

TOWN OF IOTA, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Honorable Julia M. Granger, Mayor,
and the Board of Aldermen
Town of Iota, Louisiana

We have audited 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 Iota, Louisiana, as of and for the year ended June 30, 2017, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iota, Louisiana, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38 through 42 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iota, Louisiana's basic financial statements. The schedule of insurance in force, schedule of utility rates, schedule of customers, schedules of allocated assets, liabilities and net position, schedules of operating revenues and operating expenses by department, schedule of compensation, benefits and other payments to agency head, and schedule of aged accounts receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of insurance in force, schedule of utility rates, schedule of customers, schedules of allocated assets, liabilities and net position and schedules of operating revenues and operating expenses by department have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provided any assurance on it.

The schedule of aged accounts receivable and schedule of compensation, benefits and other payments to agency head are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of aged accounts receivable and schedule of compensation, benefits and other payments to the agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

The prior year comparative information has been derived from the Town of Iota, Louisiana's 2016 financial statements and, in our report dated December 13, 2016, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 21, 2017, on our consideration of the Town of Iota, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Iota, Louisiana's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Bernard Poché". The signature is written in a cursive style with a large initial "B" and a stylized "P".

Lafayette, Louisiana
December 21, 2017

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements (GWFS)

TOWN OF IOTA, LOUISIANA

STATEMENT OF NET POSITION

June 30, 2017

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	\$ 1,014,333	\$ 80,498	\$ 1,094,831
Certificates of deposit	134,162	-	134,162
Taxes receivable	3,238	-	3,238
Franchise fees receivable	16,107	-	16,107
Due from other governmental agencies	64,454	15,326	79,780
Accounts receivable	-	37,437	37,437
Unbilled service receivable	-	8,799	8,799
Other receivables	494	-	494
Internal balances	(10,175)	10,175	-
Inventories, at cost	-	18,180	18,180
Restricted assets:			
Cash	372	154,409	154,781
Certificates of deposit	-	46,411	46,411
Capital assets:			
Non-depreciable	30,128	26,844	56,972
Depreciable, net	<u>1,448,834</u>	<u>1,592,357</u>	<u>3,041,191</u>
Total assets	<u>\$ 2,701,947</u>	<u>\$ 1,990,436</u>	<u>\$ 4,692,383</u>

See Notes to Financial Statements.

LIABILITIES AND NET POSITION	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts payable	\$ 6,921	\$ 24,175	\$ 31,096
Accrued liabilities	5,566	1,534	7,100
Customers' deposits	-	107,438	107,438
Other liabilities	-	1,366	1,366
Long-term liabilities:			
Portion due or payable within one year –			
Bonds payable	-	15,377	15,377
Portion due or payable after one year –			
Bonds payable	-	497,194	497,194
	<u>-</u>	<u>497,194</u>	<u>497,194</u>
Total liabilities	<u>\$ 12,487</u>	<u>\$ 647,084</u>	<u>\$ 659,571</u>
NET POSITION			
Net investment in capital assets	\$ 1,478,962	\$ 1,106,630	\$2,585,592
Restricted for:			
Debt service	-	91,847	91,847
Tax dedications	1,096,026	-	1,096,026
Veteran's pavilion	372	-	372
Unrestricted	<u>114,100</u>	<u>144,875</u>	<u>258,975</u>
Total net position	<u>\$ 2,689,460</u>	<u>\$ 1,343,352</u>	<u>\$4,032,812</u>
Total liabilities and net position	<u>\$ 2,701,947</u>	<u>\$ 1,990,436</u>	<u>\$4,692,383</u>

TOWN OF IOTA, LOUISIANA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 110,645	\$ 19,593	\$ 48,037
Public safety	205,058	30,792	-
Public works	76,629	-	-
Culture and recreation	<u>8,144</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 400,476</u>	<u>\$ 50,385</u>	<u>\$ 48,037</u>
Business-type activities:			
Gas, water and sewer	<u>\$ 770,595</u>	<u>\$ 543,227</u>	<u>\$ 15,326</u>
Total	<u>\$1,171,071</u>	<u>\$ 593,612</u>	<u>\$ 63,363</u>
		General revenues:	
		Taxes –	
		Property	
		Sales and use	
		Franchise	
		Licenses and permits	
		Intergovernmental	
		Investment income	
		Gain on sale of capital assets	
		Miscellaneous	
		Transfers	
		Total general revenues and transfers	
		Change in net position	
		Net position, beginning	
		Net position, ending	

See Notes to Financial Statements.

Net (Expense) Revenue and Change in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (43,015)	\$ -	\$ (43,015)
(174,266)	-	(174,266)
(76,629)	-	(76,629)
<u>(8,144)</u>	<u>-</u>	<u>(8,144)</u>
<u>\$ (302,054)</u>	<u>\$ -</u>	<u>\$ (302,054)</u>
<u>\$ -</u>	<u>\$ (212,042)</u>	<u>\$ (212,042)</u>
<u>\$ (302,054)</u>	<u>\$ (212,042)</u>	<u>\$ (514,096)</u>
\$ 122,230	\$ -	\$ 122,230
230,862	-	230,862
70,507	-	70,507
60,854	-	60,854
10,012	-	10,012
415	111	526
1,930	-	1,930
<u>(141,038)</u>	<u>141,038</u>	<u>-</u>
<u>\$ 355,572</u>	<u>\$ 141,149</u>	<u>\$ 496,721</u>
\$ 53,518	\$ (70,893)	\$ (17,375)
<u>2,635,942</u>	<u>1,414,245</u>	<u>4,050,187</u>
<u>\$ 2,689,460</u>	<u>\$ 1,343,352</u>	<u>\$4,032,812</u>

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements (FFS)

TOWN OF IOTA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

ASSETS	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Cash	\$294,450	\$719,783	\$ 100	\$ 1,014,333
Restricted cash	372	-	-	372
Certificates of deposit	-	134,162	-	134,162
Taxes receivable	3,238	-	-	3,238
Franchise fees receivable	16,107	-	-	16,107
Due from other governmental agencies	24,012	20,978	-	44,990
Other receivables	<u>494</u>	<u>-</u>	<u>-</u>	<u>494</u>
Total assets	<u>\$338,673</u>	<u>\$874,923</u>	<u>\$ 100</u>	<u>\$ 1,213,696</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,570	\$ 351	\$ -	\$ 6,921
Accrued liabilities	5,566	-	-	5,566
Due to other funds	<u>10,075</u>	<u>-</u>	<u>100</u>	<u>10,175</u>
Total liabilities	<u>22,211</u>	<u>\$ 351</u>	<u>\$ 100</u>	<u>\$ 22,662</u>
FUND BALANCES				
Restricted for:				
Tax dedications	\$201,990	\$874,572	\$ -	\$ 1,076,562
Veteran's pavilion	372	-	-	372
Unassigned	<u>114,100</u>	<u>-</u>	<u>-</u>	<u>114,100</u>
Total fund balances	<u>\$316,462</u>	<u>\$874,572</u>	<u>\$ -</u>	<u>\$ 1,191,034</u>
Total liabilities and fund balances	<u>\$338,673</u>	<u>\$874,923</u>	<u>\$ 100</u>	<u>\$ 1,213,696</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2017

Total fund balances – governmental funds	\$1,191,034
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	
Capital assets, net	1,478,962
Some revenues were not considered measureable at year end and therefore not available soon enough to pay for current period expenditures.	
Sales taxes	<u>19,464</u>
Total net position of governmental activities	<u>\$2,689,460</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General Fund	Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
Revenues:				
Taxes	\$192,537	\$ 230,561	\$ -	\$ 423,098
Licenses and permits	60,854	-	-	60,854
Intergovernmental	58,049	-	-	58,049
Charges for services	19,593	-	-	19,593
Fines and forfeits	30,792	-	-	30,792
Investment income	14	401	-	415
Miscellaneous	<u>1,930</u>	<u>-</u>	<u>-</u>	<u>1,930</u>
Total revenues	<u>\$363,769</u>	<u>\$ 230,962</u>	<u>\$ -</u>	<u>\$ 594,731</u>
Expenditures:				
Current –				
General government	\$ 72,634	\$ 9,851	\$ -	\$ 82,485
Public safety	202,922	-	-	202,922
Public works	50,903	-	-	50,903
Culture and recreation	2,718	-	-	2,718
Capital outlay	<u>11,847</u>	<u>-</u>	<u>-</u>	<u>11,847</u>
Total expenditures	<u>\$341,024</u>	<u>\$ 9,851</u>	<u>\$ -</u>	<u>\$ 350,875</u>
Excess of revenues over expenditures	<u>\$ 22,745</u>	<u>\$ 221,111</u>	<u>\$ -</u>	<u>\$ 243,856</u>
Other financing sources (uses):				
Transfers in	\$ 79,487	\$ -	\$ -	\$ 79,487
Transfers out	<u>-</u>	<u>(220,525)</u>	<u>-</u>	<u>(220,525)</u>
Total other financing sources (uses)	<u>\$ 79,487</u>	<u>\$(220,525)</u>	<u>\$ -</u>	<u>\$ (141,038)</u>
Net change in fund balance	\$102,232	\$ 586	\$ -	\$ 102,818
Fund balance, beginning	<u>214,230</u>	<u>873,986</u>	<u>-</u>	<u>1,088,216</u>
Fund balance, ending	<u>\$316,462</u>	<u>\$ 874,572</u>	<u>\$ -</u>	<u>\$ 1,191,034</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2017

Net change in fund balances – total governmental funds		\$102,818
The change in net position reported for governmental activities in the statement of activities is different because:		
<p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	\$ 11,847	
Depreciation expense	<u>(61,448)</u>	(49,601)
Because some revenues are not measurable at year-end, they are not considered available revenues in the governmental funds.		
Sales taxes		<u>301</u>
Change in net position of governmental activities		<u>\$53,518</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA
 STATEMENTS OF NET POSITION
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
 June 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 80,498	\$ 46,497
Accounts receivable	37,437	36,900
Unbilled service receivable	8,799	10,526
Other receivables	-	9,418
Due from other funds	10,175	11,350
Due from other governmental agencies	15,326	-
Inventories, at cost	<u>18,180</u>	<u>18,531</u>
Total current assets	<u>\$ 170,415</u>	<u>\$ 133,222</u>
RESTRICTED ASSETS		
Cash	\$ 154,409	\$ 150,650
Certificates of deposit	<u>46,411</u>	<u>46,317</u>
Total restricted assets	<u>\$ 200,820</u>	<u>\$ 196,967</u>
CAPITAL ASSETS		
Non-depreciable	\$ 26,844	\$ 26,844
Depreciable, net	<u>1,592,357</u>	<u>1,719,438</u>
Total capital assets	<u>\$1,619,201</u>	<u>\$1,746,282</u>
Total assets	<u>\$1,990,436</u>	<u>\$2,076,471</u>

See Notes to Financial Statements.

LIABILITIES AND NET POSITION	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES (payable from current assets)		
Accounts payable	\$ 24,175	\$ 24,719
Accrued liabilities	1,534	1,647
Other liabilities	<u>1,366</u>	<u>898</u>
Total current liabilities (payable from current assets)	<u>\$ 27,075</u>	<u>\$ 27,264</u>
CURRENT LIABILITIES (payable from restricted assets)		
Revenue bonds payable	\$ 15,377	\$ 14,665
Customers' deposits	<u>107,438</u>	<u>107,630</u>
Total current liabilities (payable from restricted assets)	<u>\$ 122,815</u>	<u>\$ 122,295</u>
NONCURRENT LIABILITIES		
Revenue bonds payable	<u>\$ 497,194</u>	<u>\$ 512,667</u>
Total liabilities	<u>\$ 647,084</u>	<u>\$ 662,226</u>
NET POSITION		
Net investment in capital assets	\$1,106,630	\$1,218,950
Restricted for debt service	91,847	87,690
Unrestricted	<u>144,875</u>	<u>107,605</u>
Total net position	<u>\$1,343,352</u>	<u>\$1,414,245</u>
Total liabilities and net position	<u>\$1,990,436</u>	<u>\$2,076,471</u>

TOWN OF IOTA, LOUISIANA
 STATEMENTS OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
 Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Charges for services	\$ 524,015	\$ 543,243
Operating grant	15,326	-
Miscellaneous	<u>19,212</u>	<u>13,481</u>
Total operating revenues	<u>\$ 558,553</u>	<u>\$ 556,724</u>
Operating expenses:		
Salaries and wages	\$ 242,456	\$ 215,416
Payroll taxes	16,280	16,479
Gas purchases	68,181	62,176
Materials and supplies	40,221	50,657
Fuel	9,280	9,130
Telephone and utilities	26,871	28,226
Depreciation	141,044	135,298
Repairs and maintenance	78,750	74,401
Printing, postage, and supplies	4,463	5,182
Insurance	80,515	65,114
Truck expenses	3,033	3,103
Professional services	11,051	10,060
Travel and training	4,248	3,904
Uniforms	7,590	5,770
Other	<u>11,994</u>	<u>8,756</u>
Total operating expenses	<u>\$ 745,977</u>	<u>\$ 693,672</u>
Operating loss	<u>\$ (187,424)</u>	<u>\$ (136,948)</u>
Non-operating revenues (expenses):		
Investment income	\$ 111	\$ 111
Interest expense	(24,618)	(25,371)
Gain on sale of capital assets	<u>-</u>	<u>23</u>
Total non-operating revenues (expenses)	<u>\$ (24,507)</u>	<u>\$ (25,237)</u>
Loss before contributed capital and transfers	\$ (211,931)	\$ (162,185)
Transfers in	153,634	131,667
Transfers out	<u>(12,596)</u>	<u>(1,547)</u>
Change in net position	\$ (70,893)	\$ (32,065)
Net position, beginning	<u>1,414,245</u>	<u>1,446,310</u>
Net position, ending	<u>\$1,343,352</u>	<u>\$1,414,245</u>
See Notes to Financial Statements.		

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TOWN OF IOTA, LOUISIANA
 STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
 Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 535,091	\$ 536,594
Payments to suppliers for goods and services	(345,215)	(340,000)
Payments to employees and for employee related costs	(258,736)	(231,895)
Other receipts	<u>19,212</u>	<u>13,481</u>
Net cash used in operating activities	<u>\$ (49,648)</u>	<u>\$ (21,820)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ 153,634	\$ 131,667
Transfers to other funds	(12,596)	(1,547)
Increase (decrease) in customers' deposits, net	<u>(192)</u>	<u>5,278</u>
Net cash provided by noncapital financing activities	<u>\$ 140,846</u>	<u>\$ 135,398</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid	\$ (24,731)	\$ (25,415)
Principal payments	(14,761)	(14,078)
Purchase of capital assets	(13,963)	(48,620)
Gain on sale of capital assets	<u>-</u>	<u>23</u>
Net cash used in capital and related financing activities	<u>\$ (53,455)</u>	<u>\$ (88,090)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of investments	\$ 46,317	\$ 46,224
Purchase of investments	(46,411)	(46,317)
Investment earnings	<u>111</u>	<u>111</u>
Net cash provided by investing activities	<u>\$ 17</u>	<u>\$ 18</u>
Net increase in cash	\$ 37,760	\$ 25,506
Cash, beginning of year	<u>197,147</u>	<u>171,641</u>
Cash, end of year	<u>\$ 234,907</u>	<u>\$ 197,147</u>

(continued)

TOWN OF IOTA, LOUISIANA
STATEMENTS OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (187,424)	\$ (136,948)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	141,044	135,298
Changes in assets and liabilities –		
Increase (decrease) in receivables	10,608	(6,307)
(Increase) decrease in due from other governments	(15,326)	-
Decrease in due from other funds	1,175	868
Increase (decrease) in inventories	351	(547)
Decrease in accounts payable	(544)	(13,842)
Increase (decrease) in accrued and other liabilities	<u>468</u>	<u>(342)</u>
Net cash used in operating activities	<u>\$ (49,648)</u>	<u>\$ (21,820)</u>
 CASH REPORTED ON THE STATEMENT OF NET POSITION AS:		
Current	\$ 80,498	\$ 46,497
Restricted	<u>154,409</u>	<u>150,650</u>
 Total cash	 <u>\$ 234,907</u>	 <u>\$ 197,147</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Iota, Louisiana (the "Town") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Town are described below.

Reporting entity:

A financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but 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.

Primary government –

The Town was incorporated in 1901, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services to its residents as authorized by its charter: public safety, public works, culture and recreation, and general administrative services. The Town also operates an enterprise activity, a combined utilities fund, which provides gas, sewer, and water services.

Component units –

The basic criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes, are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Board of Aldermen or Mayor) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on the above criteria, there are no organizations or agencies which should be included in the basic financial statements as component units.

NOTES TO FINANCIAL STATEMENTS

Basis of presentation:

The Town's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the government and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements –

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business type activities are financed in whole or in part by fees charged to external parties.

In the government-wide statement of net position, both the governmental and business-type activities columns (1) are presented on a consolidated basis by column, and (2) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, investment income, etc.).

The Town does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Fund financial statements –

The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each reported in a separate column. Non-major funds by category are summarized into a single column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

NOTES TO FINANCIAL STATEMENTS

The Town reports the following major governmental funds:

General Fund – used to account for all financial resources traditionally associated with governments that are not required to be accounted for in another fund.

Sales Tax Fund – used to account for the collection and disbursement of the Town's 1% sales and use tax levies. These taxes are dedicated as described in Note 8.

The Town reports the following major proprietary fund:

Combined Utilities Fund – used to account the provision of gas, sewer, and water services to the residents of the Town.

The emphasis in the fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of either fund category or the governmental and proprietary funds combined) for the determination of major funds.

Basis of accounting:

Government-wide and proprietary fund financial statements –

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements –

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

NOTES TO FINANCIAL STATEMENTS

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Town considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Town had no cash equivalents at June 30, 2017.

Investments:

Under State law, the Town may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Town may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The Town's investments at June 30, 2017 consisted of time certificates of deposit purchased from local financial institutions. These certificates of deposit are stated at cost.

Receivables:

Uncollectible amounts due from customers for utility services are recognized as bad debts by use of the direct write-off method at the time information becomes available which would indicate the uncollectibility of the particular receivable. The results of using this method as opposed to the allowance method are not materially different.

Interfund receivables and payables:

Short-term cash borrowings between funds are considered temporary in nature. These amounts are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories:

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in the governmental fund operations or the proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide financial statements –

The Town's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost or estimated historical cost for assets where actual historical cost is not available

NOTES TO FINANCIAL STATEMENTS

and reported in the government-wide financial statements as capital assets. The Town maintains a threshold level of \$500 for capitalizing capital assets. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset useful lives are not capitalized. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings and improvements	20 - 40
Machinery and equipment	5 - 15
Infrastructure	10 - 40
Utilities systems	5 - 25

Fund financial statements –

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

Long-term debt:

The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether it is reported in the government-wide or fund financial statements.

Government-wide financial statements –

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt consists of revenue bonds and certificates of indebtedness.

Fund financial statements –

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Long-term debt in proprietary fund operations is accounted for the same in the fund financial statements as it is in the government-wide statements.

Equity classifications:

Government-wide financial statements –

Equity is classified as net position and displayed in three components: (1) net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings 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 (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or

NOTES TO FINANCIAL STATEMENTS

enabling legislation, and (3) unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The government-wide statement of net position reports \$1,188,245 of restricted net position, \$1,096,026 of which is restricted by enabling legislation.

Fund financial statements –

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. The following describes the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

Proprietary fund equity is classified the same as in the government-wide statements.

Use of restricted resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

NOTES TO FINANCIAL STATEMENTS

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

Compensated absences:

Employees earn a set amount of annual vacation leave depending on years of service. Vacation cannot be accumulated and compensation in lieu of vacation is not paid. Employees earn five days of sick leave each year. Sick leave can be accumulated without limitation. Employees who resign or retire or who are dismissed from employment are not paid for any unused sick leave. Therefore, no provision for compensated absences has been made in the financial statements.

Note 2. Property Taxes

Government-wide financial statements –

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund financial statements –

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable by December 31. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2017, property taxes of 27 mills were levied on assessed valuations totaling \$4,512,120. Total taxes levied were \$121,827. Taxes receivable at June 30, 2017 totaled \$3,738. An allowance of \$500 has been recorded as of June 30, 2017 for uncollectible taxes. A summary of tax millage dedication is as follows:

Corporate tax	8.00 Mills
Street maintenance tax	5.00 Mills
Drainage and public buildings tax	5.00 Mills
Bridge tax	<u>9.00 Mills</u>
Total tax mills	<u>27.00 Mills</u>

NOTES TO FINANCIAL STATEMENTS

Note 3. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2017 consist of the following:

Fund financial statements:		
Governmental funds –		
State of Louisiana:		
State highway maintenance fees		\$ 2,525
Federal:		
FEMA Public Assistance		21,487
Acadia Parish School Board:		
Sales taxes		<u>20,978</u>
Total governmental funds		44,990
Enterprise funds –		
State of Louisiana:		
Sales taxes		<u>15,326</u>
Total fund financial statements		<u>\$ 60,316</u>
Government-wide financial statements:		
Total amount reported in the fund financial statements from above		\$ 60,316
Additional sales and use taxes due from the Acadia Parish School Board		<u>19,464</u>
		<u>\$ 79,780</u>

Note 4. Interfund Balances

Interfund balances at June 30, 2017 consist of the following:

	Due From		
	General	Other	
	Fund	Governmental Fund	Total
Due to:			
Combined Utilities Fund	<u>\$10,075</u>	<u>\$ 100</u>	<u>\$10,175</u>

These balances resulted from the time lag between the dates that (1) reimbursable expenditures or expenses, as appropriate, occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated –				
Construction in progress	\$ 70,283	\$ -	\$ (70,283)	\$ -
Land	<u>30,128</u>	<u>-</u>	<u>-</u>	<u>30,128</u>
Total capital assets not being depreciated	<u>\$ 100,411</u>	<u>\$ -</u>	<u>\$ (70,283)</u>	<u>\$ 30,128</u>
Capital assets being depreciated –				
Buildings and improvements	\$ 1,042,916	\$ 70,283	\$ -	\$ 1,113,199
Machinery and equipment	299,917	11,847	-	311,764
Infrastructure	<u>819,998</u>	<u>-</u>	<u>-</u>	<u>819,998</u>
Total capital assets being depreciated	<u>\$ 2,162,831</u>	<u>\$ 82,130</u>	<u>\$ -</u>	<u>\$ 2,244,961</u>
Less accumulated depreciation for –				
Buildings and improvements	\$ (203,967)	\$ (34,165)	\$ -	\$ (238,132)
Machinery and equipment	(265,971)	(9,107)	-	(275,078)
Infrastructure	<u>(264,741)</u>	<u>(18,176)</u>	<u>-</u>	<u>(282,917)</u>
Total accumulated depreciation	<u>\$ (734,679)</u>	<u>\$ (61,448)</u>	<u>\$ -</u>	<u>\$ (796,127)</u>
Total capital assets being depreciated, net	<u>\$ 1,428,152</u>	<u>\$ 20,682</u>	<u>\$ -</u>	<u>\$ 1,448,834</u>
Governmental activities capital assets, net	<u>\$ 1,528,563</u>	<u>\$ 20,682</u>	<u>\$ (70,283)</u>	<u>\$ 1,478,962</u>

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated –				
Land	\$ 26,844	\$ -	\$ -	\$ 26,844
Capital assets being depreciated –				
Buildings and improvements	\$ 59,578	\$ -	\$ -	\$ 59,578
Machinery and equipment	141,714	-	-	141,714
Gas and sewer distribution systems	1,897,836	12,395	-	1,910,231
Water treatment system	<u>2,597,242</u>	<u>1,568</u>	<u>-</u>	<u>2,598,810</u>
Total capital assets being depreciated	<u>\$ 4,696,370</u>	<u>\$ 13,963</u>	<u>\$ -</u>	<u>\$ 4,710,333</u>
Less accumulated depreciation for –				
Buildings and improvements	\$ (39,341)	\$ (2,288)	\$ -	\$ (41,629)
Machinery and equipment	(114,078)	(7,045)	-	(121,123)
Gas and sewer distribution systems	(1,382,317)	(57,554)	-	(1,439,871)
Water treatment system	<u>(1,441,196)</u>	<u>(74,157)</u>	<u>-</u>	<u>(1,515,353)</u>
Total accumulated depreciation	<u>\$(2,976,932)</u>	<u>\$(141,044)</u>	<u>\$ -</u>	<u>\$(3,117,976)</u>
Total capital assets being depreciated, net	<u>\$ 1,719,438</u>	<u>\$(127,081)</u>	<u>\$ -</u>	<u>\$ 1,592,357</u>
Business-type activities capital assets, net	<u>\$ 1,746,282</u>	<u>\$(127,081)</u>	<u>\$ -</u>	<u>\$ 1,619,201</u>

Depreciation expense for the year ended June 30, 2017 was charged as follows:

Governmental activities:	
General government	\$ 28,160
Public safety	2,136
Public works	25,726
Culture and recreation	<u>5,426</u>
Total governmental activities depreciation expense	<u>\$ 61,448</u>
Business-type activities:	
Gas, water and sewer	<u>\$ 141,044</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Revenue Bonds: The Town has issued bonds which are payable from a specific revenue source, income derived from the proprietary fund. Proceeds were used to construct and acquire additions, extensions, and improvements to the sewerage system. These bonds, expected to be paid from the Combined Utility Fund (enterprise fund), are reported in that fund.

Long-term debt outstanding at June 30, 2017 is as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>	<u>Due Within One Year</u>
Business-type activities:					
Sewer Revenue Bonds –					
Series 1997A	04/06/98	04/06/38	4.75%	\$ 441,530	13,247
Series 1997B	04/06/98	04/06/38	4.75%	<u>71,042</u>	<u>2,130</u>
				<u>\$ 512,572</u>	<u>\$ 15,377</u>

The annual debt service requirements to maturity of all long-term debt outstanding at June 30, 2017 follow:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	15,377	24,115	39,492
2019	16,124	23,369	39,493
2020	16,906	22,586	39,492
2021	17,727	21,765	39,492
2022	18,588	20,904	39,492
2023-2027	107,384	90,076	197,460
2028-2032	136,106	61,354	197,460
2033-2037	172,512	24,948	197,460
2038	<u>11,848</u>	<u>147</u>	<u>11,995</u>
	<u>\$512,572</u>	<u>\$289,264</u>	<u>\$801,836</u>

A summary of changes in long-term debt reported in the government-wide financial statements for the year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-type activities:				
Sewer Revenue Bonds -				
Series 1997A	\$ 454,246	\$ -	\$ (12,716)	\$441,530
Series 1997B	<u>73,086</u>	<u>-</u>	<u>(2,044)</u>	<u>71,042</u>
	<u>\$ 527,332</u>	<u>\$ -</u>	<u>\$ (14,760)</u>	<u>\$512,572</u>

NOTES TO FINANCIAL STATEMENTS

Interest costs incurred and charged to expense for the year ended June 30, 2017 totaled \$24,618, all of which is reported as a direct expense of the applicable activity for the business-type activities.

Note 7. Flow of Funds; Restrictions on Use

Sewer Revenues:

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated April 6, 1998, all income and revenues (hereinafter referred to as revenue) earned from the operation of the sewer system are to be deposited into an account designated as the Sewer Revenue Account and said account is to be maintained and administered in the following order of priority and for the following express purposes:

- a) The payment of all reasonable and necessary expenses of administering, operating, and maintaining the sewer system from an account designated as the Maintenance and Operation Account.
- b) Each month there will be set aside into a Sewer Revenue Bond and Interest Sinking Account \$2,835 for payment on the Sewer Revenue Bonds, Series 1997A and \$456 for payment on the Sewer Revenue Bonds, Series 1997B. Such transfers shall be made on or before the 6th day of each month, beginning May 6, 1999, to assure the prompt payment of principal and interest installments as they become due. The balance as of June 30, 2017 was \$20,589 in the Sewer Revenue Bond and Interest Sinking Account.
- c) Each month, there shall be set aside into a Sewer Revenue Bond Reserve Account an amount constituting 5% of the amounts required to be paid into the aforesaid Sewer Revenue Bond and Interest Sinking Account until such time as there has been accumulated in the account an amount equal to the highest annual debt service payable in any future year (\$39,492). The amount transferred into the Sewer Revenue Bond Reserve Account for the year ended June 30, 2017 was \$1,980. The balance as of June 30, 2017 was \$36,300 in the Sewer Revenue Bond Reserve Account.
- d) Funds will be set aside into a Sewer Revenue Bond Depreciation and Contingency Account to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the utilities system. Transfers of \$172 shall be made monthly into this fund. Payments will continue as long as bonds are outstanding and the balance in this fund shall not be reduced without the permission of the U.S. Department of Rural Development. The balance as of June 30, 2017 was \$37,840 in the Sewer Revenue Bond Depreciation and Contingency Account.

All required transfers were made for the year ended June 30, 2017.

Note 8. Dedication of Sales and Use Tax Proceeds

The proceeds of the 1967 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining sewers and sewage disposal works, a natural gas transmission and distribution system, drainage facilities, streets, waterworks, recreational facilities, public parks, public buildings, and fire department stations and equipment, including fire engines, garbage collection, and disposal facilities.

NOTES TO FINANCIAL STATEMENTS

The proceeds of the 1991 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

- a) Constructing, acquiring, improving, maintaining, and operating sewers and sewage disposal works, including the acquisition of land and equipment for such purpose.
- b) Constructing, acquiring, improving, maintaining, and operating any work of permanent public improvement.

Sales taxes recognized in the governmental fund financial statements under the modified accrued basis of accounting totaled \$230,561, while the amount recognized in the government-wide financial statements under the full accrual basis of accounting totaled \$230,862.

Note 9. Interfund Transfers

Interfund transfers for the year ended June 30, 2017 consist of the following:

	Transfers From		
	Sales Tax	Combined Utilities	
	Fund	Fund	Total
Transfers to:			
General Fund	\$ 66,891	\$ 12,596	\$ 79,487
Combined Utilities Fund	153,634	-	153,634
Total	220,525	\$ 12,596	\$233,121

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town purchases commercial insurance to cover any claims related to these risks.

Note 11. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Town's name. As of June 30, 2017 and 2016, the Town had \$1,025,258 and \$890,553, respectively, of deposits with financial institutions for which securities were pledged to cover the excess over Federal Depository Insurance Coverage.

NOTES TO FINANCIAL STATEMENTS

Note 12. Contingencies

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

Note 13. Compensation of Elected Officials

A detail of compensation paid to individual elected officials for the year ended June 30, 2017 follows:

Julia Granger, Mayor	\$11,400
James Bertrand	3,300
Cody Leckelt	3,300
Troy Lantz	3,300
Warren Pousson	3,300
Brenda Prather	<u>3,300</u>
Total	<u>\$27,900</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes –				
Property	\$128,135	\$121,150	\$122,030	\$ 880
Electric franchise	70,000	65,000	55,919	(9,081)
Telephone franchise	1,500	1,200	1,507	307
Cable TV franchise	<u>11,000</u>	<u>13,000</u>	<u>13,081</u>	<u>81</u>
Total taxes	<u>\$210,635</u>	<u>\$200,350</u>	<u>\$192,537</u>	<u>\$ (7,813)</u>
Licenses and permits –				
Occupational licenses	\$ 17,000	\$ 14,000	\$ 14,100	\$ 100
Insurance licenses	34,000	42,000	44,723	2,723
Liquor licenses	700	500	500	-
Building permits	<u>1,500</u>	<u>1,500</u>	<u>1,531</u>	<u>31</u>
Total licenses and permits	<u>\$ 53,200</u>	<u>\$ 58,000</u>	<u>\$ 60,854</u>	<u>\$ 2,854</u>
Intergovernmental –				
Alcoholic beverage tax	\$ 2,500	\$ 2,200	\$ 2,180	\$ (20)
State highway maintenance fees	5,050	5,050	5,050	-
Video poker machine fees	2,500	2,800	2,782	(18)
Grants:				
Federal	<u>21,700</u>	<u>84,600</u>	<u>48,037</u>	<u>(36,563)</u>
Total intergovernmental	<u>\$ 31,750</u>	<u>\$ 94,650</u>	<u>\$ 58,049</u>	<u>\$ (36,601)</u>
Charges for services	<u>\$ 4,500</u>	<u>\$ 19,500</u>	<u>\$ 19,593</u>	<u>\$ 93</u>
Fines and forfeits	<u>\$ 15,500</u>	<u>\$ 30,150</u>	<u>\$ 30,792</u>	<u>\$ 642</u>
Investment income	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 14</u>
Miscellaneous	<u>\$ 1,100</u>	<u>\$ 950</u>	<u>\$ 1,930</u>	<u>\$ 980</u>
Total revenues	<u>\$316,735</u>	<u>\$403,600</u>	<u>\$363,769</u>	<u>\$ (39,831)</u>

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

GENERAL FUND

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures:				
Current –				
General government:				
Salaries and wages	\$ 28,000	\$ 28,000	\$ 27,900	\$ 100
Payroll taxes	2,000	2,400	2,525	(125)
Telephone and utilities	11,300	10,350	8,584	1,766
Repairs and maintenance	1,500	2,500	3,358	(858)
Printing and postage	3,200	2,550	2,334	216
Insurance	18,000	18,000	13,694	4,306
Professional services	7,000	6,500	7,601	(1,101)
Travel and training	1,500	3,000	3,612	(612)
Collection fees	1,100	980	1,342	(362)
Miscellaneous	<u>1,200</u>	<u>780</u>	<u>1,684</u>	<u>(904)</u>
Total general government	<u>\$ 74,800</u>	<u>\$ 75,060</u>	<u>\$ 72,634</u>	<u>\$ 2,426</u>
Public safety:				
Salaries and wages	\$115,000	\$115,000	\$ 131,369	\$ (16,369)
Payroll taxes	13,000	8,800	10,215	(1,415)
Auto lease	7,300	8,200	7,678	522
Materials and supplies	3,250	12,680	3,723	8,957
Telephone	2,500	2,800	2,789	11
Insurance	18,500	20,000	20,290	(290)
Auto expenses	15,000	13,000	10,724	2,276
Travel and training	1,300	1,100	1,085	15
Auxiliary police expenses	3,000	1,650	145	1,505
Uniforms	3,800	1,050	1,033	17
Miscellaneous	<u>5,650</u>	<u>16,615</u>	<u>13,871</u>	<u>2,744</u>
Total public safety	<u>\$188,300</u>	<u>\$200,895</u>	<u>\$ 202,922</u>	<u>\$ (2,027)</u>
Public works:				
Materials and supplies	\$ 24,500	\$ 17,710	\$ 16,847	\$ 863
Telephone and utilities	22,800	20,800	19,416	1,384
Repairs and maintenance	8,600	6,290	6,245	45
Insurance	10,000	10,000	8,365	1,635
Professional services	-	900	-	900
Miscellaneous	<u>1,500</u>	<u>400</u>	<u>30</u>	<u>370</u>
Total public works	<u>\$ 67,400</u>	<u>\$ 56,100</u>	<u>\$ 50,903</u>	<u>\$ 5,197</u>

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Culture and recreation:				
Utilities	\$ 3,000	\$ 1,900	\$ 2,718	\$ (818)
Capital outlay	\$ -	\$ 550	\$ 11,847	\$ (11,297)
Total expenditures	<u>\$333,500</u>	<u>\$334,505</u>	<u>\$ 341,024</u>	<u>\$ (6,519)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (16,765)</u>	<u>\$ 69,095</u>	<u>\$ 22,745</u>	<u>\$ (46,350)</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 79,487	\$ 79,487
Net change in fund balance	\$(16,765)	\$ 69,095	\$ 102,232	\$ 33,137
Fund balance, beginning	<u>252,201</u>	<u>214,230</u>	<u>214,230</u>	<u>-</u>
Fund balance, ending	<u>\$235,436</u>	<u>\$283,325</u>	<u>\$ 316,462</u>	<u>\$ 33,137</u>

See Notes to Budgetary Comparison Schedules.

TOWN OF IOTA, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE
 SALES TAX FUND
 Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes –				
Sales taxes	\$ 225,000	\$ 235,000	\$ 230,561	\$ (4,439)
Investment income	<u>400</u>	<u>300</u>	<u>401</u>	<u>101</u>
Total revenues	<u>\$ 225,400</u>	<u>\$ 235,300</u>	<u>\$ 230,962</u>	<u>\$ (4,338)</u>
Expenditures:				
Current –				
General government:				
Collection fees	\$ 4,500	\$ 3,700	\$ 3,684	\$ 16
Professional services	7,000	6,500	6,167	333
Insurance	5,600	-	-	-
Registration and membership fees	<u>5,000</u>	<u>1,725</u>	<u>-</u>	<u>1,725</u>
Total general government	<u>\$ 22,100</u>	<u>\$ 11,925</u>	<u>\$ 9,851</u>	<u>\$ 2,074</u>
Public works:				
Professional services	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital outlay	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ 230</u>
Total expenditures	<u>\$ 22,100</u>	<u>\$ 12,155</u>	<u>\$ 9,851</u>	<u>\$ 2,304</u>
Excess of revenues over expenditures	<u>\$ 203,300</u>	<u>\$ 223,145</u>	<u>\$ 221,111</u>	<u>\$ (2,034)</u>
Other financing uses:				
Transfers out	<u>\$(100,000)</u>	<u>\$(137,000)</u>	<u>\$(220,525)</u>	<u>\$ (83,525)</u>
Net change in fund balance	\$ 103,300	\$ 86,145	\$ 586	\$ (85,559)
Fund balance, beginning	<u>877,941</u>	<u>873,986</u>	<u>873,986</u>	<u>-</u>
Fund balance, ending	<u>\$ 981,241</u>	<u>\$ 960,131</u>	<u>\$ 874,572</u>	<u>\$ (85,559)</u>

See Notes to Budgetary Comparison Schedules.

TOWN OF IOTA, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budgets and Budgetary Accounting

The Town of Iota, Louisiana uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The department heads submit a proposed operating budget for the ensuing year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of a resolution.
4. An amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Board of Aldermen.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final budget.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations. The following individual funds had actual expenditures in excess of appropriations for the year ended June 30, 2017.

	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Deficiency</u>
General Fund	\$333,500	\$334,505	\$341,024	\$ (6,519)

OTHER SUPPLEMENTARY INFORMATION

TOWN OF IOTA, LOUISIANA

SCHEDULE OF INSURANCE IN FORCE

June 30, 2017

<u>Insurer</u>	<u>Assets Covered</u>
Liberty Mutual Insurance	Town Hall and improvements
Liberty Mutual Insurance	Water system and improvements
Liberty Mutual Insurance	Equipment warehouses
Liberty Mutual Insurance	Sewer system and improvements
Louisiana Municipal Risk Management Agency	Law enforcement officers' and public officials' liability
Louisiana Municipal Risk Management Agency	Municipal employees
Louisiana Municipal Risk Management Agency	Automobile liability
Louisiana Municipal Risk Management Agency	General liability
Williams Insurance	Mayor, Clerk, Tax Collector, and Secretary
Williams Insurance	Mayor
Williams Insurance	Clerk
Williams Insurance	Secretary
Lloyd's/Lane & Associates	Automobiles

Schedule 1

<u>Risk Covered</u>	<u>Limits Coverage</u>	<u>Co-Insurance Clause</u>	<u>Expiration Date</u>
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 743,266	80%	04-12-18
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$1,306,686	80%	04-12-18
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 110,901	80%	04-12-18
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 799,970	80%	04-12-18
Bond	\$ 500,000 each	-	05-01-20
Worker's compensation and employer's liability	Statutory	-	05-01-20
Comprehensive collision	\$ 500,000	-	05-01-20
Fire, medical payments, property damage	\$ 500,000	-	05-01-20
Bond	\$ 120,000 (Aggregate Total)	-	10-16-17
Bond	\$ 20,000	-	12-09-17
Bond	\$ 20,000	-	10-28-17
Bond	\$ 20,000	-	11-18-17
Commercial automotive physical damage	Total loss endorsement	-	07-23-17

TOWN OF IOTA, LOUISIANA
 SCHEDULE OF UTILITY RATES
 PROPRIETARY FUND
 COMBINED UTILITIES FUND
 June 30, 2017

Gas (Effective June 26, 2008)

0-200 cubic feet
 Over 200 cubic feet

Residential
 and Commercial
 \$ 8.50/month
 \$.80 per 100
 cubic feet
 or part
 thereof

Industrial

Water Well/Drier

\$ 8.50/month
 \$.58 per 100
 cubic feet
 or part
 thereof

Water Well-15 oz.

\$ 8.50/month
 \$.80 per 100
 cubic feet
 or part
 thereof

Sewer (Effective February 26, 2013)

Based on water sold:

First 2,000 gallons
 Over 2,000 gallons

Residential

\$ 12.50/month
 \$ 3.00 per 1,000
 gallons or each
 part thereof

Commercial

\$ 13.00/month
 \$ 3.25 per 1,000
 gallons or each
 part thereof

Water (Effective February 26, 2013)

First 2,000 gallons
 Over 2,000 gallons

\$ 14.00/month
 \$ 3.50 per 1,000
 gallons or each
 part thereof

In Town

\$ 15.00/month
 \$ 5.00 per 1,000
 gallons or each
 part thereof

Out of Town

\$ 17.50/month
 \$ 4.00 per 1,000
 gallons or each
 part thereof

\$ 15.00/month
 \$ 5.00 per 1,000
 gallons or each
 part thereof

TOWN OF IOTA, LOUISIANA
SCHEDULE OF CUSTOMERS
PROPRIETARY FUND
COMBINED UTILITIES FUND
June 30, 2017

<u>Type of Customer</u>	<u>Gas</u>	<u>Sewer</u>	<u>Water</u>
Residential	278	491	540
Commercial	31	81	101
Schools	<u>6</u>	<u>8</u>	<u>3</u>
Total customers	<u>315</u>	<u>580</u>	<u>644</u>

TOWN OF IOTA, LOUISIANA

SCHEDULES OF ALLOCATED ASSETS, LIABILITIES AND NET POSITION

PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
 June 30, 2017 and 2016

	2017			2016				
	Total	Gas	Water	Sewer	Total	Gas	Water	Sewer
ASSETS								
CURRENT ASSETS								
Cash	\$ 80,498	\$ 20,264	\$ 36,451	\$ 23,783	\$ 46,497	\$ 11,154	\$ 22,456	\$ 12,887
Accounts receivable	37,437	10,482	15,350	11,605	36,900	10,701	15,129	11,070
Unbilled service receivable	8,799	2,464	3,607	2,728	10,526	3,053	4,315	3,158
Other receivables	-	-	-	-	9,418	2,731	3,862	2,825
Due from other funds	10,175	2,849	4,172	3,154	11,350	3,292	4,653	3,405
Due from other governmental agencies	15,326	-	15,326	-	-	-	-	-
Inventories, at cost	18,180	5,090	7,454	5,636	18,531	5,374	7,598	5,559
Total current assets	<u>\$ 170,415</u>	<u>\$ 41,149</u>	<u>\$ 82,360</u>	<u>\$ 46,906</u>	<u>\$ 133,222</u>	<u>\$ 36,305</u>	<u>\$ 58,013</u>	<u>\$ 38,904</u>
RESTRICTED ASSETS								
Cash	\$ 154,409	\$ -	\$ 61,028	\$ 93,381	\$ 150,650	\$ -	\$ 61,312	\$ 89,338
Certificates of deposit	46,411	-	46,411	-	46,317	-	46,317	-
Total restricted assets	<u>\$ 200,820</u>	<u>\$ -</u>	<u>\$ 107,439</u>	<u>\$ 93,381</u>	<u>\$ 196,967</u>	<u>\$ -</u>	<u>\$ 107,629</u>	<u>\$ 89,338</u>
CAPITAL ASSETS								
Non-depreciable	\$ 26,844	\$ 7,516	\$ 11,006	\$ 8,322	\$ 26,844	\$ 7,785	\$ 11,006	\$ 8,053
Depreciable, net	1,592,357	245,972	1,099,258	247,127	1,719,438	271,642	1,175,674	272,122
Total capital assets	<u>\$ 1,619,201</u>	<u>\$ 253,488</u>	<u>\$ 1,110,264</u>	<u>\$ 255,449</u>	<u>\$ 1,746,282</u>	<u>\$ 279,427</u>	<u>\$ 1,186,680</u>	<u>\$ 280,175</u>
Total assets	<u>\$ 1,990,436</u>	<u>\$ 294,637</u>	<u>\$ 1,300,063</u>	<u>\$ 395,736</u>	<u>\$ 2,076,471</u>	<u>\$ 315,732</u>	<u>\$ 1,352,322</u>	<u>\$ 408,417</u>

TOWN OF IOTA, LOUISIANA

SCHEDULES OF ALLOCATED ASSETS, LIABILITIES AND NET POSITION - CONTINUED
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 June 30, 2017 and 2016

	2017			2016				
	Total	Gas	Water	Sewer	Total	Gas	Water	Sewer
LIABILITIES AND NET POSITION								
CURRENT LIABILITIES								
Accounts payable	\$ 24,175	\$ 9,769	\$ 9,912	\$ 7,494	\$ 24,719	\$ 7,169	\$ 10,134	\$ 7,416
Accrued liabilities	1,534	-	-	1,534	1,647	-	-	1,647
Other liabilities	1,366	382	561	423	898	260	369	269
Total current liabilities (payable from current assets)	\$ 27,075	\$ 7,151	\$ 10,473	\$ 9,451	\$ 27,264	\$ 7,429	\$ 10,503	\$ 9,332
CURRENT LIABILITIES								
Revenue bonds payable	\$ 15,377	\$ -	\$ -	\$ 15,377	\$ 14,665	\$ -	\$ -	\$ 14,665
Customers' deposits	107,438	-	107,438	-	107,438	-	107,630	-
Total current liabilities (payable from restricted assets)	\$ 122,815	\$ -	\$ 107,438	\$ 15,377	\$ 122,295	\$ -	\$ 107,630	\$ 14,665
NONCURRENT LIABILITIES								
Revenue bonds payable	\$ 497,194	\$ -	\$ -	\$ 497,194	\$ 512,667	\$ -	\$ -	\$ 512,667
Total liabilities	\$ 6,47,084	\$ 7,151	\$ 117,911	\$ 522,022	\$ 662,226	\$ 7,429	\$ 118,133	\$ 536,664
NET POSITION								
Net investment in capital assets	\$1,106,630	\$253,488	\$1,110,264	\$(257,122)	\$1,218,950	\$279,427	\$1,186,680	\$(247,157)
Restricted for debt service	91,847	-	(1,348)	93,195	87,690	-	(1,348)	89,038
Unrestricted	144,875	33,998	73,236	37,641	107,605	28,876	48,857	29,872
Total net position	\$1,343,352	\$287,486	\$1,182,152	\$(126,286)	\$1,414,245	\$308,303	\$1,234,189	\$(128,247)
Total liabilities and net position	\$1,990,436	\$294,637	\$1,300,063	\$ 395,736	\$2,076,471	\$315,732	\$1,352,322	\$ 408,417

TOWN OF IOTA, LOUISIANA

SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES

BY DEPARTMENT

COMBINED UTILITIES FUND

Year Ended June 30, 2017

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:				
Sales	\$147,728	\$216,661	\$159,626	\$ 524,015
Operating grant	-	-	15,326	15,326
Miscellaneous	<u>5,379</u>	<u>7,877</u>	<u>5,956</u>	<u>19,212</u>
Total operating revenues	<u>\$153,107</u>	<u>\$224,538</u>	<u>\$180,908</u>	<u>\$ 558,553</u>
Operating expenses:				
Salaries and wages	\$ 67,888	\$ 99,407	\$ 75,161	\$ 242,456
Payroll taxes	4,558	6,675	5,047	16,280
Gas purchases	68,181	-	-	68,181
Material and supplies	6,689	22,637	10,895	40,221
Fuel	2,598	3,805	2,877	9,280
Telephone and utilities	1,506	14,646	10,719	26,871
Depreciation	2,613	77,984	60,447	141,044
Repairs and maintenance	14,420	10,838	53,492	78,750
Printing, postage and supplies	1,250	1,829	1,384	4,463
Insurance	22,544	33,011	24,960	80,515
Truck expenses	849	1,244	940	3,033
Professional services	3,094	4,531	3,426	11,051
Travel and training	1,189	1,742	1,317	4,248
Uniforms	2,125	3,112	2,353	7,590
Other	<u>3,358</u>	<u>4,918</u>	<u>3,718</u>	<u>11,994</u>
Total operating expenses	<u>\$202,862</u>	<u>\$286,379</u>	<u>\$256,736</u>	<u>\$ 745,977</u>
Operating loss	<u>\$(49,755)</u>	<u>\$(61,841)</u>	<u>\$(75,828)</u>	<u>\$(187,424)</u>

TOWN OF IOTA, LOUISIANA

SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES
BY DEPARTMENT
COMBINED UTILITIES FUND
Year Ended June 30, 2016

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Sales	\$159,416	\$222,073	\$161,754	\$ 543,243
Miscellaneous	<u>3,909</u>	<u>5,528</u>	<u>4,044</u>	<u>13,481</u>
Total operating revenues	<u>\$163,325</u>	<u>\$227,601</u>	<u>\$165,798</u>	<u>\$ 556,724</u>
Operating expenses:				
Salaries and wages	\$ 62,471	\$ 88,320	\$ 64,625	\$ 215,416
Payroll taxes	4,779	6,756	4,944	16,479
Gas purchases	62,176	-	-	62,176
Material and supplies	1,064	32,948	16,645	50,657
Fuel	2,648	3,743	2,739	9,130
Telephone and utilities	1,547	15,630	11,049	28,226
Depreciation	2,694	74,409	58,195	135,298
Repairs and maintenance	4,985	52,902	16,514	74,401
Printing, postage and supplies	1,503	2,124	1,555	5,182
Insurance	18,883	26,697	19,534	65,114
Truck expenses	900	1,272	931	3,103
Professional services	2,917	4,125	3,018	10,060
Travel and training	1,132	1,601	1,171	3,904
Uniforms	1,673	2,366	1,731	5,770
Other	<u>2,539</u>	<u>3,590</u>	<u>2,627</u>	<u>8,756</u>
Total operating expenses	<u>\$171,911</u>	<u>\$316,483</u>	<u>\$205,278</u>	<u>\$ 693,672</u>
Operating loss	<u>\$ (8,586)</u>	<u>\$ (88,882)</u>	<u>\$(39,480)</u>	<u>\$(136,948)</u>

TOWN OF IOTA, LOUISIANA

SCHEDULE OF AGED ACCOUNTS RECEIVABLE

PROPRIETARY FUND

COMBINED UTILITIES FUND

Year Ended June 30, 2017

0 - 30 days	\$ 38,781
31 - 60 days	(935)
61 - 90 days	22
91 - 120 days	(113)
Over 120 days	<u>(318)</u>
	<u>\$ 37,437</u>

TOWN OF IOTA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
Year Ended June 30, 2017

Agency Head: Julia M. Granger, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	<u>\$ 11,400</u>

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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 Julia M. Granger, Mayor,
and the Board of Aldermen
Town of Iota, 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, each major fund, and the aggregate remaining fund information of the Town of Iota, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Iota, Louisiana's basic financial statements and have issued our report thereon dated December 21, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Iota, Louisiana's internal control over financial reporting (internal control) to determine the 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 the Town of Iota, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Iota, 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 questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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 Town of Iota, Louisiana's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs at #2017-1 to be a material weakness.

Compliance and Other Matters

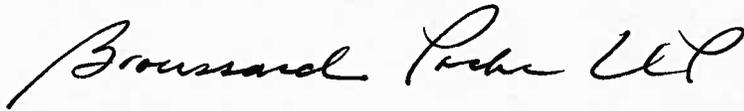
As part of obtaining reasonable assurance about whether the Town of Iota, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs at #2017-2.

Town of Iota, Louisiana's Response to Findings

The Town of Iota, Louisiana's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Town of Iota, Louisiana'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose, however, this report is a matter of public record and its distribution is not limited.



Lafayette, Louisiana
December 21, 2017

TOWN OF IOTA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified X Yes ___ No
- Significant deficiencies identified that are not considered to be material weaknesses ___ Yes X No

Noncompliance material to financial statements noted? X Yes ___ No

Section II. Financial Statement Findings

#2017-1 Segregation of Duties

Condition: The Town does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. This condition was also included in the 2016 audit as item #2016-1.

Criteria: An effective system of internal control requires a proper segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The Town has a limited number of employees within the accounting department.

Effect: Ineffective system of internal controls over financial reporting.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response: We have segregated duties as much as possible with the resources available. We will continue to monitor the situation.

#2017-2 Budget Violation

Condition: For the year ended June 30, 2017, actual revenues fell short of the final budgeted revenues in the General Fund by 11%.

Criteria: LA R.S. 39:1301 – 1315 requires political subdivisions of the state with a general fund or special revenue fund to timely amend the budget when actual revenues are less than budgeted revenues by 5% or more or actual expenditures exceed budgeted expenditures by 5% or more.

Cause: The Town did not properly amend the budget.

Effect: Actual revenues in the General Fund were below budgeted revenues by more than 5%.

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance.

Response: The budget will be monitored to ensure compliance with State law.

Section III.

Federal Award Findings and Questioned Costs

None reported.

TOWN OF IOTA, LOUISIANA
SCHEDULE OF PRIOR FINDINGS
Year Ended June 30, 2017

Section I. Internal Control and Compliance Material to the Financial Statements

#2016-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: This finding is repeated in the current year at #2017-1. The Town has provided as much segregation as possible with the resources available.

#2016-2 Budget Violation

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance.

Current Status: This finding is repeated in the current year at #2017-2.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2016.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Julia Mariette Granger, Mayor
and the Board of Aldermen
Town of Iota
Iota, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Town of Iota (Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a. Budgeting, including preparing, adopting, monitoring, and amending the budget.

We obtained a copy of their budgeting policy effective for the fiscal year ended June 30, 2017. Items noted above are addressed by the policy.

- b. Purchasing: including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

We obtained a copy of their purchasing policy effective for the fiscal year ended June 30, 2017. Items noted above are addressed by the policy, with the exception of how vendors are added to the vendor list.

- c. Disbursements, including processing, reviewing, and approving

We obtained a copy of their disbursements policy effective for the fiscal year ended June 30, 2017. Items noted above are addressed by the policy.

- d. Receipts, including receiving, recording, and preparing deposits.

There was no written policy that addressed the above items.

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

There was no written policy that addressed the above items.

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

We obtained a copy of their contracting policy effective for the fiscal year ended June 30, 2017. Items noted above are addressed by the policy.

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

There was no written policy that addressed the above items.

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

We obtained a copy of their travel and expense reimbursement policy effective for the fiscal year ended June 30, 2017. Items noted above are addressed by the policy, with the exception of dollar thresholds by category of expense.

- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

We obtained a copy of their ethics policy effective for the fiscal year ended June 30, 2017. Items noted above are addressed by the policy, with the exception of actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations, and a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

The client did not have a written policy that addressed the above items.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a. Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charters, or other equivalent document.

The managing board met once a month during fiscal year 2017.

- b. Report whether the minutes reference or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity prior audit (GAAP-basis).

The minutes did not reference or include a monthly budget-to-actual comparison on the General Fund. Per discussion with client, budget-to-actual comparisons are only presented if the Board asks. Budget-to-actual comparisons are reviewed by the town clerk and the Mayor on a quarterly basis.

- i. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Budget-to-actual comparisons were not done though out the year unless requested. No funds have deficit fund balances.

- c. Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes did reference and include non-budgetary financial information.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a listing of all bank accounts.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if no more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a. Bank reconciliations have been prepared;

Per review of the list of bank accounts, five were selected to test. No exceptions noted.

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Bank reconciliations selected above did not include evidence that they were reviewed by a member of management or board member.

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Per review of year end bank reconciliation for each account tested, we noted no items outstanding for over 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

There is only one collection location.

6. Using the listing provided by management, select all of the entity's cash collections locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection locations selected:

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Per written documentation each person responsible for collecting cash is bonded. There was no written documentation that addressed whether each person responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and not required to share the same cash register or drawer with another employee.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Per written documentation the formal process to reconcile the cash collections to the general ledger and/or subsidiary ledger is sometimes performed by the same person responsible for cash collections.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

We used the general ledger detail to pull all cash collections and selected the highest dollar week of collections for testing. All collections selected for testing were deposited within one week of collection.

- ii. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

The cash collections tested above were completely support by documentation and in agreement with deposit slip and clearance on the bank statement.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Town did not have a written policy that addressed the above items.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained the general ledger detail for the fiscal year ended June 30, 2017. We obtained management's representation that the general ledger detail was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Yes, purchases were initiated using a requisition/purchase order system.

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Yes, all purchase orders were approved by a person who did not initiate the purchase.

- c. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Yes, payments were not processed without an approved purchase order, a receiving report, if required, and an approved invoice.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The client did not have written documentation addressing the above items.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The client did not have written documentation addressing the above items.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Per inquiry of management and observation, the supply of unused checks are stored in a fire proof filing cabinet. The Town Clerk and Utility Clerk both have access to the unused checks. The Town Clerk does has signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not applicable, the Town does not have a signature stamp or machine in use.

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

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

Management provided a list of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintain possession of the cards. We obtained management's representation that the listing was complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

The Town has 2 credit card, both were selected for testing.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Yes, each monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - i. An original itemized receipt (i.e., identifies precisely what was purchased)

All transactions were supported by original itemized receipts.

- ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

All transactions had documentation of business/public purpose.

- iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

All transactions had other documentation, if applicable that may be required by written policy.

- c) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

All transactions were in compliance with the written policies and with the Louisiana public bid law.

- d) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of all travel and related expense reimbursements by employee during the fiscal year ended June 30, 2017. We obtained management's representation that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Per review of the written policies, employees traveling are required to obtain advanced approval prior to incurring any travel-related expense. Reimbursements are based on actual expenditures incurred and detailed evidence is required.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

All disbursements selected were in accordance with the written policies.

- b) Report whether each expense is supported by:

- i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

All expense reimbursements were supported by original itemized receipts.

- ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

All expense reimbursements had documentation of the business/public purpose.

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

All reimbursements included an approved expense report.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or

obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All travel and related expenses examined were approved by someone other than the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained the general ledger and sorted for contract payments. Only two contracts were in effect during the fiscal period. We obtained management's representation that the listing was complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There was a formal/written contract that supports the services arranged and amounts paid for the two contracts.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Not applicable.

- ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Yes, quotes were solicited.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Neither of the contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The payments for the contracts complied with the terms and conditions of the contracts.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Board approval was given on both contracts.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Payments made to the employees were made in strict accordance with the terms and conditions of the employment contract and/or pay rate structure found in the employees' files.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

All changes made to hourly pay rates/salaries during the fiscal period were approved by the Board and noted in the minutes. There is no written policy addressing the above items.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

We obtained attendance and leave records for all employees. We randomly selected a pay period in which leave was taken and selected one third of employees at random during that pay period for testing below.

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

Employees documented their attendance and leave by clocking in and out when they arrived and left each day.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Attendance and leave is not approved by supervisors in writing. Leave is verbally approved by the Mayor.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Yes, there are written leave records.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We obtained the listing of all terminated employees and received support for the two largest termination payments, noting they were made in strict accordance with the policy. We obtained management's representation that the listing was complete.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We viewed all payroll taxes and retirement contribution payment support made during the fiscal period, as well as the required reporting forms. All were submitted by the required deadlines to the applicable agencies.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Per inquiry they only require full time employees to complete ethics training. Per our random sample in the payroll and personnel testing above, only one of the five employees tested had documentation of ethics training. Of the four that did not have documentation, one was a part-time employee, two were police officers and one was a town employee.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Per discussion with the Town clerk, there were no alleged ethics violations in the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable, no debt issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

All required debt service payments and reserves were made or maintained in accordance with debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Per discussion with management, they did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Per observation, the entity has posted on its premises the notice required by R.S. 24:523.1. The entity does not have an official website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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.



Lafayette, Louisiana
December 21, 2017