town of Killian were prepared in accordance with GAAP.
2. Three significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditors' 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*. One material weakness was noted.
3. Two instances of noncompliance material to the financial statements of Town of Killian which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weaknesses

2022-001 Inadequate Segregation of Duties

Criteria: Effective internal controls are key to mitigating risk of fraud in cash disbursements and financial reporting cycles.

Condition: There was not enough personnel to adequately segregate the accounting duties.

Cause: Internal controls are not in place to adequately segregate accounting functions.

Effect: A lack of segregation of duties does not provide effective internal controls to mitigate the risk of potential fraud and/or misappropriation of public funds.

Recommendation: Procedures should be implemented to ensure overlapping duties are separated, and there are proper approvals, review and oversight over the Town's accounting functions.

Views of Responsible Official: An outside CPA firm has been hired to assist in accounting functions. The Board will also provide oversight as deemed necessary to ensure duties are segregated to the extent possible.

Significant Deficiency

2022-002 Lack of Documentation and Approval on Credit Cards

Criteria: Adequately designed and operating controls over financial reporting provides adequate documentation to support transactions and allow for proper review and approval of transactions.

Condition: Two credit card statements were selected for testing. Seven out of the seventeen transactions on the credit card statements did not have receipts to support the credit card charges and there was no evidence of approval on any of the documentation.

Cause: The Town did not have adequate receipts to support the credit card charges, no approval or business purpose noted.

Effect: Lack of adequate receipts and approval creates the potential for errors, fraud, waste or abuse to occur and not be detected in a timely manner.

TOWN OF KILLIAN
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2022

2022-002 Lack of Documentation and Approval on Credit Cards (continued)

Recommendation: The Town should put controls in place to ensure proper documentation is maintained to support charges on the credit card statements.

Views of Responsible Official: Subsequent to year end, the Town no longer uses credit cards.

2022-003 Lack of Internal Controls over Capital Assets

Criteria: Adequate controls should exist for the recording, tagging, and safeguarding of capital assets, including conducting physical inventories.

Condition: The Town does not tag its inventory with tag/sticker showing the Town's name.

Cause: There were not any tagging of inventory or controls over capital assets.

Effect: There were missing capital assets from Town Hall.

Recommendation: The Town should implement procedures to ensure all capital assets are tagged with the Town's name and physical inventories should continue to be performed.

Views of Responsible Official: We will implement procedures to ensure capital assets are tagged and physical inventories are performed at least annually.

2022-004 Lack of Controls over Traffic Tickets

Criteria: Adequate controls should exist for storing, issuing, and accounting for traffic tickets/citations.

Condition: There are missing traffic ticket/citations and/or supporting documentation for payments.

Cause: The Town maintains a log; however, there were no procedures implemented to ensure all ticket books are accounted for numerically and reconciled to the citations returned by the officer.

Effect: There is inadequate recording keeping and accounting for traffic tickets.

Recommendation: We recommend procedures be put in place to ensure the supply of ticket books be issued only when police officers return previously issued tickets as issued citations and that proper record keeping is maintained.

Views of Responsible Official: We will implement procedures to ensure all traffic tickets/citations are properly accounted for and reconciled.

TOWN OF KILLIAN
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2022

C. FINDINGS- NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS

2022-005 Budget Law

Criteria: The Local Government Budget Act provides that the governing authority to amend the budget whenever there is a 5% unfavorable variance in revenue or expenditures.

Condition: The Town did not comply provisions of the Local Government Budget Act, which requires the Town to amend its budget when actual expenditures are expected to exceed total budgeted expenditures by a variance of greater than 5 percent.

Cause: The Town's expenditures were over budget by \$250,472 or 99.67%.

Effect: The Town was not in compliance with the Louisiana budget law.

Recommendation: The Town should monitor its budget to actual revenues and expenditures on a monthly basis and amend the budgets appropriately in accordance with state statutes, when necessary.

Views of Responsible Official: The Town will continue to monitor its budget on a monthly basis to ensure compliance.

2022-006 Financial Statements

Criteria: R.S. requires financial statements to be submitted within six months of the close of the fiscal year.

Condition: The Town did not comply with the revised statute that requires financial statements to be filed with the Louisiana Legislative Auditor's office within six months of the close the fiscal year.

Cause: The Town did not timely contract a CPA to perform the audit.

Effect: The Town requested a non-emergency extension since the financial statements were not submitted timely.

Recommendation: The Town should engage an auditor near the close of the fiscal year end to ensure financial statements can be submitted timely.

Views of Responsible Official: The Town will implement procedures to ensure the financial statements are submitted timely in the future.

TOWN OF KILLIAN
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2022

FINDINGS- NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS

2021-01 Local Government Budget Act

Criteria: The Local Government Budget Act (LSA -RS 36:1301-15) requires a political subdivision to adopt a budget amendment in an open meeting when total actual expenditures are expected to exceed total budgeted expenditures by a variance greater than 5%.

Condition: The Town did not comply with certain provisions of the Local Government Budget Act, which requires the Town to amend its budget when actual expenditures are expected to exceed total budgeted expenditures by a variance of greater than 5%.

Current year status: Similar finding reported in the current year.



**INDEPENDENT AUDITORS' 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***

To the Honorable Mayor Ronald Sharp and
Members of the Board of Alderman
Town of Killian, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Killian, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Killian, Louisiana's basic financial statements, and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-002, 2022-003, and 2022-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Killian, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-005 and 2022-006.

Town of Killian, Louisiana's Repose to Findings

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

Purpose of This Report

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



Gonzales, Louisiana
June 30, 2023