

TOWN OF KEACHI, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2018

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana

TOWN OF KEACHI, LOUISIANA

Table of Contents December 31, 2018

	<u>Page</u>
Accountant's Compilation Report	1
Government-Wide Financial Statements	
Basic Financial Statements	
Statement of Net Position	2
Statement of Activities	3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4
Reconciliation of Fund Balances on the Balance Sheets for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Notes to Financial Statements	8-11
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds - General Fund - Budget (GAAP) Basis and Actual	12
Other Supplementary Information:	
Schedule of Compensation Paid to Mayor and Aldermen	13
Schedule of Compensation, Reimbursements, and Other Payments to Agency Head	14
Schedule of Findings	15
Corrective Action Taken on Prior Year Findings	16



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

The Honorable Travis Whitfield, Mayor
and Members of the Town Council
Keachi, Louisiana

I have compiled the accompanying statement of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Keachi, Louisiana as of December 31, 2018, and for the year then ended. I have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct a compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Town of Keachi has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

The accompanying schedule of compensation paid to the mayor and town council and schedule of compensation, reimbursements, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. The information was subject to my compilation engagement, but I have not audited or reviewed the supplementary information, and accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule 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 not audited or reviewed the information and accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Marsha O. Millican

Certified Public Accountant
June 30, 2019

TOWN OF KEACHI, LOUISIANA

Statement of Net Position

December 31, 2018

ASSETS		
Current Assets		
Cash		\$ 830,500
Investments		<u>21,660</u>
Total Current Assets		<u>852,160</u>
Noncurrent Assets		
Restricted Cash		27,912
Capital Assets, net		<u>387,771</u>
Total Noncurrent Assets		<u>415,683</u>
Total Assets		<u>1,267,843</u>
Deferred Outflows of Resources		<u>-</u>
LIABILITIES AND NET POSITION		
Liabilities		
Accounts payable and accruals		<u>-</u>
Total Liabilities		<u>-</u>
Deferred Inflows of Resources		<u>-</u>
Net Position		
Invested in Capital Assets, net of related debt		381,771
Restricted for Construction		27,912
Unrestricted		<u>858,160</u>
Total Net Position		<u><u>\$1,267,843</u></u>

See accountant's compilation report and notes to financial statements.

TOWN OF KEACHI, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants	Capital Grants and Contributions	Total
Governmental Activities:				
General Government	\$ 44,856	\$ -	\$ -	\$ (44,856)
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	\$ 44,856	\$ -	\$ -	(44,856)
General Revenues:				
Occupational Licenses				11,343
Franchise Taxes				9,351
Sales Taxes				80,783
Royalty Income				74,872
Miscellaneous				1,380
Total General Revenues				177,729
Change in Net Position				132,873
Net Position, beginning of year				1,134,970
Net Position, end of year				\$ 1,267,843

See accountant's compilation report and notes to financial statements.

TOWN OF KEACHI, LOUISIANA

Balance Sheet
Governmental Fund
December 31, 2018

ASSETS	
CURRENT ASSETS	
Cash	\$ 830,500
Investments	<u>21,660</u>
Total Current Assets	852,160
OTHER ASSETS	
Restricted Cash	<u>27,912</u>
Total Assets	<u><u>\$ 880,072</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accruals	\$ -
Fund Balance	
Committed	27,912
Unassigned	<u>852,160</u>
Total Fund Balance	<u>880,072</u>
Total Liabilities and Fund Balances	<u><u>\$ 880,072</u></u>

See accountant's compilation report and notes to financial statements.

TOWN OF KEACHI, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2018

Total Fund Balance for Governmental Funds	\$ 880,072
Total Net Assets for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>387,771</u>
Total Net Position of Governmental Activities	<u>\$1,267,843</u>

See accountant's compilation report and notes to financial statements.

TOWN OF KEACHI, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Fund
For the Year Ended December 31, 2018

Revenues:	
Occupational Licenses	\$ 11,343
Franchise Taxes	9,351
Intergovernmental	-
Sales Taxes	80,783
Royalty Income	74,872
Other Income	1,380
	<hr/>
Total Revenues	177,729
	<hr/>
Expenditures:	
Current:	
General Government	29,143
	<hr/>
Total Expenditures	29,143
	<hr/>
Net changes in fund balance	148,586
Fund Balances, Beginning of Year	731,486
	<hr/>
Fund Balances, End of Year	\$ 880,072
	<hr/> <hr/>

See accountant's compilation report and notes to financial statements.

TOWN OF KEACHI, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
Year Ended December 31, 2018

Net changes in Fund Balances - Total Government Funds	\$ 148,586
The change in Net Position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$15,713) exceed capital outlay (\$-0-).	
	<u>(15,713)</u>
Change in net position of Governmental Activities	<u>\$ 132,873</u>

See accountant's compilation report and notes to financial statements.

TOWN OF KEACHI, LOUISIANA

Notes to Financial Statements

December 31, 2018

The Town of Keachi was incorporated in 1858 and was reincorporated under Legislative Act 109 of 1873 and is not subject to the Lawrason Act. The Town operates under a Mayor-Town Council form of government. The Town's major operations include public works and general administrative services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements of the Town of Keachi have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

B. Reporting Entity

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town of Keachi is considered a primary government, since it is a special purpose government that has a separately elected body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town of Keachi may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items are reported instead as general revenues.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues were recorded when earned and expenses are recorded when a is incurred, regardless of the timing of related cash flows.

TOWN OF KEACHI, LOUISIANA

Notes to Financial Statements

December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales and use tax revenues are recorded in the month collected by the tax collector. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town of Keachi reports the following governmental funds:

Governmental Funds

Governmental funds account for all or most of the Town of Keachi's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of capital assets.

General Fund - is the general operating fund of the Town. It is used to account for all the financial resources except those required to be accounted for in another fund. General tax revenues and other sources of revenue used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with contradict guidance of the Governmental Accounting Standards Board.

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Town of Keachi prepares and adopts a budget each year for its general and special revenue funds in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Town amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

TOWN OF KEACHI, LOUISIANA

Notes to Financial Statements

December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the Town of Keachi, Louisiana defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible. Town of Keachi had no receivables at December 31, 2018.

H. Capital Assets

Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements, 10 to 25 years for the distribution system, and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as Major expenditures for renewals and betterments are capitalized.

I. Compensated Absences

Town of Keachi has no full-time employees. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

J. Estimates

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

TOWN OF KEACHI, LOUISIANA

Notes to Financial Statements

December 31, 2017

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

For reporting purposes, deposits with financial institutions includes savings, demand deposits, time certificates of deposits. Under state law the Town of Keachi may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the fund may invest in time certificates deposits of state banks organized under the laws of Louisiana, national banks having their principal office state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in accounts and share certificate accounts of federally or state chartered credit unions.

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

At December 31, 2018, bank balances totaling \$434,895 were secured by FDIC insurance and deposits of \$445,568 were collateralized by securities held by the Town's agent in the Town's name (Category 2 under provisions of GASB Statement 3).

NOTE 3 CAPITAL ASSETS

A summary of the Town of Keachi's capital assets at December 31, 2018 follows:

	Balance Jan. 1, 2018	Additions	Retirements	Balance Dec. 31, 2018
Government Activities				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Capital Assets, being depreciated				
Furniture and fixtures	6,147	-	-	6,147
Buildings and other improvements	481,040	-	-	481,040
Less accumulated depreciation	<u>(91,203)</u>	<u>(15,713)</u>	<u>-</u>	<u>(106,916)</u>
Total Capital Assets, net	<u>\$ 403,484</u>	<u>\$ (15,713)</u>	<u>\$ -</u>	<u>\$ 387,771</u>

NOTE 4 RISK MANAGEMENT

The Town of Keachi is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

TOWN OF KEACHI, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
GENERAL FUND
BUDGET (GAAP) BASIS AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes, Licenses, and Permits	\$ 68,200	\$ 68,200	\$ 101,477	\$ 33,277
Royalty Income	12,000	12,000	74,872	62,872
Miscellaneous	800	800	1,380	580
Total Revenues	<u>81,000</u>	<u>81,000</u>	<u>177,729</u>	<u>96,729</u>
Expenditures				
General Government	<u>28,800</u>	<u>27,850</u>	<u>29,143</u>	<u>(99)</u>
Total Expenditures	<u>28,800</u>	<u>27,850</u>	<u>29,143</u>	<u>(99)</u>
Net Change in Fund Balances	52,200	53,150	148,586	96,630
Fund Balances, Beginning of year	<u>731,486</u>	<u>731,486</u>	<u>731,486</u>	<u>-</u>
Fund Balances, End of year	<u>\$ 783,686</u>	<u>\$ 784,636</u>	<u>\$ 880,072</u>	<u>\$ 96,630</u>

TOWN OF KEACHI, LOUISIANA

Schedule of Compensation Paid -
Mayor and Town Council
For the Year Ended December 31, 2018

Honorable Travis Whitfield, Mayor	\$ 600
Jeanette Avila	600
Ashley Fisher	150
Lorice Pipkin	600
Audrey Rachal	550
Michael Gresham	<u>400</u>
Total	<u>\$ 2,900</u>

TOWN OF KEACHI, LOUISIANA
Schedule of Compensation, Reimbursements, Benefits and Other Payments
to Agency Head
For the Year Ended December 31, 2018

Agency Head: Honorable Travis Whitfield, Mayor

Salary	<u>\$ 600</u>
Payroll Taxes	<u>\$ 46</u>
Reimbursement	<u>\$ -</u>

TOWN OF KEACHI, LOUISIANA

Schedule of Findings

For the Year Ended December, 31, 2018

Finding # 2018 - 1

Criteria:

Effective internal control requires segregation of duties.

Condition:

The segregation of duties is inadequate to provide effective internal control.

Cause:

The condition is due to space and economic limitations.

Effect:

Unknown.

Recommendation:

Whether or not it would be cost effective to correct a condition is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all conditions reported under accounting standards generally accepted in the United States of America. In this case, both management and independent auditor do not believe that correcting the condition described above is cost effective or practical, and accordingly, do not believe that any corrective action is necessary.

Management's Response and Corrective Action Plan:

We agree with the finding. We will make every effort to segregate duties as allowed by space and economic limitations.

TOWN OF KEACHI, LOUISIANA

Corrective Action Taken on Prior Year Findings

For the Year Ended December, 31, 2018

Finding # 2017 - 1

Condition:

The segregation of duties is inadequate to provide effective internal control.

Status:

Unresolved.