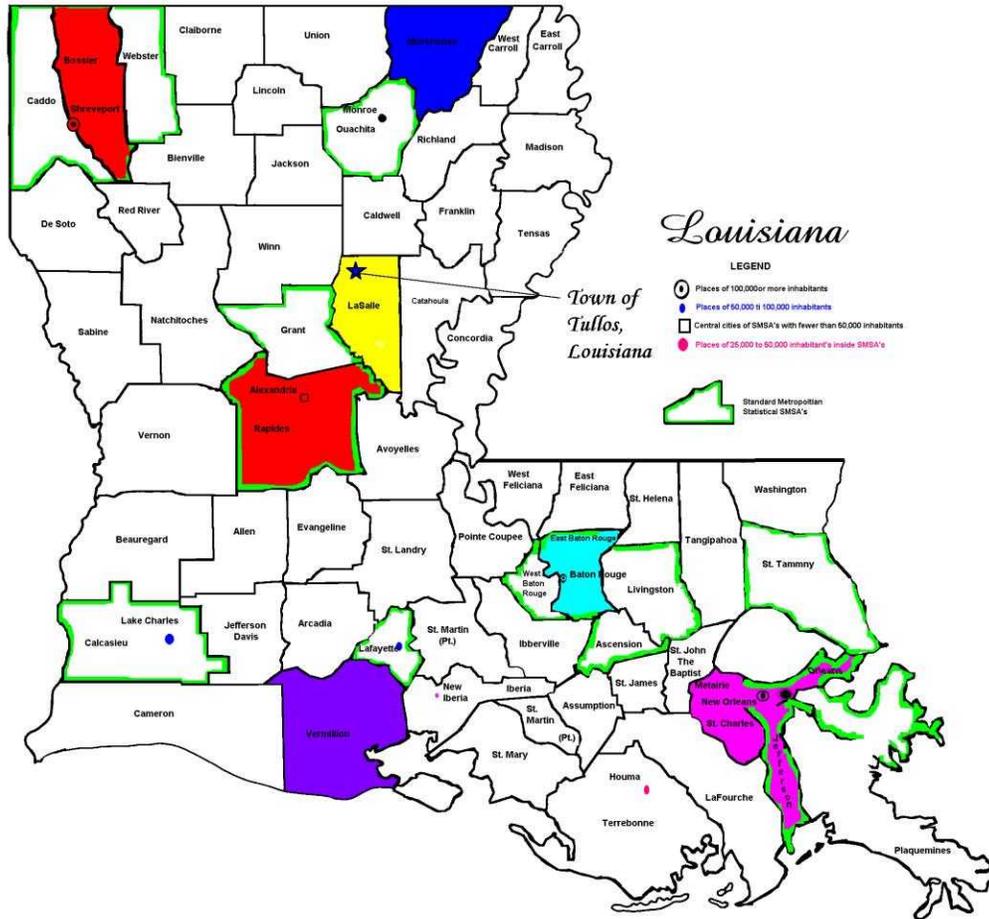


TOWN OF TULLOS, LOUISIANA

Annual Financial Statements

June 30, 2017

TOWN OF TULLOS, LOUISIANA



✓ The Town of Tullos was incorporated under the Lawrason Act, and operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

TOWN OF TULLOS, LOUISIANA
Table of Contents
June 30, 2017

	Statement	Page No.
Independent Auditor’s Report.....		1-3
Management’s Discussion & Analysis.....		4-10
Basic Financial Statements		
Statement of Net Position.....	A	12
Statement of Activities.....	B	13
Balance Sheet, Governmental Funds.....	C	14
Reconciliation of the Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	15
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	E	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	17
Statement of Net Position, Proprietary Funds.....	G	18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	H	19
Statement of Cash Flows-Proprietary Funds.....	I	20
Statement of Net Position-Fiduciary Fund.....	J	21
Notes to the Basic Financial Statements.....		22-33
Required Supplemental Information		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....		35
Other Information		
Schedule of Compensation and Other Payments to Agency Head or Chief Executive Officer.....		37
Other Reports		
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		39-40
Schedule of Findings and Questioned Cost.....		41-43
Management’s Corrective Action.....		44
Management Letter Comments.....		45
Management’s Summary of Prior Year Findings.....		46
Louisiana State-Wide Agreed Upon Procedures.....		47-58

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A**

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

Honorable Charles Newsom, Mayor
Town of Tullos
PO Box 749
Tullos, LA 71479

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Town of Tullos, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the 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.

Auditor's Responsibility

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Tullos's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and relate 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 Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017, on our consideration of the Town of Tullos's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tullos's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana

December 1, 2017

Town of Tullos

PO Box 749

Tullos, Louisiana 71479

Tel: (318) 534-6499

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Tullos's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$893,247 (*net position*). This is a \$129,954 increase from last year.
- The Town had total revenue of \$486,563 in which \$356,989 came from fines and \$50,624 came from capital contributions. This is a \$187,869 decrease from last year's revenues, mainly due to a decrease in capital contributions in the amount of \$197,847.
- The Town had total expenditures of \$429,443, which is an \$120,158 decrease from last year's. This decrease is due mainly to a decrease in capital outlay in the amount of \$154,260.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$2,191,027 (*net position*). This is a \$100,287 increase from last year.
- The Town had total revenue of \$533,923, including operating revenues of \$301,730, non-operating revenues of \$22 and capital contributions of \$232,171. This is a \$203,968 increase from last year. This increase is due mainly to an increase in capital contributions in the amount of \$194,671.
- The Town had total expenses of \$430,139. This is a \$59,370 increase from last year. An increase in the cost of sales and services in the amount of \$56,683 is the main cause of this increase.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

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

USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our accountant has provided assurance in his independent accountant's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the accountant regarding the other information included in this report. A user of this report should read the independent accountant's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2017:

	<u>2016</u>	<u>2017</u>	<u>% Change</u>
ASSETS			
Cash & Investments	\$ 126,081	\$ 188,787	49.7
Receivables	27,737	28,288	2.0
Restricted Assets	-0-	-0-	0.0
Capital Assets, Net of Accumulated Depreciation	692,754	748,650	8.1
TOTAL ASSETS	<u>846,572</u>	<u>965,725</u>	14.1
LIABILITIES & NET POSITION			
Accounts, Salaries, & Other Payables	9,124	11,764	28.9
Notes Payable – Current	13,441	14,198	5.6
Notes Payable – Non Current	60,714	46,516	-23.4
TOTAL LIABILITIES	<u>83,279</u>	<u>72,478</u>	-13.0
NET POSITION			
Net Investment in Capital Assets	618,599	687,936	11.2
Restricted	9,437	1,781	-81.1
Unrestricted	135,257	203,530	50.5
TOTAL NET POSITION	<u>\$ 763,293</u>	<u>\$ 893,247</u>	17.0

MD&A

GOVERNMENTAL FUNDS

Comparative Changes in Fund Balances

The following table reflects the Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2017:

	<u>2016</u>	<u>2017</u>	<u>% Change</u>
REVENUES			
Fees & Charges	\$ 54,168	\$ 53,384	-1.4
Taxes	18,153	19,601	8.0
Fines	335,910	356,989	6.3
Mowing Fees	333	-0-	-100.0
Intergovernmental – Capital Grants	248,471	50,624	-79.6
Other	17,397	5,965	-65.7
TOTAL REVENUES	<u>674,432</u>	<u>486,563</u>	-27.9
EXPENDITURES			
General & Administrative	28,760	36,542	27.1
Operations	93,949	90,082	-4.1
Police Expense	160,003	191,607	19.8
Debt Service	18,418	17,001	-7.7
Capital Outlay	248,471	94,211	-62.1
TOTAL EXPENDITURES	<u>549,601</u>	<u>429,443</u>	-21.9
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>124,831</u>	<u>57,120</u>	-54.2
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>1,997</u>	<u>3,497</u>	75.1
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,997</u>	<u>3,497</u>	75.1
NET CHANGE IN FUND BALANCE	126,828	60,617	-52.2
FUND BALANCES--BEGINNING	<u>17,866</u>	<u>144,694</u>	709.9
FUND BALANCES--ENDING	<u>\$ 144,694</u>	<u>\$ 205,311</u>	41.9

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2017:

	<u>2016</u>	<u>2017</u>	<u>% Change</u>
ASSETS			
Cash	\$ 54,292	\$ 113,068	108.3
Receivables	24,498	25,023	2.1
Restricted Assets	20,465	24,137	17.9
Capital Assets, Net of Accumulated Depreciation	2,373,396	2,511,611	5.8
TOTAL ASSETS	<u>2,472,651</u>	<u>2,673,839</u>	8.1
 LIABILITIES AND NET POSITION			
Accounts, Salaries, & Other Payables	6,120	103,349	1,588.7
Customer Deposits	20,465	24,137	17.9
URAF Funding	355,326	355,326	0.0
TOTAL LIABILITIES	<u>381,911</u>	<u>482,812</u>	26.4
 NET POSITION			
Net Investment in Capital Assets	2,018,070	2,156,285	6.8
Restricted	-0-	-0-	0.0
Unrestricted	72,670	34,742	-52.2
TOTAL NET POSITION	<u>\$ 2,090,740</u>	<u>\$ 2,191,027</u>	4.8

MD&A

ENTERPRISE FUNDS

Comparative Changes in Net Position

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2017:

	<u>2016</u>	<u>2017</u>	<u>% Change</u>
OPERATING REVENUES			
Charges for Services	\$ 292,379	\$ 301,730	3.2
Other	58	-0-	-100.0
TOTAL OPERATING REVENUES	<u>292,437</u>	<u>301,730</u>	3.2
OPERATING EXPENSES			
Cost of Sales & Services	224,463	281,146	25.3
Administration	42,886	45,484	6.1
Depreciation	103,420	103,509	0.1
TOTAL OPERATING EXPENSES	<u>370,769</u>	<u>430,139</u>	16.0
OPERATING INCOME (LOSS)	<u>(78,332)</u>	<u>(128,409)</u>	63.9
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	18	22	22.2
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>18</u>	<u>22</u>	22.2
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	<u>(78,314)</u>	<u>(128,387)</u>	63.9
Transfers In/(Out)	(1,997)	(3,497)	75.1
Capital Contributions	37,500	232,171	519.1
CHANGE IN NET POSITION	<u>(42,811)</u>	<u>100,287</u>	334.3
PRIOR PERIOD ADJUSTMENT	19,749	-0-	-100.0
TOTAL NET POSITION – BEGINNING	<u>2,113,802</u>	<u>2,090,740</u>	-1.1
TOTAL NET POSITION – ENDING	<u>\$ 2,090,740</u>	<u>\$ 2,191,027</u>	4.8

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At June 30, 2017, the Town had \$748,650 invested in capital assets, including the following:

Capital Assets at Year-End

	2016	2017
Buildings	\$ 438,776	\$ 446,951
Machinery & Equipment	846,480	932,516
Accumulated Depreciation	(592,502)	(630,817)
Total	\$ 692,754	\$ 748,650

Capital Assets – Enterprise Fund

At June 30, 2017, the Town had \$2,511,611 invested in capital assets, including the following:

Capital Assets at Year-End

	2016	2017
Water Assets *	\$ 3,163,302	\$ 3,197,855
Sewer Assets	1,157,379	1,364,550
Accumulated Depreciation	(1,947,285)	(2,050,794)
Total	\$ 2,373,396	\$ 2,511,611

* Included in this amount is land in the amount of \$8,649, which is not being depreciated.

Long-Term Obligations (Governmental Funds)

The following is a summary of the long-term obligation transactions for the year ended June 30, 2017:

New Fire Truck	
Balance 06/30/2016	\$ 74,155
Additions	-0-
Deductions	(13,441)
Balance 06/30/2017	\$ 60,714

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Charles Newsom, Mayor, at the Town of Tullos, phone (318) 534-6499.

BASIC FINANCIAL STATEMENTS

TOWN OF TULLOS, LOUISIANA
Statement of Net Position
June 30, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
CURRENT ASSETS			
Cash	\$ 188,787	\$ 113,068	\$ 301,855
Receivables (Net of Allowances for Uncollectible)	28,288	25,023	53,311
TOTAL CURRENT ASSETS	<u>217,075</u>	<u>138,091</u>	<u>355,166</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	24,137	24,137
Capital Assets (Net of Accumulated Depreciation)	748,650	2,511,611	3,260,261
TOTAL NON-CURRENT ASSETS	<u>748,650</u>	<u>2,535,748</u>	<u>3,284,398</u>
TOTAL ASSETS	<u>965,725</u>	<u>2,673,839</u>	<u>3,639,564</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	7,608	103,349	110,957
Due to Agency Fund	4,156	-0-	4,156
Notes Payable, Current	14,198	-0-	14,198
TOTAL CURRENT LIABILITIES	<u>25,962</u>	<u>103,349</u>	<u>129,311</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	24,137	24,137
URAF Funding	-0-	355,326	355,326
Notes Payable, Non-current	46,516	-0-	46,516
TOTAL NON-CURRENT LIABILITIES	<u>46,516</u>	<u>379,463</u>	<u>425,979</u>
TOTAL LIABILITIES	<u>72,478</u>	<u>482,812</u>	<u>555,290</u>
NET POSITION			
Net Investment in Capital Assets	687,936	2,156,285	2,844,221
Restricted	1,781	-0-	1,781
Unrestricted	203,530	34,742	238,272
TOTAL NET POSITION	<u>\$ 893,247</u>	<u>\$ 2,191,027</u>	<u>\$ 3,084,274</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2017

	PROGRAM REVENUES				NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Capital Grants & Contributions	Net (Expenses) Revenue	Governmental Activities	Business Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ (146,813)	\$ 35,254	\$ 50,624	\$ (60,935)	\$ (60,935)	\$	\$ (60,935)
Public Safety (Fire)	(14,396)	18,130	-0-	3,734	3,734		3,734
Police	(195,337)	-0-	-0-	(195,337)	(195,337)		(195,337)
Interest on Long-Term Debt	(3,560)	-0-	-0-	(3,560)	(3,560)		(3,560)
TOTAL GOVERNMENTAL ACTIVITIES	<u>(360,106)</u>	<u>53,384</u>	<u>50,624</u>	<u>(256,098)</u>	<u>(256,098)</u>		<u>(256,098)</u>
BUSINESS TYPE ACTIVITIES							
Water	(341,373)	247,245	25,000	(69,128)		(69,128)	(69,128)
Sewer	(88,766)	54,485	207,171	172,890		172,890	172,890
TOTAL BUSINESS TYPE ACTIVITIES	<u>(430,139)</u>	<u>301,730</u>	<u>232,171</u>	<u>103,762</u>		<u>103,762</u>	<u>103,762</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (790,245)</u>	<u>\$ 355,114</u>	<u>\$ 282,795</u>	<u>\$ (152,336)</u>			<u>(152,336)</u>
			GENERAL REVENUES				
			Taxes & Licenses		19,601	-0-	19,601
			Fines & Forfeitures		356,989	-0-	356,989
			Other General Revenues		5,965	-0-	5,965
			Interest Income		-0-	22	22
			Transfers In (Out)		3,497	(3,497)	-0-
			TOTAL GENERAL REVENUES		<u>386,052</u>	<u>(3,475)</u>	<u>382,577</u>
			CHANGE IN NET POSITION		129,954	100,287	230,241
			NET POSITION - BEGINNING		763,293	2,090,740	2,854,033
			NET POSITION - ENDING		<u>\$ 893,247</u>	<u>\$ 2,191,027</u>	<u>\$ 3,084,274</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2017

	GENERAL FUND	SPECIAL REVENUE FIRE FUND	TOTAL
ASSETS			
Cash & Cash Equivalents	\$ 188,441	\$ 346	\$ 188,787
Restricted For Debt Service	-0-	-0-	-0-
Receivables (Net of Allowances For Uncollectable)	26,758	1,530	28,288
TOTAL ASSETS	215,199	1,876	217,075
LIABILITIES			
Accounts, Salaries, and Other Payables	11,669	95	11,764
TOTAL LIABILITIES	11,669	95	11,764
FUND BALANCES			
Restricted	-0-	1,781	1,781
Unassigned	203,530	-0-	203,530
TOTAL FUND BALANCES	203,530	1,781	205,311
TOTAL LIABILITIES & FUND BALANCE	\$ 215,199	\$ 1,876	\$ 217,075

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2017

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 205,311
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental Capital Assets	\$ 1,379,467
Less Accumulated Depreciation	<u>(630,817)</u>
	748,650
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
	<u>(60,714)</u>
Net Position of Governmental Activities (Statement A)	\$ <u>893,247</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>GENERAL</u>	<u>SPECIAL REVENUE FIRE FUND</u>	<u>TOTAL</u>
REVENUES			
Fees & Charges	\$ 35,254	\$ 18,130	\$ 53,384
Taxes	19,601	-0-	19,601
Fines	356,989	-0-	356,989
Intergovernmental – Capital Grants	50,624	-0-	50,624
Donations	4,365	100	4,465
Other	1,484	16	1,500
TOTAL REVENUES	<u>468,317</u>	<u>18,246</u>	<u>486,563</u>
EXPENDITURES			
Administrative	36,542	-0-	36,542
Operations	75,686	14,396	90,082
Police Expense	191,607	-0-	191,607
Capital Outlay	94,211	-0-	94,211
Debt Service	-0-	17,001	17,001
TOTAL EXPENDITURES	<u>398,046</u>	<u>31,397</u>	<u>429,443</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>70,271</u>	<u>(13,151)</u>	<u>57,120</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(1,998)</u>	<u>5,495</u>	<u>3,497</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,998)</u>	<u>5,495</u>	<u>3,497</u>
NET CHANGE IN FUND BALANCE	68,273	(7,656)	60,617
FUND BALANCES--BEGINNING	135,257	9,437	144,694
FUND BALANCES--ENDING	<u>\$ 203,530</u>	<u>\$ 1,781</u>	<u>\$ 205,311</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2017

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 60,617

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	94,211	
Depreciation Expense	(38,315)	
	55,896	55,896

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Paid	13,441	
Additions to Interest	-0-	
	13,441	13,441

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

-0-

Changes in Net Position of Governmental Activities, Statement B \$ 129,954

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2017

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	(MAJOR ENTERPRISE FUNDS)		
	SEWER	WATER	
	FUND	FUND	TOTAL
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 370	\$ 112,698	\$ 113,068
Receivables (Net of Allowances for Uncollectible)	4,324	20,699	25,023
TOTAL CURRENT ASSETS	<u>4,694</u>	<u>133,397</u>	<u>138,091</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	24,137	24,137
Capital Assets (Net of Accumulated Depreciation)	825,193	1,686,418	2,511,611
TOTAL NON-CURRENT ASSETS	<u>825,193</u>	<u>1,710,555</u>	<u>2,535,748</u>
TOTAL ASSETS	<u>829,887</u>	<u>1,843,952</u>	<u>2,673,839</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	6,741	96,608	103,349
TOTAL CURRENT LIABILITIES	<u>6,741</u>	<u>96,608</u>	<u>103,349</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	24,137	24,137
URAF Funding	177,663	177,663	355,326
TOTAL NON-CURRENT LIABILITIES	<u>177,663</u>	<u>201,800</u>	<u>379,463</u>
TOTAL LIABILITIES	<u>184,404</u>	<u>298,408</u>	<u>482,812</u>
NET POSITION			
Net Investment in Capital Assets	647,530	1,508,755	2,156,285
Restricted	-0-	-0-	-0-
Unrestricted	(2,047)	36,789	34,742
TOTAL NET POSITION	<u>\$ 645,483</u>	<u>\$ 1,545,544</u>	<u>\$ 2,191,027</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2017

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS (MAJOR ENTERPRISE FUNDS)		
	SEWER FUND	WATER FUND	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 54,485	\$ 247,245	\$ 301,730
Other	-0-	-0-	-0-
TOTAL OPERATING REVENUES	<u>54,485</u>	<u>247,245</u>	<u>301,730</u>
OPERATING EXPENSES			
Cost of Sales & Services	56,527	224,619	281,146
Administration	2,009	43,475	45,484
Depreciation	30,230	73,279	103,509
TOTAL OPERATING EXPENSES	<u>88,766</u>	<u>341,373</u>	<u>430,139</u>
OPERATING INCOME (LOSS)	<u>(34,281)</u>	<u>(94,128)</u>	<u>(128,409)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	-0-	22	22
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-0-</u>	<u>22</u>	<u>22</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(34,281)	(94,106)	(128,387)
Transfers In/(Out)	(3,597)	100	(3,497)
Capital Contributions	207,171	25,000	232,171
CHANGE IN NET POSITION	169,293	(69,006)	100,287
TOTAL NET POSITION – BEGINNING	<u>476,190</u>	<u>1,614,550</u>	<u>2,090,740</u>
TOTAL NET POSITION – ENDING	<u>\$ 645,483</u>	<u>\$ 1,545,544</u>	<u>\$ 2,191,027</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2017

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(MAJOR ENTERPRISE FUNDS)		
	SEWER FUND	WATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers & Users	\$ 54,761	\$ 250,116	\$ 304,877
Payments to Suppliers	(53,810)	(130,107)	(183,917)
Payments to Employees	(2,009)	(43,475)	(45,484)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(1,058)</u>	<u>76,534</u>	<u>75,476</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	(3,597)	100	(3,497)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(3,597)</u>	<u>100</u>	<u>(3,497)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Contributions & Grants	207,171	25,000	232,171
Construction of Capital Assets	(207,171)	(34,553)	(241,724)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-0-</u>	<u>(9,553)</u>	<u>(9,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments & Restricted Funds	-0-	(1,079)	(1,079)
Interest & Dividends Received	-0-	22	22
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-0-</u>	<u>(1,057)</u>	<u>(1,057)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(4,655)	66,024	61,369
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	5,025	46,674	51,699
CASH & CASH EQUIVALENTS, END OF YEAR	<u>370</u>	<u>112,698</u>	<u>113,068</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	(34,281)	(94,128)	(128,409)
Depreciation Expense	30,230	73,279	103,509
(Increase) Decrease in Accounts Receivable	276	(801)	(525)
Increase (Decrease) in Accounts Payables	2,717	94,512	97,229
Increase (Decrease) Customer Deposits	-0-	3,672	3,672
TOTAL ADJUSTMENTS	<u>33,223</u>	<u>170,662</u>	<u>203,885</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,058)</u>	<u>\$ 76,534</u>	<u>\$ 75,476</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Net Position
Fiduciary Funds
June 30, 2017

		PAYROLL AGENCY FUND
		<u> </u>
ASSETS		
Cash & Cash Equivalents	\$	1,953
Due from General Fund		<u>4,156</u>
TOTAL ASSETS		<u>6,109</u>
 LIABILITIES		
Payroll & Payroll Taxes Payable		<u>6,109</u>
TOTAL LIABILITIES		<u>6,109</u>
 NET POSITION		
Held in Trust	\$	<u>-0-</u>

The accompanying notes are an integral part of this statement.

**NOTES
TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Tullos was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services), and general administrative functions, including coordination of related services with parish, state, and federal governing bodies.

The accounting and reporting policies of the Town of Tullos conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The municipality reports the following major governmental funds:

- The General Fund is the municipality's primary operating fund. It accounts for all financial resources and expenditures of the general government, except those required to be accounted for in another fund.
- The Special Revenue Fund is used to account for all financial resources and expenditures of the Town's Fire Department.

The municipality reports the following major proprietary funds:

- Water Fund
- Sewer Fund

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town has a policy of applying expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. 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;
- c. 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;
- d. 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;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

D. CASH & CASH EQUIVALENTS

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality’s investments policy allow the municipality to invest in collateralized certificate of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds 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”.

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

F. AD VALOREM TAXES

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following shows the amount of authorized and levied ad valorem taxes on property with assessed valuations totaling \$15,186.

General purposes	7.97 mills
Total taxes levied	\$15,186

G. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

H. RESTRICTED ASSETS

Restricted assets include cash and cash investments in the proprietary funds which are restricted.

- Restricted assets were applicable to the following at June 30, 2017:

	Business	Governmental
Customer Deposits	\$ 24,137	\$ -0-
Total	<u>\$ 24,137</u>	<u>\$ -0-</u>

I. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if the historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town of Tullos maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

For the year ended June 30, 2017, no interest costs were capitalized for construction of fixed assets.

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Water System	40
Sewer System	40
Buildings & Improvements	40
Equipment	5-10
Vehicles	5-7
Furniture & Fixtures	5

J. COMPENSATED ABSENCES

The Town has no compensated absence policy.

K. LONG-TERM OBLIGATIONS

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

L. FUND EQUITY

In the fund equity statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plan that are subject to change.

M. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(2) CASH & CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. The categories are described as follows:

- **Category 1** – Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- **Category 2** – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- **Category 3** – Uncollateralized.

	Southern Heritage	Concordia Bank & Trust	Total
Bank Balances	\$ 289,602	\$ 105,270	\$ 394,872
<i>Secured As Follows</i>			
FDIC (<i>Category 1</i>)	250,000	105,270	355,270
Securities (<i>Category 2</i>)	83,029	-0-	83,029
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-
Total	\$ 333,029	\$ 105,270	\$ 438,299

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(3) RECEIVABLES

The receivables of \$53,311 at June 30, 2017, are as follows:

Class of Receivable	General Fund	Fire Fund	Water Fund	Sewer Fund	Total
Fire Fees	\$ -0-	\$ 1,530	\$ -0-	\$ -0-	\$ 1,530
Fines	21,277	-0-	-0-	-0-	21,277
Taxes	5,481	-0-	-0-	-0-	5,481
Accounts	-0-	-0-	21,734	4,540	26,274
Allowance for Doubtful Accounts	-0-	-0-	(1,035)	(216)	(1,251)
Total	\$ 26,758	\$ 1,530	\$ 20,699	\$ 4,324	\$ 53,311

The Town's policy for bad debt accounting and write-offs is to send a letter to the occupant and owner after the due date. After 60 days, the utility line is sealed close. Reconnection fees must be paid to have service resumed. For deceased accounts, the clerk requests permission from the board to adjust the accounts to close.

(4) TRANSFERS

Transfers From/To Other Funds	
Transfers In/(Out)	Amount
General	\$ (1,998)
Fire	5,495
Sewer	(3,597)
Water	100
Total	\$ -0-

The transfers were made to pay other fund expenses.

(5) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, is as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Buildings	\$ 438,776	\$ 8,175	\$ -0-	\$ 446,951
Machinery & Equipment	846,480	86,036	-0-	932,516
Total Fixed Assets	1,285,256	94,211	-0-	1,379,467
Less Accumulated Depreciation	(592,502)	(38,315)	-0-	(630,817)
Net Capital Assets	\$ 692,754	\$ 55,896	\$ -0-	\$ 748,650

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water *	\$ 3,163,302	\$ 34,553	\$ -0-	\$ 3,197,855
Sewer	1,157,379	207,171	-0-	1,364,550
Total	<u>4,320,681</u>	<u>241,724</u>	<u>-0-</u>	<u>4,562,405</u>
Water Accumulated Depreciation	(1,438,158)	(73,279)	-0-	(1,511,437)
Sewer Accumulated Depreciation	(509,127)	(30,230)	-0-	(539,357)
Total Accumulated Depreciation	<u>(1,947,285)</u>	<u>(103,509)</u>	<u>-0-</u>	<u>(2,050,794)</u>
Net Capital Assets	<u>\$ 2,373,396</u>	<u>\$ 138,215</u>	<u>\$ -0-</u>	<u>\$ 2,511,611</u>

* Included in this amount is land in the amount of \$8,429, which is not being depreciated.

(6) LONG-TERM OBLIGATIONS (GOVERNMENTAL FUNDS)

The following is a summary of the long-term obligation transactions for the year ended June 30, 2017:

<u>New Fire Truck</u>	
Balance 06/30/2016	\$ 74,155
Additions	-0-
Deductions	(13,441)
Balance 06/30/2017	<u>\$ 60,714</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2017:

Current Portion	\$ <u>14,198</u>
-----------------	------------------

The annual requirements to amortize all debt outstanding as of June 30, 2017, including interest (5%) payments are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payable</u>
2018	\$ 16,977
2019	16,977
2020	16,977
2021	4,250
2022-2026	-0-
Total	<u>\$ 55,181</u>

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(7) UTILITY RELOCATION ASSISTANCE FUNDING (URAF)

The Town entered into two separate utility relocation agreements with DOTD (On February 21, 2005, and again on April 19, 2007) to use Utility Relocation Assistance Funding as provided for by state law and Title 70 of the Administrative Code. Pursuant to these agreements, DOTD relocated the Town’s utility lines and invoiced the Town for \$260,861 and \$94,465 (for a total of \$355,326).

Chapter 3 § 301(c) of the Louisiana Administrative Code states that “URAF funding is neither a loan nor a grant and there is no interest charged on this money. However, the utility must repay this money eventually, or it will not be allowed to locate its facilities within highway right-of-way”.

An Investigative Audit by the Legislative Auditor has determined this funding to be a liability.

(8) RESTRICTED NET POSITION

- **Special Revenue Fund (Fire Fund)**

- The Town’s special revenue fund had restricted net position of \$-0- for fire activities.

- **Enterprise Funds (Water Fund)**

- The Town’s water fund had restricted net position of \$-0-, which arose from the difference in restricted cash and customer deposits liability.

(9) ELECTED OFFICIALS

The following is a list of elected officials and their salary for the year ending June 30, 2017:

<u>Name</u>	<u>Title</u>	<u>Annualized Salary</u>
Charles Newsom	Mayor	\$ 2,400
Gary McDaniel	Police Chief & Dog Catcher	26,000
Billy Franklin	Council	-0-
Stuart Cox	Council	-0-
Joe Cook	Council	-0-
Quentin Sagdahl	Council	-0-
Dusty Cruse	Council	\$ -0-

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(10) PAYROLL AGENCY FUND TRANSACTIONS

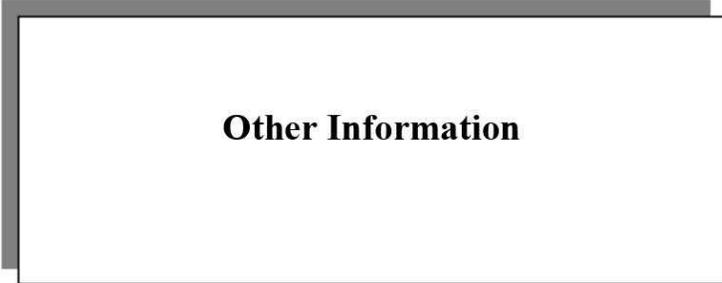
	Payroll Agency Fund
Additions	\$ 341,351
Deductions	<u>(341,351)</u>
Change in Net Position	-0-
Net Position – Beginning	<u>-0-</u>
Net Position – Ending	<u><u>\$ -0-</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General & Fire Funds
For the Year Ended June 30, 2017

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
REVENUES				
General Fund	\$ 439,000	\$ 439,000	\$ 417,693	\$ (21,307)
Fire Fund	-0-	-0-	18,246	18,246
Intergovernmental-Capital Grants	19,000	19,000	50,624	31,624
TOTAL REVENUES	<u>458,000</u>	<u>458,000</u>	<u>486,563</u>	<u>28,563</u>
EXPENDITURES				
General Fund	598,500	598,500	398,046	200,454
Fire Fund	-0-	-0-	31,397	(31,397)
TOTAL EXPENDITURES	<u>598,500</u>	<u>598,500</u>	<u>429,443</u>	<u>169,057</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(140,500)</u>	<u>(140,500)</u>	<u>57,120</u>	<u>197,620</u>
OTHER FINANCING SOURCES (USES)				
Transfer In/(Out)- General Fund	-0-	-0-	(1,998)	(1,998)
Transfers In/(Out)-Fire Fund	-0-	-0-	5,495	5,495
TOTAL OTHER FINANCING SOURCES (USES)	<u>-0-</u>	<u>-0-</u>	<u>3,497</u>	<u>3,497</u>
NET CHANGE IN FUND BALANCE	<u>\$ (140,500)</u>	<u>\$ (140,500)</u>	60,617	<u>\$ 201,117</u>
FUND BALANCE - BEGINNING			<u>144,694</u>	
FUND BALANCE - ENDING			<u>\$ 205,311</u>	

The accompanying notes are an integral part of this statement.



Other Information

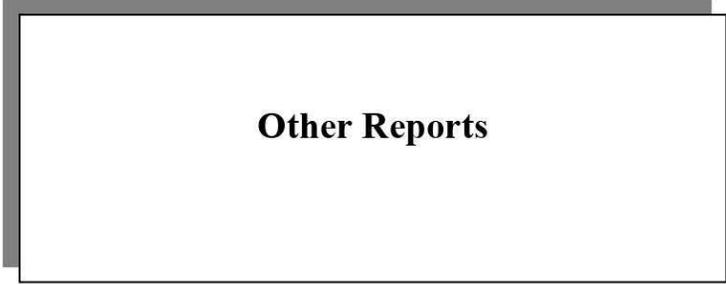
TOWN OF TULLOS, LOUISIANA
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017

Honorable Charles Newsom, Mayor

Purpose	Amount	
Salary	\$	2,400
Benefits-Insurance		-0-
Benefits-Retirement		-0-
Benefits (Expense Allowance)		-0-
Car Allowance		-0-
Vehicle Provided by Government		-0-
Per Diem		-0-
Reimbursements		-0-
Travel		-0-
Registration Fees		-0-
Conference Travel		-0-
Continuing Professional Education Fees		-0-
Housing		-0-
Un-vouchered Expenses*		-0-
Special Meals	\$	-0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.



Other Reports

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

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

Honorable Charles Newsom, Mayor
Town of Tullos
PO Box 749
Tullos, La. 71479

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and aggregate remaining fund information of the Town of Tullos, 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 Tullos's basic financial statements and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Tullos'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 Tullos's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Tullos's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies (**2017-1 Small Size of Entity**).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tullos's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item: **2017-2 Court Costs Remitted to North Louisiana Crime Lab**.

The Town of Tullos's Response to Findings

The Town of Tullos's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town of Tullos's response was 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a public document and its distribution is not limited.

The Vercher Group

December 1, 2017

Jena, Louisiana

TOWN OF TULLOS
TOWN OF TULLOS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2017

We have audited the basic financial statements of the Town of Tullos, Louisiana, as of and for the year ended June 30, 2017, and have issued our report thereon dated December 1, 2017. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion On Compliance Unmodified Qualified
 For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)
------------------------	---

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

TOWN OF TULLOS, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2017**

Section II – Financial Statement Findings

2017-1 SMALL SIZE ENTITY

Condition: Because of the small size of the Town and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town’s cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in areas of cash receipts, collection receipts activities, recordation of those receipts, depositing of funds collected, and review of checks written.

2017-2 COURT COSTS REMITTED TO NORTH LOUISIANA CRIME LAB

Condition: The Town is not remitting court costs from traffic violations and other offenses to the North Louisiana Criminalistics Laboratory Commission as required by Louisiana R.S. 40:2266.1 & 1.1.

Criteria: Louisiana R.S. 40:2266.1 & 1.1 requires that municipalities located in parishes participating in a criminalistics laboratory commission remit to the Commission court costs from traffic violations and other offenses as computed using a form provided by the Commission.

Cause of Condition: Not having knowledge of the requirement.

Potential Effect of the Condition: Compliance violation.

Recommendation: The Town should begin remitting court costs from traffic violations and other offenses as required by Louisiana R.S. 40:2266.1 & 1.1.

TOWN OF TULLOS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)

For the Year Ended June 30, 2017

Section II – Financial Statement Findings (Continued)

Client Response: The Town will begin remitting court costs from traffic violations and other offenses as required by Louisiana R.S. 40:2266.1 & 1.1.

Section III Federal Awards Findings and Questioned Costs

Not applicable.

TOWN OF TULLOS, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS:

2017-1 SMALL SIZE ENTITY

Finding: Because of the small size of the Town and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town's cash.

Corrective Action: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Contact Person: Charles Newsom, Mayor

Anticipated Completion Date: N/A

2017-2 COURT COSTS REMITTED TO NORTH LOUISIANA CRIME LAB

Finding: The Town is not remitting court costs from traffic violation and other offenses to the North Louisiana Criminalistics Laboratory Commission as required by Louisiana R.S. 40:2266.1 & 1.1. Louisiana R.S. 40:2266.1 & 1.1 requires that municipalities in parishes participating in a criminalistics laboratory commission remit to the Commission court costs from traffic violations and other offenses as computed using a form provided by the Commission.

Corrective Action: The Town will begin remitting court costs from traffic violations and other offenses as required by Louisiana R.S. 40:2266.1 & 1.1.

Contact Person: Charles Newsom, Mayor

Anticipated Completion Date: N/A

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Town's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No comments.

TOWN OF TULLOS, LOUISIANA
June 30, 2017

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Town of Tullos, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2016.

PRIOR YEAR FINDINGS

2016-1 SMALL SIZE ENTITY (Unresolved)

Condition: Because of the small size of the Town and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town's cash. Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Client Response: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in areas of cash receipts, collection receipts activities, recordation of those receipts, depositing of funds collected, and review of checks written.

2016-2 BUDGET VARIANCES (Resolved)

Condition: The Town under-budgeted its' expenses by \$309,933 or 129.3% during the year. The Budget Act requires government amend their budgets when revenues fall below budgeted amounts by more than 5% or when expenditures exceed 5% of appropriations.

Client Response: The town will begin monitoring revenues and expenditures to determine if the budget should be amended.

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

David R. Vercher M.B.A., C.P.A., C.F.E.
davidvercher@centurytel.net

THE VERCHER GROUP

*A Professional Corporation of
Certified Public Accountants*

**P.O. Box 1608
1737 N 2nd St. – Suite A
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374**

MEMBERS

American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

AGREED-UPON PROCEDURES REPORT

Town of Tullos, Louisiana

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of July 1, 2016- June 30, 2017

Town of Tullos
Tullos, Louisiana

To the Town of Tullos and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Tullos 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 Entity'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
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - 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
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (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.
 - j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Observation: We obtained a copy of the written policies and procedures manual and read it for the above items.

Exception: The policy and procedures manual did not address credit cards or debt service.

Management's Response: The Entity will add debt service to its policy and procedure manual. The Entity has no credit cards.

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, charter, or other equivalent document.

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

Observation: We read the minutes of the council meetings and found the council meets monthly and approves disbursements. The minutes did not document budget-to-actual comparisons being presented at monthly meetings.

Exception: The minutes did not document budget-to-actual comparisons being presented at monthly meetings.

Management's Response: Income and expenditure statements are presented at monthly meetings, just not documented in the minutes of the meetings.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
- 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 more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* 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;
 - 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
 - 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.

Observation: We obtained a listing of bank accounts on bank confirmations and management signed the confirmations to represent the listings were complete.

A) Bank reconciliations are prepared for all bank accounts that have activity.

B) Bank statements are received by the mayor unopened, and then given to the clerk that reconciles the statement which has involvement with transactions associated with the bank account.

C) Inquiry found the Entity reviews old outstanding checks on a regular basis.

Exception: The clerk that reconciles the statement that has involvement with transactions associated with the bank account.

Management's Response: The Entity does not have enough employees to implement this procedure.

Collections

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

Observation: We obtained the listing and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.*

For each cash collection location 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.

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.

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

➤ 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.

- 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.

Observation:

- A) **We found that 1) the clerk was bonded, 2) the clerk is not responsible for deposited cash in the bank, as the Entity does not accept cash and 3) the clerk does not share the register with other employees.**

Exception: The collection clerk shares the register with other employees when at lunch or days off.

Management's Response: Management feels that cost/benefit of implementing this procedure is prohibitive and not needed since the Entity does not accept cash.

- B) **The individual that reconciles cash collections to the general ledger is not responsible for cash collections in the cash collection location. The Entity does not accept cash.**

- C) **We selected the February 2, 2017 deposit and traced the amount from the general ledger to the bank statement. The system reports verify that daily collections are supported by documentation.**

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.

Observation: The Town has a policy and procedure manual that addresses collection procedures and requires no cash be accepted as payment.

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.

Observation: We obtained a general ledger from the Entity and management's representation that the general ledger population is 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.
- b) Purchase orders, or an electronic equivalent, 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.

Observation: We randomly selected 25 disbursements and obtained supporting documentation of the following:

A) Purchases were initiated using a requisition system.

B) Purchases are approved by a person not initiating the purchase.

C) Purchases are not processed without 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.

Observation: Inquiry found that the person responsible for processing payments is not prohibited from adding vendors to the Town's purchasing/disbursement system.

Exception: The person responsible for processing payments is not prohibited from adding vendors to the Entity's purchasing/disbursement system.

Management's Response: Management does not have enough employees to implement this procedure.

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.

Observation: The mayor and council have the final authorization for disbursements and have no responsibility for initiating or recording purchases.

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.

Observation: Inquiry and observation found that unused checks are locked in the Entity's cabinet.

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.

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.

Observation: Management provided a listing of all credit cards and management's representation that the list is complete. The Entity has no credit cards.

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. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Observation: The Entity has no credit cards.

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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Not applicable.

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:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) 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.
- c) 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.

Not applicable.

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.

Observation: Management provided a general ledger and management's representation that the general ledger is 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.

Observation: We obtained the Entity's written policies relating to travel and related expense reimbursements are made in accordance with the State of Louisiana's Travel Guide.

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.

Observation: We selected the (2) persons (there were only 2) who incurred the most travel costs during the fiscal period and found they were reimbursed in accordance with the written policy.

- b) Report whether each expense is supported by:

- 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.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Observation: Each expense had an itemized receipt or invoice that identified what was purchased and the business/public purpose. One receipt did not have documentation of the individual participating.

Exception: One receipt did not have documentation of the individual participating.

Management's Response: All future receipts will have documentation as to the individual participating.

- 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.

Observation: We compared 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 found no exceptions.

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

Observation: Each reimbursed expense was reviewed and approved, in writing by the council, by someone other than the person receiving 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.

Observation: We obtained a general ledger from management and management's representation that the general ledger is complete. The Entity did not have any contracts in affect during the fiscal period.

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

- 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.
- 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.
- 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)..

Not applicable.

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.
 - 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.

Observation: We randomly selected 5 employees and tested as follows:

- A) There was no employment contract and pay rates were documented by ordinance.**
- B) All of the employees selected had a pay rate change and was approved in writing by ordinance.**

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

Observation: We tested 3 employee’s personnel files for the following:

- A) All employees tested had daily attendance records.
- B) All employees had written approval for attendance.
- C) Written documentation was maintained on all employees.

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.

Observation: The Entity had no terminations in the fiscal year.

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.

Observation: We reviewed forms 941 and the general ledger accrual accounts and found no delinquent payments.

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.

Observation: All employees had documentation of ethics compliance.

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.

Observation: Inquiry found that alleged ethics violations were reported to the Town during the fiscal year alleging that one of the town's council members violated residency requirements to qualify for the seat. We found that the member was not "sworn in" and therefore did not take their seat.

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.

Observation: No new debt as entered into during the fiscal year.

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.

Observation: We tested all debt to amortization schedules and debt reserves according to bond covenants.

30. If the entity had tax mileages 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 mileages 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.

Observation: Inquiry found no reported misappropriations of public funds.

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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observation: The Entity has the notice posted on its' premises.

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.

The Vercher Group

Jena, Louisiana

October 6, 2017