

TOWN OF KILLIAN, LOUISIANA

Financial Statements with Supplementary Information

June 30, 2023

(With Independent Accountants' Review Report Thereon)

TOWN OF KILLIAN, LOUISIANA

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TOWN OF KILLIAN, LOUISIANA

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Independent Accountant's Review Report

**Board of Commissioners of
Town of Killian
Killian, Louisiana**

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Killian, Louisiana (the Town), as of and for the year ended June 30, 2023, 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.

Accountant's Responsibility

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

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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Accountant's Conclusion

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 25 to 27 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 elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head, schedule of compensation paid to board members, and justice system funding schedule - collecting / disbursing entity as required by Act 87 of the 2020 regular legislative session are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the representation of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Griffin & Furman, LLC

April 22, 2025

Covington, Louisiana

TOWN OF KILLIAN, LOUISIANA

Statement of Net Position

June 30, 2023

(See Independent Accountant's Review Report)

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash	\$ 235,385	138,822	374,207
Receivables, net:			
Accounts receivable, net	-	10,351	10,351
Franchise taxes	20,799	-	20,799
Property taxes	5,285	-	5,285
Taxes on insurance premiums	1,247	-	1,247
Grants	1,795	-	1,795
Internal	(12,540)	12,540	-
Total current assets	<u>251,971</u>	<u>161,713</u>	<u>413,684</u>
Capital assets:			
Land	49,200	-	49,200
Construction in progress	-	-	-
Capital assets, net	<u>70,425</u>	<u>550,115</u>	<u>620,540</u>
Total capital assets	<u>119,625</u>	<u>550,115</u>	<u>669,740</u>
Total assets	<u>\$ 371,596</u>	<u>711,828</u>	<u>1,083,424</u>
<u>Liabilities and Net Position</u>			
Liabilities:			
Accounts payable	\$ 25,161	22,249	47,410
Payroll liabilities	4,926	-	4,926
Due to unclaimed property	1,092	-	1,092
Deferred revenues	145,300	-	145,300
Long-term liabilities:			
Due within one year	35,000	-	35,000
Due in more than one year	88,395	-	88,395
Total liabilities	<u>299,874</u>	<u>22,249</u>	<u>322,123</u>
Net Position:			
Net investment in capital assets	119,625	550,115	669,740
Unrestricted	(47,903)	139,464	91,561
Total net position	<u>71,722</u>	<u>689,579</u>	<u>761,301</u>
Total liabilities and net position	<u>\$ 371,596</u>	<u>711,828</u>	<u>1,083,424</u>

See accompanying notes to the financial statements.

TOWN OF KILLIAN, LOUISIANA

Statement of Activities

For the Year Ended June 30, 2023

(See Independent Accountant's Review Report)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-type	Total
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	
Function/Programs							
Primary Government:							
Governmental activities:							
General government	\$ 201,739	-	2,424	-	(199,315)	-	(199,315)
Police department	176,532	26,571	5,095	-	(144,866)	-	(144,866)
Street department	9,534	-	-	-	(9,534)	-	(9,534)
Total governmental activities	<u>387,805</u>	<u>26,571</u>	<u>7,519</u>	<u>-</u>	<u>(353,715)</u>	<u>-</u>	<u>(353,715)</u>
Business-type activities:							
Waterworks	<u>148,356</u>	<u>120,734</u>	<u>-</u>	<u>69,607</u>	<u>-</u>	<u>41,985</u>	<u>41,985</u>
Total	<u>\$ 536,161</u>	<u>147,305</u>	<u>7,519</u>	<u>69,607</u>	<u>(353,715)</u>	<u>41,985</u>	<u>(311,730)</u>
General Revenues:							
Property taxes					119,452	-	119,452
Franchise taxes					113,668	-	113,668
Taxes on insurance premiums					24,004	-	24,004
Licenses, permits, and fees					9,909	-	9,909
Miscellaneous					3,070	-	3,070
Total general revenues					<u>270,103</u>	<u>-</u>	<u>270,103</u>
Change in net position					<u>(83,612)</u>	<u>41,985</u>	<u>(41,627)</u>
Net position, beginning of period					146,472	647,594	794,066
Prior period adjustment					8,862	-	8,862
Net position, beginning of period - adjusted					<u>155,334</u>	<u>647,594</u>	<u>802,928</u>
Net position, end of period					<u>\$ 71,722</u>	<u>689,579</u>	<u>761,301</u>

See accompanying notes to the financial statements.

TOWN OF KILLIAN, LOUISIANA

Governmental Fund

Balance Sheet

June 30, 2023

(See Independent Accountant's Review Report)

	General Fund
	<hr/>
<u>Assets</u>	
Cash	\$ 235,385
Receivables, net:	
Franchise taxes	20,799
Property taxes	5,285
Taxes on insurance premiums	1,247
Grants	<hr/> 1,795
 Total assets	 \$ <u>264,511</u>
<u>Liabilities and Fund Balance</u>	
Liabilities:	
Accounts payable	\$ 25,161
Payroll liabilities	4,926
Due to waterworks fund	12,540
Due to unclaimed property	1,092
Deferred revenues	<hr/> 145,300
 Total liabilities	 189,019
 Fund Balance:	
Unassigned	 <hr/> 75,492
 Total liabilities and fund balance	 \$ <u>264,511</u>

See accompanying notes to the financial statements.

TOWN OF KILLIAN, LOUISIANA

**Reconciliation of the Balance Sheet Fund Balance - Governmental Fund
to the Statement of Net Position**

June 30, 2023

(See Independent Accountant's Review Report)

Total Governmental Fund Balance	\$	75,492
 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 funds.		119,625
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(123,395)</u>
 Total Net Position of Governmental Activities	\$	<u><u>71,722</u></u>

See accompanying notes to the financial statements.

TOWN OF KILLIAN, LOUISIANA

Governmental Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2023

(See Independent Accountant's Review Report)

	General Fund
Revenues:	
Taxes:	
Property taxes	\$ 119,452
Franchise taxes	113,668
License, permits, and fees	9,909
Taxes on insurance premiums	24,004
Intergovernmental	3,600
Fines and forfeitures	26,571
Miscellaneous	3,070
Grants	3,919
Total revenues	304,193
Expenditures:	
General government	192,745
Police department	161,169
Streets department	9,534
Debt service - principal	13,000
Total expenditures	376,448
Deficiency of revenues over expenditures	(72,255)
Net change in fund balance	(72,255)
Fund balance, beginning of period	138,885
Prior period adjustment	8,862
Fund balance, beginning of period, as restated	147,747
Fund balance, end of period	\$ 75,492

See accompanying notes to the financial statements.

TOWN OF KILLIAN, LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund to the Statement of Activities**

For the Year Ended June 30 , 2023

(See Independent Accountant's Review Report)

Net change in fund balance - governmental fund	\$	(72,255)
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**Amounts reported for governmental activities in the Statement of
Activities are different because:**

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is capitalized and depreciated and / or amortized when applicable. This is the amount by which depreciation and amortization exceeded capital outlays	(24,357)
---	-----------------

Payment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position	<u>13,000</u>
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Change in net position of governmental activities	\$	<u><u>(83,612)</u></u>
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See accompanying notes to the financial statements.

TOWN OF KILLIAN, LOUISIANA

Proprietary Fund

Statement of Net Position

June 30, 2023

(See Independent Accountant's Review Report)

		Waterworks Fund
		<hr/>
	<u>Assets</u>	
Cash	\$ 138,822	
Receivables, net:		
Accounts receivable, net	10,351	
Due from general fund	12,540	
	<hr/>	
Total current assets		161,713
 Capital assets, net	 550,115	
	<hr/>	
Total capital assets		550,115
		<hr/>
Total assets		\$ 711,828
		<hr/> <hr/>
	<u>Liabilities and Net Position</u>	
 Liabilities:		
Accounts payable and accrued expenses	\$ 22,249	
	<hr/>	
Total liabilities		22,249
 Net Position:		
Net investment in capital assets	550,115	
Unrestricted	139,464	
	<hr/>	
Total fund balance		689,579
		<hr/>
Total liabilities and fund balance		\$ 711,828
		<hr/> <hr/>

See accompanying notes to the financial statements.

TOWN OF KILLIAN, LOUISIANA

Proprietary Fund

Statement of Revenues, Expenditures, and Changes in Net Position

For the Year Ended June 30, 2023

(See Independent Accountant's Review Report)

		Waterworks Fund
Operating Revenues:		
Water sales	\$	108,071
Safe drinking water fees		3,992
Connection fees		3,840
Other		4,831
Total revenues		<u>120,734</u>
Operating Expenditures:		
Contract labor		26,220
Repairs and maintenance		22,455
Chlorine		13,337
Miscellaneous		5,096
Safe drinking water fees		3,691
Office expense		13,107
Utilities		9,065
Depreciation		55,385
Total expenditures		<u>148,356</u>
Operating loss		(27,622)
Nonoperating revenues and expenses:		
Other income		69,607
Total nonoperating revenues and expenses		<u>69,607</u>
Increase in net position		41,985
Net position, beginning of period		<u>647,594</u>
Net position, end of period	\$	<u><u>689,579</u></u>

See accompanying notes to the financial statements.

TOWN OF KILLIAN, LOUISIANA

Proprietary Fund

Statement of Cash Flows

For the Year Ended June 30, 2023

(See Independent Accountant's Review Report)

		Waterworks Fund
		<hr/>
Cash flows from operating activities:		
Received from customers	\$	119,607
Payments for operations		<u>(80,628)</u>
Net cash provided by operating activities		38,979
 Cash flows from capital and related financing activities:		
Purchases of fixed assets		(66,639)
Proceeds from capital grants		<u>58,254</u>
Net cash used by capital and related financing activities		<u>(8,385)</u>
 Net increase in cash and cash equivalents		30,594
 Cash at beginning of year		<u>108,228</u>
 Cash at end of year		<u><u>\$ 138,822</u></u>
 Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$	(27,622)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		55,385
Increase in receivables		(4,606)
Increase in accounts payable		<u>15,822</u>
 Net cash provided by operating activities		<u><u>\$ 38,979</u></u>

See accompanying notes to the financial statements.

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

(1) Introduction

The Town of Killian, Louisiana (the 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 approximately 1,300.

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 2 full-time and 1 part-time employees. The Town serves 341 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.

(2) 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:

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

- 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.

(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 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 or 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

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

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.

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 funds account 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 chargers, 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,

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

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.

(d) Deposits

Cash includes cash on hand and amounts in demand deposit accounts. Cash equivalents include amounts with original maturities of ninety 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. The Town did not have any cash equivalents at June 30, 2023.

(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

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

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:

Buildings	10 - 40 years
Water system	20 - 30 years
Land improvements	20 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. 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 ten to fifteen 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 8 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, 2023.

(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.

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

(j) Restricted Net Position

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

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

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.

(k) Fund Equity and Net Position

In accordance with GASB Statement No. 34, *Basic Financial Statements, and Management's Discussion and Analysis-for State and Local Governments*, as amended, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- 1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.**
- 2. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.**
- 3. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "Net investment in capital assets."**

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. In the governmental fund financial statements, fund balances are classified as follows:

The Town has adopted the provisions of GASB Statement No. 54 *Fund Balance Reporting and Government Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of governmental fund types. In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which the district is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

- ***Nonspendable*** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town did not have any nonspendable fund balance at June 30, 2023.
- ***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, 2023.
- ***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, 2023.
- ***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 assigned 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, 2023.
- ***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, 2023.

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

(I) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts 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 reporting period. Actual results could differ from those estimates.

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

(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.

(n) Elimination and Reclassifications

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) New Accounting Standard Adopted

In May of 2020, the GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, or an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. To the extent relevant, the

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended. The adoption of this standard had no effect on the Town's financials.

(3) Stewardship, Compliance, and Accountability

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 21, 2022. The budget was amended on November 14, 2023.

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.

(4) Cash

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured and collateralized.

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

The year end balances of deposits are as follows:

	Bank Balances Category			Book
	1	2	3	Balance
Demand deposits	\$ 397,600	-	-	<u>374,207</u>

(5) Receivables

The Waterworks Fund accounts receivable of \$10,351 at June 30, 2023, consist of the following:

Water receivables	\$ 13,344
Allowance for bad debts	<u>(3,093)</u>
Total	<u>\$ 10,351</u>

(6) Ad Valorem Taxes

For the year ended June 30, 2023, taxes of 7.79 mills were levied on property with assessed valuations totaling \$12,244,360. Total taxes levied were \$95,384.

(7) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2023 for governmental activities is as follows:

	Balance July 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2023</u>
<u>Governmental Activities Capital Assets:</u>				
Capital assets, not being depreciated:				
Land	\$ 49,200	-	-	<u>49,200</u>
Total capital assets not being depreciated	<u>49,200</u>	-	-	<u>49,200</u>
Capital assets, being depreciated:				
Buildings	\$ 84,553	-	-	<u>84,553</u>
Land improvements	26,000	-	-	<u>26,000</u>
Equipment	75,238	-	-	<u>75,238</u>
Police vehicles	140,611	-	-	<u>140,611</u>
Police equipment	73,613	-	-	<u>73,613</u>
Office equipment	<u>16,841</u>	-	-	<u>16,841</u>
Total capital assets being depreciated	<u>416,856</u>	-	-	<u>416,856</u>

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

Less accumulated depreciation for:

Buildings	(58,700)	(2,384)	-	(61,084)
Land improvements	(7,800)	(1,300)	-	(9,100)
Equipment	(68,458)	(5,085)	-	(73,543)
Police vehicles	(101,102)	(13,994)	-	(115,096)
Police equipment	(69,399)	(1,369)	-	(70,768)
Office equipment	(16,615)	(225)	-	(16,840)
Total accumulated depreciation	(322,074)	(24,357)	-	(346,431)

Total capital assets being depreciated, net

94,782	(24,357)	-	70,425
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Total Governmental Activities capital assets, net

\$ 143,982	(24,357)	-	119,625
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Depreciation expense was charged to the following activities:

General government	\$ 8,994
Police department	15,363
Total	\$ 24,357

Capital assets and depreciation activity as of and for the year ended June 30, 2023 for business-type activities is as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<u>Business-Type Activities Capital Assets:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 27,010	49,139	(76,149)	-
Total capital assets not being depreciated	27,010	49,139	(76,149)	-
Capital assets, being depreciated:				
Water system	\$ 1,304,782	76,149	-	1,380,931
Machinery and equipment	24,001	-	-	24,001
Office equipment	1,058	-	-	1,058
Total capital assets being depreciated	1,329,841	76,149	-	1,405,990
Less accumulated depreciation for:				
Water system	(776,767)	(55,233)	-	(832,000)
Machinery and equipment	(22,665)	(152)	-	(22,817)
Office equipment	(1,058)	-	-	(1,058)
Total accumulated depreciation	(800,490)	(55,385)	-	(855,875)

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

Total capital assets being depreciated, net	<u>529,351</u>	<u>20,764</u>	<u>-</u>	<u>550,115</u>
Total Business-Type Activities capital assets, net	<u>\$ 556,361</u>	<u>69,903</u>	<u>(76,149)</u>	<u>550,115</u>

Depreciation expense of \$55,385 was charged to the business-type activity.

(8) Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2023 consists of the following to subsidize operations:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	12,540
Waterworks Fund	<u>12,540</u>	<u>-</u>
Total	<u>\$ 12,540</u>	<u>12,540</u>

(9) 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. During the year ended June 30, 2023, the Town made payments totaling \$13,000 toward this repayment agreement. At June 30, 2023, the Town owes the Parish of Livingston \$123,395.

The following is a schedule by years of the future minimum payments to the Parish:

<u>Year Ending June 30,</u>	
2024	\$ 35,000
2025	24,000
2026	24,000
2027	24,000
2028	<u>16,395</u>
Total	<u>\$ 123,395</u>

TOWN OF KILLIAN, LOUISIANA

Notes to the Financial Statements

June 30, 2023

(See Independent Accountant's Review Report)

(10) On Behalf Payments by State of Louisiana

For the year ended June 30, 2023, 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.

(11) Risk Management

The Town 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.

(12) 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.

(13) Prior Period Adjustment

In connection with the review of the Town's financial statements, it was determined that \$8,862 of property tax collections relating to prior fiscal periods were recorded a revenue. A prior period adjustment was recorded which reversed the current year revenue and increased beginning net position in the government-wide financial statements and fund balance in the fund financial statements.

(14) Subsequent Events

The District evaluated subsequent events through April 22, 2025, the date which the financial statements were available to be issued.

TOWN OF KILLIAN, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund**

For the Year Ended June 30, 2023

(See Independent Accountant's Review Report)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes				
Property taxes	\$ 95,383	112,100	119,452	7,352
Franchise taxes	108,015	106,700	113,668	6,968
Licenses, permits, and fees	3,335	4,400	9,909	5,509
Taxes on insurance premiums	24,000	25,000	24,004	(996)
Intergovernmental	6,600	3,600	3,600	-
Fines and forfeitures	38,050	26,200	26,571	371
Miscellaneous	14,953	600	3,070	2,470
Grants	-	2,400	3,919	1,519
Total revenues	<u>290,336</u>	<u>281,000</u>	<u>304,193</u>	<u>23,193</u>
Expenditures:				
General government	136,803	188,300	192,745	(4,445)
Police department	158,487	166,000	161,169	4,831
Streets department	660	5,900	9,534	(3,634)
Debt service - principal	-	24,000	13,000	11,000
Total expenditures	<u>295,950</u>	<u>384,200</u>	<u>376,448</u>	<u>7,752</u>
Excess of revenues over expenditures	<u>(5,614)</u>	<u>(103,200)</u>	<u>(72,255)</u>	<u>30,945</u>
Net change in fund balance	(5,614)	(103,200)	(72,255)	<u>30,945</u>
Fund balance, beginning of year	<u>167,209</u>	<u>167,209</u>	<u>147,747</u>	
Fund balance, end of year	<u>\$ 161,595</u>	<u>64,009</u>	<u>75,492</u>	

TOWN OF KILLIAN, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund**

For the Year Ended June 30, 2023

(See Independent Accountant's Review Report)

		<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
General Government:					
Advertising and printing	\$	720	2,500	1,981	519
Assessor's fees		100	1,200	1,220	(20)
Building and ground maintenance		4,020	10,300	11,394	(1,094)
Capital outlays		806	-	5,807	(5,807)
Computer programs and software		3,712	3,600	3,826	(226)
Copier rental		2,400	1,700	1,704	(4)
Coroner's office		250	100	1,150	(1,050)
Dues and subscriptions		600	5,300	4,775	525
Election expense		5,600	200	827	(627)
Insurance		18,236	10,500	8,954	1,546
IT services		720	4,300	4,024	276
Janitorial expense		1,500	1,000	835	165
Legal and professional		5,100	37,800	36,157	1,643
Miscellaneous		2,805	2,300	5,180	(2,880)
Office supplies		1,500	4,100	5,820	(1,720)
Payroll taxes		2,893	3,800	4,760	(960)
Postage		2,520	1,900	2,399	(499)
Property tax collection fees		-	30,600	31,134	(534)
Refunds		1,119	1,600	825	775
Repairs and maintenance		25,500	5,600	-	5,600
Salaries		45,600	50,500	49,775	725
Telephone		4,080	1,500	2,360	(860)
Training, workshops, and seminars		-	1,000	1,229	(229)
Utilities		7,022	6,900	6,609	291
Total general government expenditures	\$	<u>136,803</u>	<u>188,300</u>	<u>192,745</u>	<u>(4,445)</u>

TOWN OF KILLIAN, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund**

For the Year Ended June 30, 2023

(See Independent Accountant's Review Report)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Police Department:				
Auto fuel	\$ 10,020	13,700	14,600	(900)
Collection fees	1,200	900	990	(90)
Dues and subscriptions	1,200	500	350	150
Employee testing	900	1,400	1,270	130
Equipment	-	20,800	17,921	2,879
Insurance	9,845	11,900	11,490	410
Law enforcement fees	1,733	8,700	450	8,250
Legal and professional	2,500	-	-	-
Miscellaneous	200	900	6,972	(6,072)
Office supplies	600	300	335	(35)
Payroll taxes	-	7,500	6,251	1,249
Repairs and maintenance	6,000	3,200	10,331	(7,131)
Salaries	103,660	78,600	73,392	5,208
Supplies	1,888	6,300	7,238	(938)
Telephone and utilities	6,936	6,200	6,287	(87)
Training	1,755	1,300	1,000	300
Travel	-	500	1,016	(516)
Uniforms	1,650	600	480	120
Web page	2,400	1,100	796	304
Workers compensation	6,000	1,600	-	1,600
Total police department expenditures	\$ <u>158,487</u>	<u>166,000</u>	<u>161,169</u>	<u>4,831</u>

TOWN OF KILLIAN, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments to Agency Head

For the Year Ended June 30, 2023

(See Independent Accountant's Review Report)

Agency Head Name: Ronald Sharp

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Reimbursements	<u>338</u>
	<u>\$ 338</u>

TOWN OF KILLIAN, LOUISIANA

Schedule of Compensation Paid to Board Members

For the Year Ended June 30, 2023

(See Independent Accountant's Review Report)

<u>Board Member</u>	<u>Term Expires</u>	<u>Amount</u>
Brian Binkley	June 30, 2025	\$ -
Kimberly Gill	June 30, 2025	-
John Henry	June 30, 2025	-
Patrick Canal	November 18, 2022	-
Caleb Atwell	November 22, 2022	-
		\$ -

TOWN OF KILLIAN, LOUISIANA

Justice System Funding Schedule - Collecting / Disbursing Entity As Required by Act 87 of the 2020 Regular Legislative Session

June 30, 2023

(See Independent Accountant's Review Report)

Cash Basis Presentation:	First Six Month Period Ended December 31, 2022	Second Six Month Period Ended June 30, 2023
Beginning balance of amounts collected (i.e. cash on hand)	\$ -	399
Add: Collections		
Civil fees	-	-
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	-	-
Interest earnings on collected balances	-	-
Other	24,018	2,553
Subtotal collections	24,018	2,553
Less: Disbursements to Governments and Non-Profits		
Treasury State of Louisiana CMIS	-	120
DHH Traumatic Head and Spinal Cord Injury Trust	-	-
Judicial Administration, Supreme Court	24	-
Louisiana Commission on Law Enforcement	4,089	2,832
Less: Amounts Retained by Collecting Agency		
Collection fee for collecting / disbursing to others - %	-	-
Collection fee for collecting / disbursing to others - fixed fee	-	-
Amounts "self-disbursed" to collecting agency - other	19,506	-
Less: Disbursements to Individuals / 3rd Party Collection or Processing Agencies		
Civil fee refunds	-	-
Bond fee refunds	-	-
Restitution payments to individuals	-	-
Other disbursements to individuals	-	-
Payments to 3rd party collection / processing agencies	-	-
Subtotal disbursements / retainage	23,619	2,952
Ending balance of amounts collected but no disbursed / retained (i.e. cash on hand)	\$ 399	-

TOWN OF KILLIAN, LOUISIANA

Schedule of Findings and Management Corrective Action Plan

For the Year Ended June 30, 2023

Finding 2023-1 - 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.

Finding 2023-2 - Lack of Internal Controls over Utility Billings

Criteria:

Adequate controls should exist to ensure all water customers are billed monthly.

Condition:

During November 2022, the Town did not process bills for the System's customers.

Cause:

Inadequate oversight of the water billing process.

Effect:

The Town did not bill approximately \$12,000 of water revenues that should have been billed to the System's customers.

Recommendation:

The Town should implement procedures to ensure billing processes are followed monthly.

Views of Responsible Official:

We will implement procedures to ensure capital assets are tagged and physical inventories are performed at least annually.

TOWN OF KILLIAN, LOUISIANA

Schedule of Findings and Management Corrective Action Plan

For the Year Ended June 30, 2023

Finding 2023-3 - 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:

The Town can not effectively track and monitor its' capital assets.

Recommendation:

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

Views of Responsible Official:

We have initiated a plan for the chief and assistant chief of police to tag, record and safeguard capital assets and physical inventories this week.

Finding 2023-4 - Lack of Internal 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 initiate a plan for the clerk to have a better filing system for traffic tickets and apply procedures to ensure that the accounting and ensure log books are accurate and in order.

TOWN OF KILLIAN, LOUISIANA

Schedule of Findings and Management Corrective Action Plan

For the Year Ended June 30, 2023

Finding 2023-5 - Lack of Internal Controls over Justice System Funding Collections and Payments

Criteria:

Adequate controls should exist for tracking justice system related amounts collected with traffic fines as well as the subsequent remittance of these amounts to the appropriate agencies.

Condition:

Sufficient records were not available to accurately determine justice system related amounts that had been collected and remitted during the year ended June 30, 2023.

Cause:

Several payments made during the period did not indicate what period to which the payments pertained. Additionally, there were many months in the period for which it appeared no payment had been remitted.

Effect:

The Town likely has funds that are due to various agencies at June 30, 2023 but those amounts could not accurately be determined. As a result, the Justice System Funding Schedule accompanying the financial statements is not entirely accurate.

Recommendation:

We recommend procedures be put in place to ensure amounts collected through traffic fines are accurately tracked and remitted to the appropriate agencies.

Views of Responsible Official:

We will initiate a plan for the clerk to apply a procedure that makes sure that all forms and payments will be sent to appropriate agencies each month.

Finding 2023-6 - 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.

TOWN OF KILLIAN, LOUISIANA

Schedule of Findings and Management Corrective Action Plan

For the Year Ended June 30, 2023

Views of Responsible Official:

We will initiate a plan that will ensure that our budget be passed in a timely manner each year so that our audit and review will be submitted on time to the Louisiana's Auditors office.

TOWN OF KILLIAN, LOUISIANA

Status of Prior Year Findings

For the Year Ended June 30, 2023

Finding 2022-1 - 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.

Status:

Unresolved. Due to the prior audit concluding on June 30, 2023, no corrective action was implemented regarding this finding during the year ending June 30, 2023.

Finding 2022-2 – Lack of Documentation on Approval of 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, LOUISIANA

Status of Prior Year Findings

For the Year Ended June 30, 2023

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.

Status:

Resolved.

Finding 2022-3 - 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.

Status:

Unresolved. Due to the prior audit concluding on June 30, 2023, no corrective action was implemented regarding this finding during the year ending June 30, 2023.

Finding 2022-4 - 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.

TOWN OF KILLIAN, LOUISIANA

Status of Prior Year Findings

For the Year Ended June 30, 2023

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.

Status:

Unresolved. Due to the prior audit concluding on June 30, 2023, no corrective action was implemented regarding this finding during the year ending June 30, 2023.

Finding 2022-5 - 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.

Status:

Unresolved.

TOWN OF KILLIAN, LOUISIANA

Status of Prior Year Findings

For the Year Ended June 30, 2023

Finding 2022-6 - 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.

Status:

Unresolved.

Independent Accountant's Report on Applying Agreed-Upon Procedures

**Board of Commissioners of
Town of Killian
Killian, Louisiana**

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) agreed-upon procedures applicable to review attestations (AUPs) for the fiscal period July 1, 2022 through June 30, 2023. Town of Killian's management is responsible for those C/C areas identified in the AUPs.

Town of Killian, Louisiana (the Town) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's AUPs for the period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$60,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code), R.S. 38:2211-2296 (the public bid law), or the regulations of the Division of Administration and the State Purchasing Office, whichever is applicable; and report whether the expenditures were made in accordance with these laws

Results: Not applicable. There were no expenditures above the related thresholds.

Corrective Action: Not applicable.

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).

Results: Board members refused to provide the above information.

Corrective Action: The Town Clerk reached out to the aldermen to obtain the information required for this procedure. Two aldermen responded with one limiting their response to exclude minor children. Three aldermen did not respond to the request.

3. Obtain a list of all employees paid during the fiscal year.

Results: Procedure performed without exception.

Corrective Action: Not applicable.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

Results: The procedure could not be completed due to lack of information provided.

Corrective Action: Not applicable.

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.

Results: The procedure could not be completed due to lack of information provided.

Corrective Action: The clerk sent an email to the alderman to obtain the information of their immediate family members. With the limited information that was provided it does not appear that any vendors are on both lists.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Results: Procedure performed without exception.

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.

Results: Procedure performed without exception.

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).

Results: In the general fund, expenses exceeded budgeted amounts by \$80,498 or 27%.

Corrective Action: We will carefully review and track our expenses to make sure that we stay within the budget and not exceed the set budget.

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 payee in the supporting documentation, (b) report whether the six disbursements are coded to the correct fund and general ledger account, and (c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

Results: Procedures (a) and (b) performed without exception. For procedure (c), none of the expenses tested documented proper approval.

Corrective Action: The Town hall employees will look further into our disbursements and collect the appropriate data to determine that they were approved in accordance with policies and procedures and make sure that all future disbursements are in accordance as well.

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.

Results: Procedure performed without exception.

Corrective Action: Not applicable.

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.

Results: Procedure performed without exception.

Corrective Action: Not applicable.

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.

Results: Procedure performed without exception.

Corrective Action: Not applicable.

State Audit Law

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

Results: Procedure performed without exception.

Corrective Action: Not applicable.

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).

Results: Procedure performed without exception.

Corrective Action: Not applicable.

Prior-Year Comments

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

Results: Not applicable. In the prior year the Town was audited. Status of prior year comments are summarized in the current year reviewed financial statements.

Corrective Action: Not applicable.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the AUPs. Accordingly, we do not express such

an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the AUPs, 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 LLA as a public document.

Griffin & Furman, LLC

April 22, 2025

Covington, Louisiana