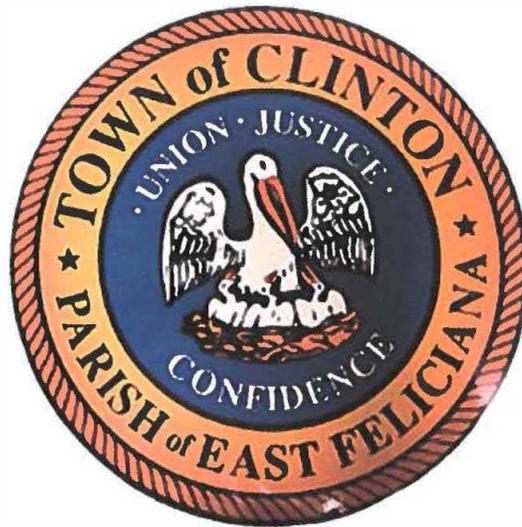


TOWN OF CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
DECEMBER 31, 2017



Mayor

Lori Ann Bell

Board of Alderman

Johnny Beauchamp

Kim Young

Mary Dunaway

Mark Kemp

Darren Matthews

TOWN OF CLINTON, LOUISIANA
 BASIC FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

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 BASIC FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
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Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor Lori A. Bell
And Members of the Board of Aldermen
PO Box 513
Clinton, LA 70722

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clinton, Louisiana, as of and for the year ended December 31, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clinton, Louisiana, as of December 31, 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, budgetary comparison information, the Schedule of Funding Progress for the Retiree Health Plan, the Schedule of the Town's Proportionate Share of Net Pension Liability, and Schedule of the Town's Contributions 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clinton, Louisiana's basic financial statements. The accompanying schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basis financial statements.

The schedule of compensation paid to board members, and schedule of compensation, benefits, and other payments to agency head, and the comparative schedules of operating expense-proprietary funds were 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 my opinion, the information 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*, I have also issued my report dated June 27, 2018, on my consideration of the Town of Franklinton's internal control over financial reporting and on my 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 my 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 Town of Franklinton's internal control over financial reporting and compliance.

Minda Raybourn

Minda Raybourn
Franklinton, LA
June 27, 2018

REQUIRED SUPPLEMENTARY INFORMATION
(PART 1 OF 2)

TOWN OF CLINTON, LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

As management of the Town of Clinton, Louisiana (hereinafter referred to as the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the two years ended December 31, 2017. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

ACCOMPLISHMENTS OVER THE PAST YEAR

- ❖ Across all funds, the Town decreased its net position by \$350,038 primarily because of an increase in expenditures over revenues.
- ❖ Street improvements totaling \$323,516 were completed during the year
- ❖ Sewer rehabilitation project, nearing completion, expended \$31,413 during this year
- ❖ Grants and contributions (including FEMA) in the amount of \$352,111 were secured for capital and operating purposes allowing the Town to improve the infrastructure and sewer services

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. They are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government financial statements are designed to provide readers with broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changes during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Thus, revenues and expenses are reported in this statement for items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works, economic development and culture and recreation. The business-type activities of the Town include water, gas and sewer services.

The government-wide financial statements can be found on pages 13-15 of this report.

TOWN OF CLINTON, LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

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. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the street and sidewalks fund, both of which are considered to be major funds.

The Town adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The governmental funds financial statements can be found on pages 17-22 of this report.

Proprietary funds. The Town maintains only one type of proprietary fund - enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its utilities (water, gas and sewer). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 23-27 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. An index to the notes can be found on page 29 with actual notes immediately following.

TOWN OF CLINTON, LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison schedules for its major governmental funds. This required supplementary information can be found immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as useful indicator of government's financial position. The following is a summary of the Town's net position:

| | | Summary of Net Position | |
|----------------------------------|----|--------------------------------|-------------|
| | | Governmental Activities | |
| | | <u>2017</u> | <u>2016</u> |
| ASSETS | | | |
| Current and other assets | \$ | 521,508 | \$ 494,486 |
| Restricted assets | | 149,470 | 197,255 |
| Capital assets, net | | 2,431,091 | 2,149,884 |
| Total Assets | | 3,102,069 | 2,841,625 |
| DEFERRED OUTFLOWS | | 131,655 | 277,055 |
| LIABILITIES | | | |
| Current liabilities | | 250,625 | 153,259 |
| Long-term liabilities | | 981,696 | 1,098,818 |
| Total Liabilities | | 1,232,321 | 1,252,077 |
| DEFERRED INFLOWS | | 57,536 | 89,518 |
| NET POSITION | | | |
| Net investment in capital assets | | 2,431,091 | 2,149,884 |
| Restricted | | 149,470 | 197,255 |
| Unrestricted | | (636,694) | (570,054) |
| Total Net Position | | 1,943,867 | 1,777,085 |

TOWN OF CLINTON, LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

| Summary of Net Position | | | |
|----------------------------------|-------------|----|-------------|
| Business-type Activities | | | |
| | <u>2017</u> | | <u>2016</u> |
| ASSETS | | | |
| Current and other assets | \$ 657,887 | \$ | 203,395 |
| Restricted assets | 5,341 | | 3,841 |
| Capital assets, net | 2,629,792 | | 2,771,298 |
| | | | |
| Total Assets | 3,293,020 | | 2,978,534 |
| DEFERRED OUTFLOWS | | | |
| | 100,405 | | 106,423 |
| LIABILITIES | | | |
| Current liabilities | 208,120 | | 51,587 |
| Long-term liabilities | 244,563 | | 231,075 |
| | | | |
| Total Liabilities | 452,683 | | 282,662 |
| DEFERRED INFLOWS | | | |
| | 7,517 | | 15,904 |
| NET POSITION | | | |
| Net investment in capital assets | 2,629,762 | | 2,771,298 |
| Restricted | 5,341 | | 3,841 |
| Unrestricted | (201,908) | | 11,252 |
| | | | |
| Total Net Position | 2,433,195 | | 2,786,391 |
| | | | |

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, improvements, streets and bridges, equipment, vehicles, utility systems and furniture and fixtures), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. It is the remaining balance of net position, considered

TOWN OF CLINTON, LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

unrestricted, that may be used to meet the government's on-going obligations to citizens and creditors.

A summary of changes in net position are as follows:

| Summary of Changes in Net Position | | | |
|--|--------------|----|-------------|
| Governmental Activities | | | |
| | <u>2017</u> | | <u>2016</u> |
| REVENUES | | | |
| Charges for services | \$ 301,571 | \$ | 288,494 |
| Grants and Contributions: | | | |
| Operating | 12,861 | | 6,818 |
| Capital | 320,698 | | 607,462 |
| General Revenues: | | | |
| Licenses and permits | 113,184 | | 105,233 |
| Franchise fees | 82,514 | | 97,128 |
| Taxes | 530,945 | | 530,614 |
| Interest earned | 6,880 | | 4,485 |
| Other revenues | 53,664 | | 59,561 |
| Transfers | - | | 104,007 |
| Total Revenues | 1,422,317 | | 1,803,802 |
| EXPENSES | | | |
| General government | 371,026 | | 294,472 |
| Public safety | 813,389 | | 893,753 |
| Public works | 296,290 | | 523,975 |
| Interest on long-term debt | 31,412 | | 14,916 |
| Total Expenses | 1,512,117 | | 1,727,116 |
| Change in Net Position | (89,800) | | 76,686 |
| Net Position, beginning of year - restated | 2,033,487 | | 1,956,801 |
| Net Position, end of year | \$ 1,943,687 | \$ | 2,033,487 |

TOWN OF CLINTON, LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

**Summary of Changes in Net Position
Business-type Activities**

| | <u>2017</u> | | <u>2016</u> |
|--|--------------|----|-------------|
| REVENUES | | | |
| Charges for services | \$ 602,789 | \$ | 619,234 |
| Grants and Contributions: | 38,450 | | 285,627 |
| Other revenues/transfers, net | 22,584 | | (86,789) |
| Total Revenues | 663,823 | | 818,072 |
| EXPENSES | | | |
| Gas services | 333,403 | | 287,552 |
| Water services | 297,272 | | 256,226 |
| Sewer services | 293,386 | | 248,386 |
| Total Expenses | 924,061 | | 792,164 |
| Change in Net Position | (260,238) | | 25,908 |
| Net Position, beginning of year - restated | 2,693,463 | | 2,667,555 |
| Net Position, end of year | \$ 2,433,225 | \$ | 2,693,463 |

BUDGETARY HIGHLIGHTS

Revenues for the general fund were less than anticipated by \$1,627. Revenues of the special revenue fund were \$1,932 more than expected. Expenditures of the general fund were \$117,438 more than budgeted amounts. Expenditures of the special revenue fund were \$357,081 less than was budgeted for the year. Overall, the general fund ended the year with a decrease in fund balances of \$36,603 less than was planned, and the special revenue fund decreased its fund balances by \$159,036 less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounted to \$5,060,089 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, streets and sidewalks, equipment vehicles, utility systems and furniture and fixtures. Capital assets are detailed in the following table.

TOWN OF CLINTON, LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

There were street improvements made totaling \$323,516. P. This is a sewer rehabilitation project that is nearing completion. Depreciation expense was recorded for \$164,801 in the governmental funds and \$172,922 in the utility funds.

| | | Summary of Capital Assets | |
|------------------------|--------------------|----------------------------------|-----------|
| | | (net of depreciation) | |
| | | Governmental | |
| | | Activities | |
| | | 2017 | 2016 |
| | | ----- | ----- |
| Land | | \$ 1,000 | \$ 1,000 |
| Buildings | | 699,903 | 728,476 |
| Infrastructure | | 1,604,075 | 1,370,373 |
| Equipment | | 26,429 | 36,136 |
| Vehicles | | 95,273 | 8,687 |
| Furniture and fixtures | | 4,411 | 5,212 |
| | Net Capital Assets | 2,431,091 | 2,149,884 |
| | | | |
| | | Business-Type | |
| | | Activities | |
| | | 2017 | 2016 |
| | | ----- | ----- |
| EXPENSES | | | |
| Land | | 11,970 | 11,970 |
| Equipment | | 64,844 | 70,421 |
| Vehicles | | 4,286 | 8,572 |
| Utilities | | 432 | 864 |
| | | 2,548,260 | 2,679,471 |
| | Net Capital Assets | 2,629,792 | 2,771,298 |

Debt Administration. In October of 2012, the Town adopted an ordinance for the issuance of \$760,000 in Limited Tax Bonds, Series 2012 for the purchase of fire station. Repayment of these bonds will be through the levy of a special tax of 6.65 mills. The bonds will mature over nine years, beginning in 2014, at an interest rate of 2.49%. Interest paid/accrued during the current year totaled \$11,534 while principal payments totaled \$81,000. There is a balance due on this long-term obligation at December 31, 2017, of \$5 \$451,000.

TOWN OF CLINTON, LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

In 2016, the Town incurred a capital lease obligation of \$136,104 for the acquisition of four police vehicles. Lease payments on the police vehicles were paid totaling \$20,871 along with interest payments of \$19,878. The outstanding obligation on the lease at the end of the year is \$115,233.

Also, reported is the Town's proportionate share of pension liability totaling \$524,132 and \$244,563 for its governmental and business-type activities, respectively. This liability is being reported in accordance with GASB Statement No. 68.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

It has and continues to be our vision to help motivate the citizens of Clinton to become more involved in our Town's government in an effort to both embrace the Town's rich history and to attract growth and new business. We have instituted an "Open Door Policy" within the Mayor's office to listen to you, the citizens, as to your concerns and needs. Together, as a cohesive unit, we can and we will succeed in whatever we embark upon. There's strength in UNITY.

May God continue to bless this town and all the beautiful people that live here as we press forward with this vision: "A TOWN THAT'S ON THE MOVE".

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 11209 Bank Street, Clinton, LA 70722, (225) 683-5531 or info@townofclintonla.com.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION
December 31, 2017

| <u>ASSETS</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---------------------------------------|------------------------------------|-------------------------------------|--------------|
| Cash and cash equivalents | \$ 45,015 | \$ 44,748 | \$ 89,763 |
| Receivables, net | 154,481 | 89,481 | 243,962 |
| Due from other governmental agencies | - | - | - |
| Due from other funds | 263,598 | - | 263,598 |
| Prepaid expenses | 58,414 | 23,658 | 82,072 |
| Restricted assets: | | | |
| Cash and cash equivalents | 149,470 | 5,341 | 154,811 |
| Investments | - | - | - |
| Capital assets, net of depreciation | 2,431,091 | 2,629,792 | 5,060,883 |
| Total Assets | 3,102,069 | 2,793,020 | 5,895,089 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | 131,655 | 100,405 | 232,060 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 21,357 | 33,451 | 54,808 |
| Accrued interest payable | 3,785 | - | 3,785 |
| Payroll related payables | 24,044 | - | 24,044 |
| Due to other funds | 92,770 | 170,828 | 263,598 |
| Payables from restricted assets: | - | - | - |
| Customer deposits | - | 3,841 | 3,841 |
| Lease Payable: | | | |
| Due within one year | 24,669 | - | 24,669 |
| Long-term portion | 90,564 | - | 90,564 |
| Bonds payable: | | | |
| Due within one year | 84,000 | - | 84,000 |
| Long-term portion | 367,000 | - | 367,000 |
| Net pension liability | 524,132 | 244,563 | 768,695 |
| Total Liabilities | 1,232,321 | 452,683 | 1,685,004 |
| <u>DEFERRED INFLOWS RESOURCES</u> | 57,536 | 7,517 | 65,053 |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 2,431,091 | 2,629,792 | 5,060,883 |
| Restricted for: | | | |
| Customer deposits | - | 5,341 | 5,341 |
| Streets and sidewalks | 149,470 | - | 149,470 |
| Unrestricted | (636,694) | (201,908) | (838,602) |
| Total Net Position | \$ 1,943,867 | \$ 2,433,225 | \$ 4,377,092 |

See Accompanying Notes and Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | | <u>Net Revenues (Expenses)</u> | | |
|---------------------------------|-------------------------|---------------------------------|---|---|------------------------------------|-------------------------------------|--------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| Governmental Activities | | | | | | | |
| General government | \$ 371,026 | \$ 16,980 | \$ 2,154 | \$ 148,075 | \$ (203,817) | \$ - | \$ (203,817) |
| Public safety | 813,389 | 282,391 | 7,030 | 87,623 | (436,345) | | (436,345) |
| Public Works | 296,290 | 2,200 | 3,677 | 85,000 | (205,413) | | (205,413) |
| Interest on long-term debt | 31,412 | | | | (31,412) | | (31,412) |
| Total Governmental Activities | 1,512,117 | 301,571 | 12,861 | 320,698 | (876,987) | - | (876,987) |
| Business-type Activities | | | | | | | |
| Gas services | 333,403 | 194,646 | 2,346 | - | - | (136,411) | (136,411) |
| Water services | 297,272 | 231,352 | 2,346 | - | - | (63,574) | (63,574) |
| Sewer services | 293,386 | 166,039 | 2,346 | 31,413 | - | (93,588) | (93,588) |
| Late fees/ penalties | - | 10,752 | - | - | - | 10,752 | 10,752 |
| Total Business-type Activities | 924,061 | 602,789 | 7,037 | 31,413 | - | (282,822) | (282,822) |
| Total Primary Government | 2,436,178 | 904,360 | 19,898 | 352,111 | (876,987) | (282,822) | (1,159,809) |

General Revenues and Transfers

| | | |
|--------------------------------------|--------------|--------------|
| Licenses and permits | 113,184 | 113,184 |
| Franchise fees | 82,514 | 82,514 |
| Taxes | 531,125 | 531,125 |
| Interest earned | 6,880 | 6,880 |
| Other revenues | 53,664 | 76,248 |
| Transfers | - | - |
| Total General Revenues and Transfers | 787,367 | 809,951 |
| Change in Net Position | (89,620) | (349,858) |
| Net Position, beginning, as restated | 2,033,487 | 4,726,950 |
| Net Position, ending | \$ 1,943,867 | \$ 4,377,092 |

FUND FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

| | <u>General</u> | <u>Street and Sidewalks</u> | <u>Total Governmental Funds</u> |
|---|-------------------|---------------------------------|---|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 45,018 | \$ - | \$ 45,018 |
| Receivables, net: | | | |
| Franchise fees | 10,500 | - | 10,500 |
| Property taxes | 76,095 | - | 76,095 |
| Sales taxes | 23,546 | 35,787 | 59,333 |
| Other taxes | 8,554 | - | 8,554 |
| Due from other governmental agencies | | | - |
| Due from other funds | 139,789 | 123,809 | 263,598 |
| Prepaid expenses | 50,267 | 8,146 | 58,413 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 149,470 | 149,470 |
| Investments | - | - | - |
| TOTAL ASSETS | 353,769 | 317,212 | 670,981 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities | | | |
| Accounts payable | 13,398 | 7,960 | 21,358 |
| Accrued interest payable | 3,785 | - | 3,785 |
| Payroll liabilities | 21,745 | 2,299 | 24,044 |
| Due to other funds | 92,770 | - | 92,770 |
| Total Liabilities | 131,698 | 10,259 | 141,957 |
| Fund Balances | | | |
| Nonspendable | 50,267 | | 50,267 |
| Restricted for: | | | |
| Streets and sidewalks | - | 306,953 | 306,953 |
| Public safety | 213 | - | 213 |
| Unassigned | 171,591 | - | 171,591 |
| Total Fund Balances | 222,071 | 306,953 | 529,024 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 353,769 | \$ 317,212 | \$ 670,981 |

See Accompanying Notes and Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

| | | |
|--|----|---------|
| Total Fund Balances - Total Governmental Funds | \$ | 529,024 |
|--|----|---------|

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

| | | |
|--|----|-----------|
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheets. This is the capital assets, nets of accumulated depreciation, reported on the Statement of Net Position. | \$ | 2,431,089 |
|--|----|-----------|

Long-term liabilities of governmental activities do not require the use of current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. These are the long-term liabilities of the governmental activities:

| | | |
|-----------------------|--|-----------|
| Bonds | | (451,000) |
| Lease Payable | | (115,233) |
| Net pension liability | | (524,132) |

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

| | | |
|--|--|----------|
| Deferred outflows of resources related to pensions | | 131,655 |
| Deferred inflows of resources related to pensions | | (57,536) |

| | | |
|---|----|-----------|
| Total Net Position of Governmental Activities | \$ | 1,943,867 |
|---|----|-----------|

See Accompanying Notes and Independent Auditor's Report

TOWN OF CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

| <u>REVENUES</u> | <u>General</u> | <u>Streets and Sidewalks</u> | <u>Total Governmental Funds</u> |
|--|----------------|------------------------------|---------------------------------|
| Fines and other costs | \$ 280,344 | \$ - | \$ 280,344 |
| Franchise fees | 82,514 | - | 82,514 |
| Interest | 6,465 | 449 | 6,914 |
| Intergovernmental revenues | - | 2,200 | 2,200 |
| Licenses and permits | 113,184 | 1,483 | 114,667 |
| Motor vehicle fees | - | - | - |
| Charges for services | 19,027 | - | 19,027 |
| Other revenues | 52,144 | - | 52,144 |
| Taxes - beer | 2,410 | - | 2,410 |
| Taxes - property | 189,396 | - | 189,396 |
| Taxes - sales | 118,424 | 220,715 | 339,139 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 863,908 | 224,847 | 1,088,755 |
| <u>EXPENDITURES</u> | | | |
| General government | 348,337 | - | 348,337 |
| Public safety: | | | |
| Police | 668,042 | - | 668,042 |
| Fire | - | - | - |
| Public works | - | 189,191 | 189,191 |
| Debt Service: | | | |
| Lease Principal | 20,871 | - | 20,871 |
| Lease Interest | 19,878 | - | 19,878 |
| Principal | 81,000 | - | 81,000 |
| Interest | 11,534 | - | 11,534 |
| Capital outlay | - | 323,516 | 323,516 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 1,149,662 | 512,707 | 1,662,369 |
| Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses) | | | |
| | <hr/> | <hr/> | <hr/> |
| | (285,754) | (287,860) | (573,614) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Grants and other contributions | 124,586 | 196,113 | 320,699 |
| Operating transfers, net | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Net Other Financing Sources (Uses) | 124,586 | 196,113 | 320,699 |
| Change in Fund Balances | | | |
| | <hr/> | <hr/> | <hr/> |
| | (161,168) | (91,747) | (252,915) |
| Fund Balances, beginning | <hr/> | <hr/> | <hr/> |
| | 383,239 | 398,700 | 781,939 |
| Fund Balances, ending | <hr/> | <hr/> | <hr/> |
| | \$ 222,071 | \$ 306,953 | \$ 529,024 |

See Accompanying Notes and Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

Net Change in Fund Balances - Total Governmental Funds \$ (252,915)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged differed from capital outlay in the current period. \$ 158,712

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which pension contributions charged differed from the actuarial cost of benefits. (110,332)

Non employer contributions to cost sharing pension plan 12,861

Governmental funds report payments on long-term obligations as expenditures. However, in the Statement of Activities, these payments are recognized as decreases in the long-term debt. This is the change in long-term obligations during the year:

| | |
|----------------|---------------|
| Lease Payments | 20,871 |
| Bonds | 81,000 |
| | <u>81,000</u> |

Change in Net Position of Governmental Activities \$ (89,803)

See Accompanying Notes and Independent Auditor's Report

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

| <u>ASSETS</u> | <u>Enterprise Funds</u> <u>Utility</u> |
|---------------------------------------|---|
| Current Assets | |
| Cash and cash equivalents | \$ 44,748 |
| Receivables, net | 70,281 |
| Unbilled receivables | 19,200 |
| Prepaid expenses | 23,658 |
| Total Current Assets | 157,887 |
| Restricted Assets | |
| Cash and cash equivalents | 5,341 |
| Total Restricted Assets | 5,341 |
| Capital Assets | |
| Land | 11,970 |
| Buildings | 150,546 |
| Equipment | 104,934 |
| Vehicles | 25,969 |
| Gas system | 1,629,986 |
| Water system | 1,083,547 |
| Sewer system | 3,647,150 |
| Less: Accumulated depreciation | (4,024,310) |
| Net Capital Assets | 2,629,792 |
| Total Assets | 2,793,020 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | \$ 100,405 |

See Accompanying Notes and Independent Auditor's Report

Continued

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
DECEMBER 31, 2017

| <u>LIABILITIES</u> | <u>Enterprise Funds</u> <u>Utility</u> |
|--|---|
| Current Liabilities | |
| Payable from current assets: | \$ - |
| Accounts Payable | 33,451 |
| Due to other funds | 170,828 |
| | 170,828 |
| Total Current Liabilities, Payable from Current Assets | 204,279 |
| Payable from restricted assets: | |
| Customer deposits | 3,841 |
| | 3,841 |
| Total Current Liabilities, Payable from Restricted Assets | 3,841 |
| | 3,841 |
| Total Current Liabilities | 208,120 |
| Long-term Liabilities | |
| Net pension liability | 244,563 |
| | 244,563 |
| Total Liabilities | 452,683 |
| | 452,683 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | 7,517 |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 2,629,792 |
| Restricted for customer deposits | 5,341 |
| Unrestricted | (201,908) |
| | 2,433,225 |
| Total Net Position | \$ 2,433,225 |
| | \$ 2,433,225 |

See Accompanying Notes and Independent Auditor's Report

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2017 AND 2016

| | Enterprise Funds | |
|---|------------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| <u>OPERATING REVENUES</u> | | |
| Gas sales and service | \$ 194,646 | \$ 192,630 |
| Water sales and service | 231,352 | 218,890 |
| Sewer sales and service | 166,039 | 173,404 |
| Intergovernmental | 7,037 | - |
| Late fees/penalties | 10,752 | 34,310 |
| Total Operating Revenues | 609,826 | 619,234 |
| <u>OPERATING EXPENSES</u> | | |
| Personal services | 307,580 | 187,783 |
| Employee and related expenses | 353,360 | 365,558 |
| Occupancy | 70,620 | 58,413 |
| Administrative | 19,582 | 23,601 |
| Depreciation | 172,920 | 156,809 |
| Total Operating Expenses | 924,062 | 792,164 |
| Operating Income (Loss) | (314,236) | (172,930) |
| <u>NON-OPERATING REVENUES (EXPENSES)</u> | | |
| Grants and other contributions | 31,413 | 285,627 |
| Other revenues | 22,584 | 17,218 |
| Operating transfers, net | - | (104,007) |
| Total Non-Operating Revenues (Expenses) | 53,997 | 198,838 |
| Change in Net Position | (260,239) | 25,908 |
| Total Net Position, beginning | 2,693,464 | 2,667,556 |
| Total Net Position, ending | \$ 2,433,225 | \$ 2,693,464 |

See Accompanying Notes and Independent Auditor's Report

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2017 AND 2016

| | Enterprise Funds | |
|---|------------------|-------------|
| | <u>Utility</u> | |
| | <u>2017</u> | <u>2016</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 758,044 | \$ 588,009 |
| Cash paid to employees for services | (353,360) | (354,181) |
| Cash paid to suppliers for goods and services | (430,005) | (528,333) |
| | | |
| Net Cash Provided by (Used for) Operating Activities | (25,321) | (294,505) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | - | |
| Loans/repayments made to/from other funds | - | (8,842) |
| Miscellaneous revenues received | 22,584 | 17,218 |
| Operating transfers | - | (104,007) |
| | | |
| Net Cash Used for Non-Capital Financing Activities | 22,584 | (95,631) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of capital assets | (31,413) | (285,627) |
| Cash received from grantors | 31,413 | 524,845 |
| | | |
| Net Cash Provided by Capital and Related Financing Activities | - | 239,218 |
| CASH FLOWS FROM INVESTING ACTIVITIES | - | - |
| | | |
| Decrease in Cash and Cash Equivalents | (2,737) | (150,918) |
| Cash and Cash Equivalents, beginning | 52,827 | 203,745 |
| | | |
| Cash and Cash Equivalents, ending | 50,090 | 52,827 |
| | | |
| CASH PRESENTATION OF STATEMENTS OF NET ASSETS: | | |
| Current Assets: Cash and cash equivalents | 44,748 | 48,986 |
| Restricted Assets: Cash and cash equivalents | 5,341 | 3,841 |
| | | |
| Cash and Cash Equivalents, end of year | \$ 50,089 | \$ 52,827 |
| | | |

See Accompanying Notes and Independent Auditor's Report

Continued

TOWN OF CLINTON, LOUISIANA
CHANGES IN FUND NET POSITION
COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2017 AND 2016

| | <u>2017</u> | <u>Utility</u> | <u>2016</u> |
|---|--------------------|----------------|---------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | |
| Operating loss | \$ (260,239) | | \$ (172,930) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities: | | | |
| Depreciation | 172,920 | | 156,809 |
| (Increase) decrease in assets: | | | |
| Accounts receivable | 224,304 | | (30,935) |
| Prepaid expenses | (4,725) | | (8,171) |
| Increase (decrease) in liabilities: | | | |
| Accounts payable | 6,413 | | (121,186) |
| Deferred Inflows-Outflows-Pensions | (177,482) | | (129,179) |
| Customer deposits | - | | (291) |
| Net pension liability and related resources | 13,488 | | 11,377 |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (25,321)</u> | | <u>\$ (294,506)</u> |

See Accompanying Notes and Independent Auditor's Report

NOTES TO FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

INTRODUCTION

The Town of Clinton, Louisiana (hereafter referred to as the Town) was incorporated on March 9, 1852, under the provisions of the Special Charter Act 120 of 1852. The Town operates under a Mayor-Board of Alderperson form of government. The charter was amended in 1996 to allow larger fines to be assessed by the Mayor's Court. It was also amended in 2003 to recognize duties and authority within the Police Department where the charter previously recognized a Town Marshal. This was done to be consistent with the creation of a Police Department in 1993.

The citizens of the Town elect the Mayor and five Alderpersons at large every four years. They are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants. The Town provides fire and police protection, street maintenance, gas, water and sewer services.

The Town is situated in the northwest part of East Feliciana Parish. It is approximately 2.0 square miles in size with a population of approximately 1,600 persons. Within the boundaries are approximately 15 miles of roads maintained by the Town. It is currently servicing about 855 customers through its utility department and employs 33 persons including reserve officers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Town conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, and other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the Town.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Government-Wide Accounting: In accordance with the Statement No. 63 of the Government Accounting Standards Board, the Town has presented a statement of net position and statement of activities for the Town as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Inter-fund receivables and payables are eliminated in the statement of net position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net position.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government, as its total annual revenues were less than \$10 million. Such governments were not required to report major general infrastructure assets retroactively back to 1982, during implementation of Statement No. 34. The Town opted not to retroactively report these types of capital assets.

Program Revenues

The statement of activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water, gas and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Restricted Net Position

Restricted net position are [those for which a constraint has been imposed either externally or by law. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net position are used.

Fund Accounting: The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund - the general operating fund of the Town accounting for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Proprietary funds include:

- i. Enterprise Funds - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where: the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: Its type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. Non-exchange transactions such as property taxes and grants are recognized in the year for which the taxes were levied or when the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The Town considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: The Town adopts an annual budget for all of its funds prepared in accordance with the basis of accounting utilized by that fund. The Board of Alderpersons must approve any revisions that alter the total expenditures and are passed on an as-needed basis. A balanced budget is required.

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

TOWN OF CLINTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Town has two certificates of deposit that were renewed in December with maturities of one year. The balances and interest rates are \$52,251.69 at .55% and \$44,621 at .60%.

Prepaid Expenses: Prepaid expenses include premiums paid on insurance policies for terms that extend beyond year-end and overpaid payroll taxes. The amount reported of \$92,876.18 represents the unexpired terms of the Town's liability insurance.

Restricted Assets: Certain cash and investments are classified as restricted because law or donor restriction limits their use. Components of these at December 31, 2017, are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-------------------------|------------------------------------|-------------------------------------|
| Demand deposits | | |
| Customer deposits | - | 5,341 |
| Operations | 194,485 | 44,748 |
| Certificates of deposit | | |
| Operations | - | - |
| | 194,485 | 50,089 |

Capital Assets: The Town's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

| | | | |
|------------------|------------|----------------|-------------|
| Buildings | 40 years | Vehicles | 7-10 years |
| Equipment | 4-10 years | Infrastructure | 20-50 years |
| Office furniture | 5-7 years | | |

The Town's capitalization policy includes adding all assets with a value of \$5,000 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period and tracking is desired such as is the case with weapons or radio equipment.

Compensated Absences: The Town does not have any compensated absences to report.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the statement of net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Net Position/Fund Balances: In the statement of net position, the difference between a government's assets, deferred outflows of resources, liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. These are usually restricted by external sources such as banks or by law.

Unrestricted

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component s of net position.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Non-spendable

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

Restricted

Fund balances that are restricted include those resources constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

Committed

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal of or change in this commitment can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

Assigned

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

Unassigned

This category represents that portion of equity that are available for any purpose.

Inter-fund Transactions: All inter-fund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

TOWN OF CLINTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Sales Taxes: The East Feliciana Parish Police Jury levies a 5% sales tax. After deducting solid waste, school board and collection fees from the gross received, the Town receives 12.4021% of the balance. Sales taxes are dedicated for street maintenance and improvements.

Property Taxes: Ad valorem taxes authorized and levied for the year were 6.65 mills. These funds are received by the general fund and are not dedicated. Total assessed value of property within the Town is approximately \$28,133,454.

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) at December 31, 2017, are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-----------------|------------------------------------|-------------------------------------|
| Petty cash | 100 | - |
| Demand Deposits | 194,385 | 50,089 |
| Total | 194,485 | 50,089 |

Of these amounts, \$149,470 and \$5,341 is restricted for governmental and business-type activities, respectively.

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2017, the Town had \$241,425 in deposits (collected balances). These funds are secured through the Federal Deposit Insurance Corporation (FDIC) and collateral pledged by participating banks.

NOTE 3 - RECEIVABLES

The following is a summary of receivables at December 31, 2017:

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

| <u>Class</u> | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Enterprise Fund</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------------------|------------------------|--------------|
| Accounts | \$ - | \$ - | \$ 221,940 | \$ 221,940 |
| Other | 879 | | | 879 |
| Taxes: | | | | |
| Franchise | 16,075 | | | 16,075 |
| Property | 76,095 | | | 76,095 |
| Sales | 23,546 | 35,787 | | 59,333 |
| Sub-total | 115,716 | 35,787 | - | 151,503 |
| Less: Allowance for doubtful | 0 | | (132,459) | -132,459 |
| Net | 116,595 | 35,787 | 89,481 | 241,863 |

Utility meters are read between the 18th and 25th of each month and bills are computed and mailed by the last day of the month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Enterprise Fund. At December 31, 2017, unbilled receivables were \$19,200. This amount is included in the table above.

An allowance for doubtful accounts is determined by a percentage based on prior years' experience. At December 31, 2017, the allowance was estimated to be \$132,459 in the Enterprise Fund.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|-----------|------------|-------------------|
| Governmental Activities | | | | |
| Capital Assets, not being depreciated | | | | |
| Land | \$ 1,000 | \$ - | \$ - | \$ 1,000 |
| Capital Assets, being depreciated | | | | |
| Buildings and improvements | 978,863 | | | 978,863 |
| Less: accumulated depreciation | 250,387 | 28,573 | - | 278,960 |
| Net Building and Improvements | 728,476 | (28,573) | - | 699,903 |
| Infrastructure | 2,101,465 | 323,516 | | 2,424,981 |
| Less: accumulated depreciation | 731,093 | 89,814 | | 820,907 |
| Net Sidewalks/Drainage | 1,370,372 | 233,702 | - | 1,604,074 |
| Equipment | 337,495 | | | 337,495 |
| Less: accumulated depreciation | 301,359 | 9,706 | | 311,065 |
| Net Equipment | 36,136 | (9,706) | - | 26,430 |
| Vehicles | 615,423 | | | 615,423 |
| Less: accumulated depreciation | 484,244 | 35,907 | | 520,151 |
| Net Vehicles | 131,179 | (35,907) | - | 95,272 |
| Office furniture | 10,830 | | | 10,830 |
| Less: accumulated depreciation | 5,617 | 801 | | 6,418 |
| Net Office furniture | 5,213 | (801) | - | 4,412 |
| Total Capital Assets, being depreciated, net | 2,271,376 | 158,715 | - | 2,430,091 |
| Capital Assets, net | 2,272,376 | 158,715 | - | 2,431,091 |

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Business Activities

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|-----------|------------|-------------------|
| Capital Assets, not being depreciated | | | | - |
| Land | \$ 11,970 | | | 11,970 |
| Capital Assets, being depreciated | | | | - |
| Buildings and improvements | 150,545 | | | 150,545 |
| Less: accumulated depreciation | 80,125 | 5,576 | | 85,701 |
| Net Building and Improvements | 70,420 | (5,576) | - | 64,844 |
| Equipment | 104,933 | | | 104,933 |
| Less: accumulated depreciation | 96,362 | 4,286 | | 100,648 |
| Net Equipment | 8,571 | (4,286) | - | 4,285 |
| Vehicles | \$ 25,968 | | | 25,968 |
| Less: accumulated depreciation | 25,104 | 432 | | 25,536 |
| Net Vehicles | 864 | (432) | - | 432 |
| Gas system | 1,629,985 | | | 1,629,985 |
| Less: accumulated depreciation | 1,227,303 | 40,750 | | 1,268,053 |
| Net Gas system | 402,682 | (40,750) | - | 361,932 |
| Water system | 1,083,547 | | | 1,083,547 |
| Less: accumulated depreciation | 462,478 | 29,775 | | 492,253 |
| Net Water system | 621,069 | (29,775) | - | 591,294 |
| Sewer system | 3,615,741 | 31,413 | | 3,647,154 |
| Less: accumulated depreciation | 1,960,016 | 92,103 | | 2,052,119 |
| Net Sewer system | 1,655,725 | (60,690) | - | 1,595,035 |
| Total Capital Assets, being depreciated, net | 2,759,331 | (141,509) | - | 2,617,822 |
| Capital Assets, net | 2,771,301 | (141,509) | - | 2,629,792 |

TOWN OF CLINTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Depreciation expense was charged to governmental functions as follows:

| | |
|--------------------|-------------------|
| General government | \$ 11,770 |
| Public Safety | 56,569 |
| Public Works | <u>96,462</u> |
| Total | <u>\$ 164,801</u> |

NOTE 5 – INTER-FUND TRANSACTIONS

Amounts receivables and payable between funds at December 31, 2017, are as follows:

| | Receivable | Payable |
|-----------------------|-------------------|-------------------|
| General Fund | \$ 139,789 | \$ 92,770 |
| Special Revenue Funds | 123,809 | - |
| Enterprise Fund | - | <u>170,828</u> |
| Total | <u>\$ 263,598</u> | <u>\$ 263,598</u> |

These amounts represent loans made between funds for cash flow purposes.

NOTE 6 - ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2017:

| | Deferred Outflows | Deferred Inflows |
|--|----------------------|---------------------|
| Difference between expected and actual results | \$ 4,448 | \$ 12,179 |
| Changes of assumptions | 42,567 | - |
| Changes in proportion | 34,667 | 52,874 |
| Difference in actual and projected earnings | 108,297 | - |
| Employer contributions after measurement date | <u>42,081</u> | |
| Total | <u>\$ 232,060</u> | <u>\$ 65,053</u> |

NOTE 8 - RETIREMENT SYSTEM

Substantially all employees of the Town are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees.

TOWN OF CLINTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Pension Liabilities, Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions. At December 31, 2017, the Town reported a liability of \$768,695 for its proportionate share of the Town's net pension liability related to its governmental activities. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Town's proportion at that dated was .516852% at MERS and .036825% at MPERS.

Pension expense of \$211,930 was recognized for the year ended December 31, 2017. Deferred outflows and inflows of resources related to pensions were reported from the following sources:

| | Governmental Business-Type | | Total |
|---------------------|----------------------------|------------------|------------------|
| | Activities | Activities | |
| Accounts | \$ 21,357 | \$ 33,451 | \$ 54,808 |
| Interest | 3,785 | - | 3,785 |
| Payroll liabilities | 24,044 | - | 24,044 |
| Customer deposits | - | 3,841 | 3,841 |
| Total | <u>\$ 49,186</u> | <u>\$ 37,292</u> | <u>\$ 86,478</u> |

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

Retirement Benefits. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are required to participate in the System. Under Plan B, employees who retire at or after age 67 with at least 7 years of creditable service, at or after age 62 with at least 10, years of creditable service, at or after age 55 with at least 30 years of creditable service or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. Benefits are established or amended by state statute.

Survivor Benefits. Upon death of any member with 5 or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. If the member is eligible for normal retirement at the time of death and leaves a surviving spouse, that member will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits. In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to 3 years and defer the receipt of benefits. During participation in DROP, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest accrues on these funds based upon the actual rate of return on the investments identified as DROP funds for the period.

Upon termination of employment prior to or at the end of the specified period of participation, a member in the DROP may receive, at their option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund or any other method of payment if approved by the board of trustees. If a member dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to their named beneficiary or, if none, to his estate. If employment is not terminated at the end of the 3 years, payments into the DROP fund cease, and the member resumes active contributing membership in the System.

Disability Benefits. A member shall be eligible to retire and receive a disability benefit if

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

he has at least 10 years of creditable service, in which he would receive a regular retirement under retirement provisions. Eligibility is based on official certification by the State Medical Disability Board. Upon retirement caused by disability, an eligible member shall be paid a disability benefit equal to the lesser of 30% of his final average compensation or 2% of his final average compensation multiplied by his years of creditable service, whichever is greater or an amount equal to 2% of his final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Funding Policy. The Town is required to contribute at an actuarially determined rate. The current rate is 9.50% of annual covered payroll. The contribution requirements of plan members and the Town were established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Additional information can be obtained in the annual publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to La State Employees' Retirement System, 8401 United Plaza Blvd., #100, Baton Rouge, LA 70809 or by calling (225) 922-0600.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police officers engaged in law enforcement, empowered to make arrests, providing he does not have to pay social security and providing he meets the statutory criteria, are required to participate in the System.

Retirement Benefits. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-2233. Employees hired prior to 1/1/2013 are eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or 20 years of creditable service and is 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member for 20 years at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3rd of average final compensation per number of years of creditable service not to exceed 100% of final salary. The average final compensation is based on average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted.

For membership commencing on or after 1/1/2013, eligibility for regular retirement, disability or survivor benefits is based on hazardous and non-hazardous duty sub plans. Under hazardous duty, a member is eligible after he has been a member and has 25 years creditable service any age or has 12 years of creditable service at age 55. Under the non-hazardous duty sub-plan, eligibility is available after he has been a member and has 30 years of creditable service at any age, 25 years of creditable service at age 55 or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been member for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Benefit rates are 3% and 2 ½% respectively, of average final compensation per number of years of creditable service not to exceed 100% of final salary.

Survivor Benefits. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. These benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. Each minor child receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

DROP Benefits. In lieu of terminating employment and accepting a retirement allowance, any member is eligible to elect to participate in the deferred retirement option plan (DROP). At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at the date of application. Participation is available for 36 months or less. If employment is terminated after the three year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership in the System shall resume and upon later termination, he shall receive additional retirement benefits based on the: additional service. Those eligible to enter the DROP prior to 1/1/2004, DROP accounts earn interest subsequent to the termination of the DROP participation at a rate ½ of 1% below the percentage rate of return of the System's investment portfolio as certified by an actuary on an annual basis but will never lose money. For those eligible to enter the DROP subsequent to 1/1/2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Funding Policy. Contributions are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. Currently, members are required to contribute 10% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate of 31.5%. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained in writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

NOTE 9 - LEVIED TAXES

Property tax notices are mailed during November for the current year. Taxes become delinquent after December 31st. The Town receives its property taxes at town hall. Total

TOWN OF CLINTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017

assessed value of real property is \$28,133,454. The effective millage rate is 6.65 mills. Total property taxes assessed for 2017 was \$187,487.47

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

The Town does not offer post-employment benefits to employees upon termination.

NOTE 11 - LONG-TERM DEBT

The Town issued Limited Tax Bonds, Series 2012, in November of 2012, for the purchase of a fire station in the amount of \$760,000 at an interest rate of 2.49% maturing in March of 2022. Maturities of this long-term obligation are as follows:

| <u>YEAR</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|--------------|------------------|-----------------|----------------|
| 2018 | 84,000 | 10,184 | 94,184 |
| 2019 | 87,000 | 8,055 | 95,055 |
| 2020 | 90,000 | 5,852 | 95,852 |
| 2021 | 93,000 | 3,573 | 96,573 |
| 2022 | 97,000 | 1,208 | 98,208 |
| Total | 451,000 | 28,872 | 479,872 |

In 2016, the Town purchased four police vehicles through a capital lease obligation. The total lease is \$136,104. The lease expires May 2021. The computed interest rate is 17.10%. Maturities for the lease obligations are as follows:

| <u>YEAR</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|--------------|------------------|-----------------|----------------|
| 2018 | 24,669 | 19,878 | 44,547 |
| 2019 | 29,235 | 11,460 | 40,695 |
| 2020 | 34,644 | 6,051 | 40,695 |
| 2021 | 26,685 | 14,010 | 40,695 |
| Total | 115,233 | 51,399 | 166,632 |

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 12 - FIRE PROTECTION

Fire protection for the Town is provided by the Clinton Fire Department with funds received primarily through the Parish-wide Fire Protection District of East Feliciana Parish. This is a legally separate governmental agency that issues its own audited financial statements.

NOTE 13 - COMPARATIVE DATA

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. Such information is presented in a summarized comparative format and should be read in conjunction with the Town's financial statements for the year ended December 31, 2017, from which the information was summarized.

NOTE 14 - RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

NOTE 15 - LITIGATION AND CLAIMS

There are currently no litigation pending or threatened that is anticipated to have a material financial impact on the accompanying financial statements.

NOTE 16 - SUBSEQUENT EVENTS

There were no events subsequent to year-end through June 27, 2018, the date on which the accompanying financial statements were available, that would have a significant impact on the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(PART 2 OF 2)

**TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
YEARS ENDED DECEMBER 31, 2017**

| <u>REVENUES</u> | General Fund | | | | Streets and Sidewalks | | | |
|-----------------------------|------------------|------------|-------------------|--|-----------------------|------------|-------------------|--|
| | Budgeted Amounts | | Actual Amounts | Variance Favorable (Unfavorable) | Budgeted Amounts | | Actual Amounts | Variance Favorable (Unfavorable) |
| | Original | Final | | | Original | Final | | |
| Fines and other court costs | \$ 310,982 | \$ 310,982 | \$ 280,344 | \$ (30,638) | \$ - | \$ - | \$ - | \$ - |
| Franchise fees | 101,702 | 101,702 | 82,514 | (19,188) | - | - | - | - |
| Interest earned | 369 | 369 | 6,465 | 6,096 | - | - | 449 | 449 |
| Intergovernmental | - | - | - | - | - | - | - | - |
| Licenses and permits | 112,494 | 112,494 | 113,184 | 690 | - | - | - | - |
| Motor vehicle fees | 1,056 | 1,056 | - | (1,056) | - | - | - | - |
| Other revenues | 56,168 | 56,168 | 71,171 | 15,003 | 2,200 | 2,200 | 3,683 | 1,483 |
| Taxes-beer | 2,913 | 2,913 | 2,410 | (503) | - | - | - | - |
| Taxes-property | 161,427 | 161,427 | 189,396 | 27,969 | - | - | - | - |
| Taxes-sales | 124,628 | 124,628 | 118,424 | (6,204) | 206,636 | 206,636 | 220,715 | 14,079 |
| Total Revenues | 871,739 | 871,739 | 863,908 | (7,831) | 208,836 | 208,836 | 224,847 | 1,932 |
| <u>EXPENDITURES</u> | | | | | | | | |
| General government | 391,978 | 391,978 | 348,337 | 43,641 | - | - | - | - |
| Public safety: | | | | - | | | | |
| Police | 623,190 | 623,190 | 668,042 | (44,852) | - | - | - | - |
| Fire | - | - | - | - | - | - | - | - |
| Public works | - | - | - | - | 155,626 | 155,626 | 189,191 | (33,565) |
| Debt service | 17,056 | 17,056 | 101,871 | (84,815) | - | - | - | - |
| Lease Payments | - | - | 31,412 | (31,412) | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | 323,516 | (323,516) |
| Total Expenditures | \$ 1,032,224 | 1,032,224 | \$ 1,149,662 | \$ (117,438) | \$ 155,626 | \$ 155,626 | \$ 512,707 | \$ (357,081) |

See Independent Auditor's Report

Continued

TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL AND SPECIAL REVENUE FUNDS
YEARS ENDED DECEMBER 31, 2017

| | General Fund | | | | Streets and Sidewalks | | | |
|--|------------------|--------------|-------------------|--|-----------------------|-----------|-------------------|--|
| | Budgeted Amounts | | Actual Amounts | Variance Favorable (Unfavorable) | Budgeted Amounts | | Actual Amounts | Variance Favorable (Unfavorable) |
| | Original | Final | | | Original | Final | | |
| Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses) | \$ (160,485) | \$ (160,485) | \$ (285,754) | \$ (125,269) | \$ 53,210 | \$ 53,210 | \$ (287,860) | \$ (355,149) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | | | |
| Grants and other contributions | 35,920 | 35,920 | 124,586 | 88,666 | - | - | 196,113 | 196,113 |
| Operating transfers, net | - | - | - | - | - | - | - | - |
| Net Other Financing Sources (Uses) | 35,920 | 35,920 | 124,586 | 88,666 | - | - | 196,113 | 196,113 |
| Change in Fund Balances | (124,565) | (124,565) | (161,168) | (36,603) | 53,210 | 53,210 | (91,747) | (159,036) |
| Fund Balances, beginning | 383,239 | 383,239 | 383,239 | - | 398,700 | 398,700 | 398,700 | - |
| Fund Balances, ending | 258,674 | 258,674 | 222,071 | (36,603) | 451,910 | 451,910 | 306,953 | (159,036) |

See Independent Auditor's Report

Town of Clinton
Schedule of the Town's Proportionate Share of the Net Pension Liability - MPERS
Last 10 Fiscal Years*

| Municipal Police Employees' Retirement System | 2016 | 2017 |
|---|-------------|-------------|
| Employer's Proportion of the Net Pension Liability (Assets) | 0.038612% | 0.036825% |
| Employer's Proportionate Share of the Net Pension Liability (Asset) | \$ 361,903 | \$ 321,498 |
| Employer's Covered-Employee Payroll | \$ 410,275 | \$ 440,484 |
| Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll | 88.2099% | 72.9874% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 70.7300% | 70.0815% |

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

Town of Clinton
Schedule of the Town's Proportionate Share of the Net Pension Liability - MERS Plan B
Last 10 Fiscal Years*

| Municipal Employees' Retirement System | 2016 | 2017 |
|---|-------------|-------------|
| Employer's Proportion of the Net Pension Liability (Assets) | 0.525980% | 0.516852% |
| Employer's Proportionate Share of the Net Pension Liability (Asset) | \$ 435,990 | \$ 447,197 |
| Employer's Covered-Employee Payroll | \$ 368,493 | \$ 505,906 |
| Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll | 118.320000% | 88.395275% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 68.710000% | 63.490000% |

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditor's Report.

Town of Clinton
Schedule of the Town's Contributions - MPERS
Last 10 Fiscal Years

Municipal Police Employees' Retirement System

| | <u>2016</u> | <u>2017</u> |
|---|---------------|---------------|
| Contractually required contribution | \$ 35,930 | \$ 38,439 |
| Contributions in relation to contractually required contributions | <u>35,930</u> | <u>38,439</u> |
| Contribution deficiency (excess) | - | - |
| | | |
| Employer's Covered Employee Payroll | 410,275 | 388,892 |
| Contributions as a % of Covered Employee Payroll | 8.7575% | 9.8842% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Town of Clinton
Schedule of the Town's Contributions - MERS Plan B
Last 10 Fiscal Years

Municipal Employees' Retirement System

| | <u>2016</u> | <u>2017</u> |
|---|---------------|---------------|
| Contractually required contribution | \$ 26,747 | \$ 68,630 |
| Contributions in relation to contractually required contributions | <u>26,506</u> | <u>68,630</u> |
| Contribution deficiency (excess) | 241 | - |
| | | |
| Employer's Covered Employee Payroll | 368,493 | 479,416 |
| Contributions as a % of Covered Employee Payroll | 7.1900% | 14.315% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

TOWN OF CLINTON, LOUISIANA
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2017 AND 2016

| | Enterprise Funds | |
|---|-----------------------|-----------------------|
| | <u>Utility</u> | |
| | <u>2017</u> | <u>2016</u> |
| <u>PERSONAL SERVICES</u> | | |
| Gas Purchases | \$ 114,342 | \$ 48,813 |
| Sewer/wastewater system expense | \$ 94,280 | 46,069 |
| Water system expense | 28,066 | 54,436 |
| Gas system expense | 5,094 | 6,040 |
| Auto expense | 8,988 | 11,351 |
| Repairs and materials | 48,646 | 20,348 |
| Inspection fees/licenses | 457 | 80 |
| Bad Debts | 7,078 | |
| Pumpage fees | 629 | 647 |
| Total Personal Services | <u>307,580</u> | <u>187,784</u> |
| <u>EMPLOYEE AND RELATED EXPENSES</u> | | |
| Salaries | 215,246 | 247,749 |
| Health insurance | 45,903 | 49,550 |
| Payroll taxes | 32,757 | 29,730 |
| Retirement | 51,423 | 30,811 |
| Training/seminars/travel | 2,166 | 1,347 |
| Uniforms | 5,790 | 5,271 |
| Drug testing | 75 | 1,100 |
| Total Employee and Related Expenses | <u>353,360</u> | <u>365,558</u> |
| <u>OCCUPANCY</u> | | |
| Insurance | 50,162 | 48,101 |
| Telephone | 6,662 | 5,363 |
| Utilities | 13,795 | 4,948 |
| Total Occupancy | <u>70,619</u> | <u>58,412</u> |
| <u>ADMINISTRATIVE</u> | | |
| Office expense | 6,013 | 11,375 |
| Computer / technology | 932 | 573 |
| Dues and subscriptions | 450 | 161 |
| Professional fees | 12,188 | 11,492 |
| Total Administrative | <u>19,583</u> | <u>23,601</u> |
| <u>DEPRECIATION</u> | | |
| Depreciation - gas | - | 39,750 |
| Depreciation - water | - | 29,775 |
| Depreciation - sewer | - | 78,083 |
| Depreciation - other | - | 9,201 |
| Total Depreciation | <u>-</u> | <u>156,809</u> |
| TOTAL OPERATING EXPENSES | <u><u>751,142</u></u> | <u><u>792,164</u></u> |

See Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION , BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
YEARS ENDED DECEMBER 31, 2017**

Agency Head

Lori A. Bell
Mayor

| Purpose | Amount |
|---|------------------|
| Salary | \$ 18,000 |
| FICA | 1,377 |
| <hr/> | |
| Total Compensation, Benefits and Other Payments | <u>\$ 19,377</u> |

See Independent Auditor's Report

Minda B. Raybourn

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Member
AICPA

Member
LCPA

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*

To the Honorable Mayor Lori A. Bell
And Members of the Board of Aldermen
PO Box 513
Clinton, LA 70722

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clinton, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Town's basic financial statements and have issued my report thereon dated June 27, 2018.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings to be material weaknesses (Findings 2017-001 and 2017-002).

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. I consider the deficiencies described in the accompany schedule of findings to be significant deficiencies (Finding 2017-003)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are listed in the accompanying schedule of findings as items 2017-004.

Town of Clinton, Louisiana's Response to Findings

The Town of Clinton's response to the findings identified in my audit is described in the accompanying schedule of findings. The Town of Clinton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I 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.

Minda Raybourn

Minda Raybourn, CPA
Franklinton, Louisiana
June 27, 2018

VILLAGE OF CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

We have audited the financial statements of the Town of Clinton, Louisiana as of and for the year ended December 31, 2017, and have issued our report thereon dated June 27, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017, resulted in an unmodified opinion.

Current Year Findings - Financial Statement Audit

Section I Summary of Auditor's Reports

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

| | | |
|------------------|----------------------------------|-----|
| Internal Control | Significant Deficiencies | Yes |
| | Material Weakness | Yes |
| Compliance | Material to Financial Statements | Yes |

B. Federal Awards

N/A

Section II Internal Control Findings

2017-001 Utility Accounts Receivable and Revenues

Criteria: The general ledger must be balance each month with the utility billing system. Charges, payments, adjustments, write offs, and deposits must be recorded each month and reconciled using utility billing reports. The balance per the general ledger should match the utility billing system accounts receivable. Reconciling differences should be researched and documented. The allowance for doubtful accounts should be adjusted for any uncollectible accounts in particular those over 90 days old.

Condition: The general ledger utility accounts receivable and the utility billing system accounts receivable were off \$111,378. The utility billings per the general ledger did not match the billing reports.

Cause: The general ledger and utility billing system have not been reconciled. Management is also using a payment report to post utility sales instead of billing reports.

Effect: An audit adjustment of \$111,378 to adjust the utility accounts receivable against the Town's net position was required. The Town is using the payment report per service to record revenues. An adjustment to correct water, sewer, and gas sales, penalties, and adjustments was required.

VILLAGE OF CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

Recommendation: The Town must use the billing system reports to balance the amounts in the general ledger. Management should run the accounts receivable summary which reports billings, payments, adjustments, write offs, deposits applied, and other revenues to record transactions. In additions deposits per the general ledger should be reconciled against payment activity in the billing system.

Management's Response: We will take steps to put in place policies and procedures to correct this finding.

2017-002 Interfund receivables and payables.

Criteria: The amounts recorded as due to and from between funds must be reconciled monthly. If these accounts are not properly stated, financial reports and budgeting can be misstated.

Condition: The interfund receivables and payables were not reconciled at all.

Cause: Management did not research the differences in the due to and from accounts and make the necessary corrections.

Effect: Numerous audit adjustments had to be made to correct the accounts.

Recommendation: Management must reconcile the due to and from accounts between each fund monthly.

Management's Response: We will put steps in place to follow the auditor's recommendation.

2017-003 Capital Lease Payments

Criteria: Capital lease payments must be recorded as interest and principal on the general ledger. In the general fund financial statement, the principal and interest must be recorded as an expense. In the government wide financial statements, depreciation and interest must be expense and the principal must be recorded against the lease payable.

Condition: In 2016, the Town leased four police vehicles. The lease payable and related asset were never recorded in the general ledger. In addition, the entire lease payment is being coded to a miscellaneous expense account. It also appears these payments are not budgeted in the general fund budget.

Cause: Unknown

Effect: An audit adjustment had to be made to record the asset and related payable on the government wide financial. In addition, an adjustment had to be made to record prior depreciation.

Recommendation: Management should take steps to record the leases correctly in the general ledger as described above.

Management's Response: We will put steps in place to follow the auditor's recommendation.

VILLAGE OF CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

Compliance Findings

2017 - 004 Compliance with Local Government Budget Act

Criteria. The Louisiana Local Government Budget Act, LA RS 39:1301-1315, specifies that revenue should not vary 5 or more, and expenditures should not vary 5 or more from budget amounts. The budget is also required to be amended before the fiscal year if the 5 percent variance is not met.

Condition. For the year ended December 31, 2017, the General Fund and Streets & Sidewalks Fund, actual expenditures were more than budgeted amounts by more than the allowed 5 variance. In addition, the budget was not amended before the year closed.

Cause: Management through review of its budget to actual reports thought it would be within 5% of its expenses.

Effect. The Town is not in compliance with applicable laws.

Recommendation. We recommend that management implement a plan whereby revenues and expenditures are monitor on a continuous basis throughout the year, and amend the budgets as needed during the period.

Management's Response. Management will monitor actual revenues and expenditures more closely and compare to budget amounts frequently and amend the budget as needed.

Section III Federal Award Findings and Questioned Costs

N/A

Section IV Management Letter

N/A

VILLAGE OF CLINTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

2016-001 Compliance with Audit Law

Criteria. Louisiana Revised Statute 24: 513 requires that an annual financial report or other type report be submitted to the Legislative Auditor within six months of the close of the fiscal/calendar year.

Condition. This deadline was not met for the year ended December 31, 2016.

Effect. The Town is not in compliance with applicable laws.

Recommendation. We recommend that management be cognizant of this deadline in the future and make every effort to comply.

Management's Response. We will continue to make every effort to comply with this law. We experienced unusual and unforeseen obstacles due to the Great Flood of 2016 - a disaster that claimed property of both the Town and its employees.

Status: Resolved.

2016 - 002 Compliance with Local Government Budget Act

Criteria. The Louisiana Local Government Budget Act, LA RS 39:1301-1315, specifies that revenue should not vary 5 or more, and expenditures should not vary 5 or more from budget amounts.

Condition. For the year ended December 31, 2016, the General Fund and Streets & Sidewalks Fund, actual revenues were less than budgeted amounts by more than the allowed 5 variance and expenditures were more than budgeted amounts by more than the allowed 5 variance.

Effect. The Town is not in compliance with applicable laws.

Recommendation. We recommend that management implement a plan whereby revenues and expenditures are monitor on a continuous basis throughout the year, and amend the budgets as needed during the period.

Management's Response. Management will monitor actual revenues and expenditures more closely and compare to budget amounts frequently and amend the budget as needed.

Status: Unresolved.

**INDEPENDENT ACCOUNTANT'S
REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Minda B. Raybourn

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 13, 2018

To the Honorable Lori Bell
And Board of Aldermen
Town of Clinton
11209 Bank St
Clinton, LA 70722

And Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Town of Clinton (the Town or the Entity) 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 January 1, 2017 through December 31, 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, I 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.

The Town does have written policies and procedures regarding budgeting.

- 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.

The Town does have written policies and procedures regarding purchasing.

- c) **Disbursements**, including processing, reviewing, and approving

The Town does have written policies and procedures regarding disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

The Town does have written policies and procedures regarding receipts.

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

The Town's policies and procedures addressing how payroll, leave, and overtime are to be approved and processed. .

- 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

The Town does have policies and procedures addressing contracting.

- 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

The Town's policies and procedures address the allowable business uses and documentation requirements of credit cards. However, they do not address how the cards are to be controlled, the required approvers, and the monitoring process.

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

The Town's travel and expense reimbursement policies and procedures address all of these items except dollar thresholds by category of expense.

- 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.

There Town does have policies in place that address the prohibitions as defined by state law. The Town has a code of conduct policy that addresses these items.

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

The Town does not have written policies and procedures regarding debt service.

Management's Response (on all policy and procedure findings): The Town will take steps to implement polies and procedures for the areas noted for credit cards and debt service.

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.

The Town holds board meetings on the second Tuesday of each month.

- 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.

The Town's board minutes did not reference monthly budget to actual comparisons. The Town's funds did not show a fund balance deficit for any of the funds.

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

The Town's minutes referenced non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

A listing of client bank accounts and management's representation the listing is complete were obtained.

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

Bank statements and reconciliations for all months in the fiscal period were obtained for selected account. Management's review was documented on the reconciliations.

- 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.

Management does not have documentation that it has researched items that have been outstanding for more than 6 months at the end of the fiscal year.

Management Response: We will work with our accountant on the outstanding checks.

Collections

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

A listing of cash collection locations and management's representation that the listing is complete were obtained.

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. 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.

The Town has two clerks that handles cash collections. One clerk handles traffic tickets and the other handles utility collections and property taxes. In the cash collection location selected, the person responsible for collecting cash is not responsible for depositing cash in the bank, recording transactions, or reconciling the bank account. The town has two cash drawers that are not shared. The person responsible for cash is bonded.

- 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.

There is a formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.

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

- 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.

The highest (dollar) week of cash collections for the one collection location was obtained along with collection documentation, deposit slips, and bank statements. All collections were deposited by the next business day.

- 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.

All collections were completely supported by documentation for the location tested.

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

The Town does have written policies or procedures that documents a process to determine completeness of all collections for each revenue source.

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.

The general ledger was obtained and sorted and filtered for disbursements. Management's representation that the population is complete were obtained.

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.

Purchases were initiated using a purchase order.

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

Purchases orders were approved by a person who did not initiate the purchase.

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

I noted the following:

- 1) *Five disbursements had no purchase orders*
- 2) *One disbursement had four invoices. Three invoices had the same purchase order and one invoice had not purchase order.*
- 3) *Two disbursements had purchase orders referenced but the purchase orders were not attached.*

Management's Response: We will address with the department heads the requirements for purchase orders on all supply items.

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

The Town does not have written documentation that prohibits the person responsible for processing payments from adding vendors to the purchasing/disbursement system. The administrative clerk can process payments and add vendors to the Town's Quickbooks system.

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

The Town does not have written documentation that prohibits the person with signatory authority or the person that makes the final authorization for disbursements from initiating or recording purchases. The administrative clerk processes the payments and the mayor and town clerk sign the disbursements.

- 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.

Inquiry and observations of management indicated that unused check stock is maintained in a locked location.

- 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.

The Town does not use signature stamps or a signature machine. The clerk will mail the checks once they are signed.

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.

I obtained a list of active credit cards and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

The Town has two fuel cards to Wex Bank and one credit card for Office Depot.

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.]

The administrative assistant reviews the credit card statement with all receipts.

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

There were no finance charges and/or late fees assessed.

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)

No exceptions were noted.

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

No exceptions were noted.

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

The Town has no written policies regarding other documentation that was required.

- 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.

There were no exceptions to the Town's credit card policy. There were no charges that would be subject to the Louisiana Public Bid Law.

- 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.

There were no exceptions to this procedure.

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.

The general ledger was sorted and filtered for travel reimbursements. Management's representation that the general ledger is complete were obtained.

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.

The Town's written policies relating to travel and expense reimbursements were obtained. The policy does not address amounts for per diems or mileage rates.

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.

There were no exceptions noted as a result of applying this procedure.

- 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.]

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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.

The general ledger was obtained and sorted and filtered for contract payments. Management's representation that the general ledger is complete were obtained.

- 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.

The Town had a road and street overlay project. I was provided a copy of the contract.

- 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)

I was provided a copy of the bid advertisement and documentation of the lowest bidder.

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

This is not applicable.

- 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.

The contract had one change order dated March 14, 2017. The change order increased the original contract price from \$245,328.15 to \$318,518.03, an increase of \$73,189.88. This was for additional concrete overlay and asphalt patching.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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).

There were no exceptions noted as a result of applying this procedure.

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 listing of employees with their related salaries and management's representation that the listing is complete were obtained. Five employees were randomly selected and their personnel files were obtained.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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.)

All selected employees did have daily attendance and leave documented.

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

The selected employees did have written documentation with supervisor signature on the leave slips.

- 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.

The Town did maintain complete written documentation of leave records on the selected 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.

There were two employees terminated. Termination payments were made in accordance with the Town's policy on payment for accrued leave.

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.

There were no exceptions noted as a result of applying this procedure.

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.

There were no exceptions to this procedure.

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.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

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

The Town had no new debt issued during the fiscal period.

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

There were no exceptions to this procedure.

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

The Town has no tax millages relating to debt service.

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.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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

The Town does have the required notices posted on its premises.

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

No exceptions were noted as a result of applying this procedure.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

A handwritten signature in cursive script that reads "Minda Rayburn". The signature is written in black ink on a white background.

Franklinton, LA

June 13, 2018