

Village of Tangipahoa, Louisiana

Annual Financial Statements

As of and For the Year Ended June 30, 2018

Village of Tangipahoa
Annual Financial Statements
As of and for the Year Ended June 30, 2018
With Supplemental Information Schedules

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Village of Tangipahoa
Annual Financial Statements
As of and for the Year Ended June 30, 2018
With Supplemental Information Schedules

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Minda B. Raybourn

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AICPA

Member
LCPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Honorable Trashica Robinson, Mayor,
And Members of the Board of Aldermen
Village of Tangipahoa, LA

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Tangipahoa, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Village of Tangipahoa, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

The management of the Village of Tangipahoa, Louisiana, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

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

Accountant's Conclusion

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

Required Supplementary Information

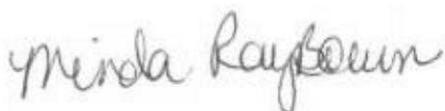
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic

financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the management's discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and accordingly, I do not express an opinion or provide any assurance on such supplementary information.

Other Information

My review was made primarily for the purposes of expressing a conclusion that there were no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I did not become aware of any material modifications that should be made to such information.

In accordance with the *Louisiana Government Audit Guide* and provisions of state law, I have issued a report dated July 20, 2019 on the results of my agreed-upon procedures.

A handwritten signature in cursive script that reads "Minda B. Raybourn".

Minda B. Raybourn, CPA
Franklinton, LA
July 20, 2019

Basic Financial Statements
Government-Wide Financial Statements

Village of Tangipahoa
Statement of Net Position
As of June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 48,406	\$ 78,528	\$ 126,934
Receivables, Net:	-	22,960	\$ 22,960
Intergovernmental	6,987	-	6,987
Other	3,132	-	3,132
Franchise Taxes	3,655	-	3,655
N Court	311	3,623	3,934
Prepaid Insurance	6,088	2,896	8,984
Due From Sales Tax Fund	-	2,287	2,287
Total Current Assets	68,579	110,294	178,873
<i>Restricted Assets:</i>			
Restricted Cash and Cash Equivalents	-	24,680	24,680
Total Restricted Assets	-	24,680	24,680
<i>Capital Assets:</i>			
Land	11,443	-	11,443
Capital Assets, Net	43,450	1,804,831	1,848,281
Total Capital Assets	54,893	1,804,831	1,859,724
Total Assets	123,472	1,939,805	2,063,277
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	20,651	7,953	28,604
Other Accrued Payables	2,940	24	2,964
Due to Other Funds	2,287	-	2,287
Unclaimed Properties	-	522	522
Customer Deposits	-	31,742	31,742
Total Current Liabilities	25,878	40,241	66,119
Total Liabilities	25,878	40,241	66,119
Net Position			
<i>Net Investment in Capital Assets</i>	54,893	1,804,831	1,859,724
Restricted for:			
Customer Deposits	-	24,680	24,680
Sales Tax Ordinance	5,456	-	5,456
Unrestricted	37,245	70,053	107,298
Total Net Position	\$ 97,594	\$ 1,899,564	\$ 1,997,158

See accompanying notes and independent accountant's review report.

Village of Tangipahoa
Statement of Activities
For year ended June 30, 2018

	<u>Program Revenues</u>				Net (Expenses) Revenues	<u>Net Expense Revenues and Changes of Primary Government</u>		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions		Governmental Activities	Business- Type Activities	Total
Governmental Activities								
General Government	\$ 73,111	\$ 23,414	\$ 4,000	\$ -	\$ (45,697)	\$ (45,697)	\$ -	\$ (45,697)
Public Safety	74,787	3,619	11,196	-	(59,972)	(59,972)	-	(59,972)
Public Works	32,854	-	-	-	(32,854)	(32,854)	-	(32,854)
Sanitation	44,585	43,019	-	-	(1,566)	(1,566)	-	(1,566)
Total Governmental Activities	<u>225,337</u>	<u>70,052</u>	<u>15,196</u>	<u>-</u>	<u>(140,089)</u>	<u>(140,089)</u>	<u>-</u>	<u>(140,089)</u>
Business- type Activities								
Gas	-	-	-	-	-	-	-	-
Water	122,202	96,048	5,990	-	(20,164)	-	(20,164)	(20,164)
Sewer	108,332	57,579	-	-	(50,753)	-	(50,753)	(50,753)
Total Business-type Activities	<u>230,534</u>	<u>153,627</u>	<u>5,990</u>	<u>-</u>	<u>(70,917)</u>	<u>-</u>	<u>(70,917)</u>	<u>(70,917)</u>
Total	<u>\$ 455,871</u>	<u>\$ 223,679</u>	<u>\$ 21,186</u>	<u>\$ -</u>	<u>\$ (211,006)</u>			
General Revenue								
Taxes:								
Property Taxes						12,814	-	12,814
Sales Taxes						54,617	-	54,617
Franchise Taxes						7,584	-	7,584
Intergovernmental						6,336	-	6,336
Donations						1,000	-	1,000
Interest						-	432	432
Miscellaneous						3,169	-	3,169
Operating Transfers In (Out)						38,157	(38,156)	1
Gain (Loss) on Sale of Assets						36,700	-	36,700
Total General Revenues and Transfers						<u>160,377</u>	<u>(37,724)</u>	<u>122,653</u>
Changes in Net Position						<u>20,288</u>	<u>(108,641)</u>	<u>(88,353)</u>
Net Position - Beginning						<u>77,306</u>	<u>2,008,205</u>	<u>2,085,511</u>
Net Position - Ending						<u>\$ 97,594</u>	<u>\$ 1,899,564</u>	<u>\$ 1,997,158</u>

See accompanying notes and independent accountant's review report.

Basic Financial Statements
Fund Financial Statements

Village of Tangipahoa
Balance Sheet, Governmental Funds
As of June 30, 2018

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Capital Projects Fund (LCDBG)</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Equivalents	\$ 42,892	\$ 5,225	\$ 289	\$ 48,406
Due From Other Funds	2,287	-	-	2,287
Receivables, Net:	-	-	-	-
Intergovernmental	2,182	4,805	-	6,987
Employees	3,132	-	-	3,132
Franchise Taxes	3,655	-	-	3,655
N Court	311	-	-	311
Prepaid Insurance	6,088	-	-	6,088
Total Assets	<u>\$ 60,547</u>	<u>\$ 10,030</u>	<u>\$ 289</u>	<u>\$ 70,866</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 20,651	\$ -	\$ -	\$ 20,651
Other Accrued Payables	2,940	-	-	2,940
Due to Other Funds	-	4,574	-	4,574
Due To Other Governments	-	-	-	-
Total Liabilities	<u>23,591</u>	<u>4,574</u>	<u>-</u>	<u>28,165</u>
Fund Balance:				
Nonspendable	6,088	-	-	6,088
Restricted Fund Balances	-	5,456	-	5,456
Unassigned Fund Balance	30,868	-	289	31,157
Total Fund Balances (Deficit)	<u>36,956</u>	<u>5,456</u>	<u>289</u>	<u>42,701</u>
Total Liabilities and Fund Balances	<u>\$ 60,547</u>	<u>\$ 10,030</u>	<u>\$ 289</u>	<u>\$ 70,866</u>

See accompanying notes and independent accountant's review report.

Village of Tangipahoa
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of June 30, 2018

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

Fund Balances, Total Governmental Funds (Statement C)	\$	42,701
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

Governmental capital assets net of depreciation		54,893
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Long-term liabilities including bonds payable, loans payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds Payable		-
Capital Leases Payable		-
Compensated Absences Payable		-

Net Position of Governmental Activities (Statement A)	\$	97,594
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See accompanying notes and independent accountant's review report.

Village of Tangipahoa
Statement of Revenue, Expenditures and Changes in Fund Balances
For the year ended June 30, 2018

	General Fund	Sales Tax Fund	Capital Projects Fund (LCDBG)	Total Governmental Funds
Revenues				
Taxes	\$ 20,398	\$ 54,617	\$ -	\$ 75,015
License and Permits	23,414	-	-	23,414
Intergovernmental	6,336	-	-	6,336
Sanitation	43,019	-	-	43,019
Fines and Forfeitures	3,619	-	-	3,619
Grants	9,196	-	-	9,196
Donations	1,000	-	-	1,000
Supplemental Pay Income	6,000	-	-	6,000
Miscellaneous	3,169	-	-	3,169
Total Revenues	116,151	54,617	-	170,768
Expenditures				
General Government	79,190	345	-	79,535
Public Safety:				
Police	62,496	-	-	62,496
Fire	8,200	-	-	8,200
Public Works	32,854	-	-	32,854
Sanitation	44,585	-	-	44,585
Capital Outlays	-	-	-	-
Total Expenditures	227,325	345	-	227,670
Excess (Deficiency) of Revenues Over (Under) (Expenditures)	(111,174)	54,272	-	(56,902)
Other Financing Sources (Uses)				
Operating Transfers In	91,165	-	-	91,165
Operating Transfers (Out)	-	(53,008)	-	(53,008)
Sales of Fixed Assets	51,700	-	-	51,700
Total Other Financing Sources (Uses)	142,865	(53,008)	-	89,857
Net Change in Fund Balances	31,691	1,264	-	32,955
Fund Balances, Beginning	5,265	4,192	289	9,746
Fund Balances, Ending	\$ 36,956	\$ 5,456	\$ 289	\$ 42,701

See accompanying notes and independent accountant's review report.

Village of Tangipahoa

**Reconciliation of Statement of Revenues, Expenditures and Change in Fund Balances of
Governmental Funds to the Statement of Activities
As of June 30, 2018**

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

Net Change in Fund Balance, Total Governmental Funds, Statement E **\$ 32,955**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 7,379	
Less:		
Current year depreciation	(5,046)	2,333

In the statement of activities only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.

Sale of land		(15,000)
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Changes in Net Position of Governmental Activities, Statement B **\$ 20,288**

See accompanying notes and independent accountant's review report.

Village of Tangipahoa
Statement of Net Position - Proprietary Funds
As of June 30, 2018

Assets

Current Assets:

Cash and Cash Equivalents	\$ 78,528
Receivables, Net:	
Accounts	20,343
Accrued Billings	2,617
N Court	3,623
Prepaid Insurance	2,896
Due From Sales Tax Fund	2,287

Total Current Assets	<u>110,294</u>
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Restricted Assets:

Restricted Cash and Cash Equivalents	<u>24,680</u>
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Total Restricted Assets	<u>24,680</u>
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Property, Plant, and Equipment

Property, Plant and Equipment, Net	<u>1,804,831</u>
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Total Property, Plant and Equipment	<u>1,804,831</u>
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Total Assets	<u><u>1,939,805</u></u>
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Liabilities

Current Liabilities (Payable From Current Assets):

Accounts Payable	7,953
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Unclaimed Properties	522
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Other Accrued Payables	24
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Total Current Liabilities (Payable From Current Assets):	<u>8,499</u>
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Current Liabilities (Payable From Restricted Assets):

Customer Deposits	<u>31,742</u>
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Total Current Liabilities (Payable From Restricted Assets)	<u>31,742</u>
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Total Liabilities	<u><u>40,241</u></u>
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Net Position

Net Investment in Capital Assets	1,804,831
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Restricted for:

Customer Deposits	24,680
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Unrestricted	<u>70,053</u>
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Total Net Position	<u><u>\$ 1,899,564</u></u>
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See accompanying notes and independent accountant's review report.

Village of Tangipahoa
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds
For the year ended June 30, 2018

	Water/Utility System	Sewer/Utility System	Total
Operating Revenues			
Water Sales	\$ 88,368	\$ -	\$ 88,368
Sewer Service Charges	-	52,162	52,162
Connection Fees	545	-	545
Delinquent Charges	5,365	5,417	10,782
Other	1,770	-	1,770
Total Operating Revenues	<u>96,048</u>	<u>57,579</u>	<u>153,627</u>
Operating Expenses			
Accounting	8,150	8,150	16,300
Bad Debts	8,302	8,302	16,604
Bank Charges	283	133	416
Billing Costs	1,277	1,277	2,554
Chlorine	6,942	-	6,942
Depreciation	40,520	48,299	88,819
Dues and Registration	735	-	735
Insurance	3,150	1,783	4,933
Lab Tests	1,373	585	1,958
Repairs and Maintenance	20,245	14,970	35,215
Payroll Taxes	1,107	1,107	2,214
Safe Drinking Water Fees	3,420	-	3,420
Salaries and Wages	14,471	14,471	28,942
Submersible Pump	-	3,995	3,995
Supplies	1,496	832	2,328
Truck and Tractor	992	992	1,984
Utilities	8,850	3,132	11,982
Other	889	304	1,193
Total Operating Expenses	<u>122,202</u>	<u>108,332</u>	<u>230,534</u>
Operating Income (Loss)	<u>(26,154)</u>	<u>(50,753)</u>	<u>(76,907)</u>
Nonoperating Revenues (Expenses)			
Interest Income	-	432	432
Grants	5,990	-	5,990
Transfer Out General Fund	(32,336)	(32,336)	(64,672)
Transfer In Sales Tax Fund	-	26,516	26,516
Total Nonoperating Revenues (Expenses)	<u>\$ (26,346)</u>	<u>\$ (5,388)</u>	<u>\$ (31,734)</u>
Change in Net Position			(108,641)
Total Net Position, Beginning			<u>2,008,205</u>
Total Net Position, Ending			<u>\$ 1,899,564</u>

See accompanying notes and independent accountant's review report.

Statement I

**Village of Tangipahoa
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018**

	Enterprise Fund
Cash Flow From Operating Activities	
Received From Customers	\$ 150,533
Payments for Operations	(115,299)
Payments to Employees	(28,942)
Net Cash Provided (Used) by Operating Activities	<u>6,292</u>
Cash Flow From Noncapital Financing Activities	
Transfer From (To) Other Funds	(39,607)
Change in Due (From) To Other Funds	8,736
Change in Due (From) To Other Governments	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(30,871)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from Capital Grants	5,990
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>5,990</u>
Cash Flows From Investing Activities	
Receipt of Interest	432
Net Cash Provided (Used) by Investing Activities	<u>432</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	(18,157)
Cash and Cash Equivalents, Beginning of Year	<u>121,365</u>
Cash and Cash Equivalents, End of Year	<u>\$ 103,208</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and Cash Equivalents, Unrestricted	78,528
Cash and Cash Equivalents, Restricted	24,680
Total Cash and Cash Equivalents	<u>\$ 103,208</u>

See accompanying notes and independent accountant's review report.

Village of Tangipahoa
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

**Reconciliation of Operating Income (Loss) to Net Cash Provided
(Used) by Operating Activities**

Operating Income (Loss)	\$ (76,907)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	88,819
Bad Debt Expense	8,162
(Increase) decrease in Accounts Receivable	(11,256)
Increase (decrease) in Accounts Payable	(6,593)
Increase (decrease) in Accounts Expenses	957
Increase (decrease) in Customer Deposits	3,110
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,292</u>

See accompanying notes and independent accountant's review report.

Basic Financial Statements
Notes to the Financial Statements

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

Introduction

The Village of Tangipahoa, Louisiana was incorporated on July 1, 1959 under the provisions of the Lawrason Act. The Village is located approximately four miles south of Kentwood, Louisiana, on Highway 51 east of Interstate 55. The total population of the Village of Tangipahoa, Louisiana is 748, as reported by the U.S. Census Bureau, Census 2010.

The Village operates under a Mayor/Board of Aldermen form of government, with the Mayor and each of three aldermen elected at large for four-year terms. The Village provides police protection services, services to maintain or develop street, drainage, sanitation, support of recreation activities; general and administrative services, and utilities services for area residents. The Village provides water to 255 customers, garbage service to 217 customers, and sewer utility services to 192 customers. The Village employs four full-time employees in addition to the Mayor and Board of Aldermen.

The accounting and reporting policies of the Village conform with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the Louisiana *Governmental Audit Guide* and to industry audit guide, *Audits of State and Local Governmental Units*.

The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements, and Management's Discussion and Analysis-for State and Local Governments, issued in June 1999. Management has elected to not present the Management's Discussion and Analysis.

1. Summary of Significant Accounting Policies

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement NO. 14 established criteria for determining the identification of a primary government unit for financial reporting purposes. The GASB has set forth criteria to be considered in determining which governmental entities are primary governments. An Entity is a primary government if it satisfies all of the following criteria:

1. The entity has a separate governing body elected by the citizenry in a general, popular election.
2. The entity is legally separate from other entities.
3. The entity is fiscally independent of other state and local governmental entities.

Based on the above criteria the Village has determined that the Village of Tangipahoa, Louisiana is a primary government and financial reporting entity in accordance with GASB Statement No. 14. The

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

Village has also determined that there are no component units that should be considered part of the Village for Financial Reporting.

B. Government-Wide and Fund Financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements.

The focus of governmental and proprietary fund financial statements is on “major” funds. Fund statements present in separate columns the General Fund, followed by major funds, if any, with non-major funds aggregated and displayed in a separate column. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise fund combined) for determination of major funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprise fund that the government’s officials believe is particularly important so financial statement users may be reported as major fund.

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

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

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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

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

The Village reports the following major governmental funds:

The *General Funds* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. For the fiscal year ending June 30, 2018, the Village elected to report all special revenue funds, including the *Sales Tax Fund* as major governmental funds.

The *Capital Project Fund* accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

The Village reports the following major proprietary funds:

The *Enterprise Funds* account for operations (a) that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees, 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.

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

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

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

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

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available for use, the Village considers amounts to have been spend first out of restricted funds, committed funds, then assigned funds, and finally unassigned funds as needed unless the Village has provided otherwise in commitment or assignment actions.

D. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allows the Village to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
General Corporate Purposes	5.95 mills	5.95 mills
Fire Protection	10.00 mills	10.00 mills

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Restricted Assets

Cash held for customer’s meter deposits is set aside in separate cash accounts and classified as a restricted asset on the balance sheet.

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Village of Tangipahoa
Notes to the Financial Statements
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All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	15 - 30 Years
Improvements	20 - 45 Years
Vehicles and Equipment	5 - 15 Years
Infrastructure	20 - 45 Years
Water System	20 - 45 Years
Sewer System	20 - 45 Years

I. Compensated Absences

The Village has the following policy related to vacation and sick leave:

All regular employees of the Village of Tangipahoa earn one day of sick leave each month. Vacation and sick leave must be used in the year earned.

In accordance with GASB-16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

J. Net Position

GASB Statement No. 34, Basic Financial Statements, *Management's Discussion and Analysis for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No.63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** – The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

- **Restricted Component of Net Position** – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted Component of Net Position** – 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 of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Village adopted GASB 54 for the year ended December 31, 2011. As such, fund balances of governmental funds are classified as follows:

- **Nonspendable.** These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted.** These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal vote of the Board, which is the highest level of decision-making authority for the Village.
- **Assigned.** These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purpose based on the discretion of the Board.
- **Unassigned.** These are all other spendable amounts. This also includes expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed, or assigned to those purposes.

K. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Village, which are either unusual in nature or infrequent in occurrence.

M. Estimates

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

N. Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

The Village uses the following budget practices:

1. The Village Clerk prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding estimated amounts require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

The Village's Sales Tax Fund, a special revenue fund, was in compliance with the Local Government Budget Act for the fiscal year ending June 30, 2018. However, the General Fund was not in compliance with the Local Government Budget Act for the fiscal year ending June 30, 2018. Actual Expenditures exceeded Budgeted expenditures by more than the five percent variance.

3. Levied Taxes

On May 3, 1972, the Village adopted Ordinance 62 authorizing the Village to levy a one cent sales and use tax. The proceeds of this one cent sales and use tax, levied by the Village, are for the purposes of purchasing and or constructing sewers, drains, drainage canals, pumping plants, sewerage disposal works, and all facilities necessary or convenient for the completion and maintenance of an adequate sewerage disposal system. In addition, the proceeds are for the purposes of acquiring necessary property or equipment, or for any one or more of any such purposes, or for any lawful corporate purpose in connection with the acquisition, construction, and or maintenance of such a sewerage system.

On April 10, 1985, the Village adopted Ordinance 1, authorizing the collection of an additional one cent sales tax. Up to fifty percent of the proceeds was restricted for the purpose of establishing the regular collection of garbage, and acquiring necessary equipment for the maintenance of such garbage systems and the remainder of the proceeds is to be used for the purpose of constructing and improving streets and street lights and acquiring necessary equipment for maintenance. This sales tax expired in 2005. Starting in May 2014, since the Village was still collecting this tax, the school board began holding the collected taxes in an escrow account until a new tax was passed. This one percent sales tax for perpetuity was passed during the election November 4, 2014 and can be used for any lawful corporate purpose of the Village of Tangipahoa from and after January 1, 2015. The amount held by the school board was paid to the Village of Tangipahoa during the fiscal year ended June 30, 2015.

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

On July 21, 2014, the Village adopted a resolution levying an ad valorem tax of 5.95 mills on the assessed valuation of all property subject to taxation within the Village. The millage of 5.95 is for “general corporate purposes”. The Village also collects 10.00 mills for fire protection that is to be transferred to the Tangipahoa Parish Rural Fire #2. The amount paid for fire protection for 2018 was \$8,200.

For the year ending June 30, 2018, the Village assessed Entergy, Inc. public utilities franchise taxes totaling \$7,583 for the privilege of providing services to the Village’s citizens.

4. Cash and Cash Equivalents

At June 30, 2018, the Village has cash and cash equivalents (book balances) as follows:

	<u>June 30, 2018</u>
Demand Deposits	\$ 121,783
Louisiana Asset Management Pool	29,831
	<u>\$ 151,614</u>

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

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government’s deposits may not be returned. At June 30, 2018, the Village has \$170,145 in deposits. Collected bank balances, other than LAMP, consisted of \$140,314 in demand deposits. These demand deposits are secured from risk by \$250,000 of federal deposit insurance.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The Village records its LAMP deposits within cash and cash equivalents.

5. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Village or its agent in the Village’s name
2. Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the Village’s name

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name

In accordance with GASB Codification Section I50.165, the investment in LAMP at June 30, 2018, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool share, which is the same as the fair value, and has been categorized as cash equivalents. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprised of the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

LAMP is subject to the regulator oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

1. Credit risk: LAMP is rated AAA by Standard and Poor's
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment pool is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: 2a7-like investments pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM or LAMP's total investments, as provided by LAMP, is 50 days as of June 30, 2018.

5. Foreign currency risk: Not applicable to 2a7-like pools.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with SEC as an investment company. LAMP, Inc. issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by calling (800) 249-5267.

In the current year, the Village did not have any assets classified as investments. The Village records its LAMP deposits within cash and cash equivalents.

In the current year the Village did not have any assets classified as investments. The Village records its LAMP deposits within cash and cash equivalents.

Interest Rate Risk: The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

6. Receivables

The Governmental Fund receivables at June 30, 2018 consist of the following:

Government Receivables	General Fund	Sales Tax Fund	Capital Projects Fund (LCDBG)	Total Governmental Funds
Accounts	\$ -	\$ -	\$ -	\$ -
Property Tax Receivable	-	-	-	-
N-Court	311			311
Employee	3,132			3,132
Franchise Taxes:	-	-	-	-
Public Utility Franchise	3,655	-	-	3,655
Intergovernmental:	-	-	-	-
Sales and Use Tax	-	4,805	-	4,805
State of Louisiana, Beer Tax	2,182	-	-	2,182
Total Government Receivables	\$ 9,280	\$ 4,805	\$ -	\$ 14,085

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

The Enterprise Fund accounts receivable at June 30, 2018 consist of the following:

Accounts Receivables	Year Ended June 30, 2018
Current	\$ 3,721
31 - 60 Days	3,290
61 - 90 Days	281
Over 90 Days	28,051
Subtotal	<u>35,343</u>
Less Allowance for Bad Debt	<u>(15,000)</u>
Accounts Receivables, Net	20,343
Accrued Billings	<u>2,617</u>
Total Accounts Receivables	<u>\$ 22,960</u>

7. Interfund Receivables/Payables

The Village had the following interfund receivables and payables outstanding for the Village's fund financial statements at June 30, 2018.

	<u>Due From</u>	<u>Due To</u>
General Fund		
Sales Tax Fund	\$ 2,287	\$ -
Special Revenue Fund		
Sales Tax Fund	-	-
General Fund	-	2,287
Enterprise Fund	-	2,287
Enterprise Fund		
Sales Tax Fund	<u>2,287</u>	-
Totals	<u>\$ 4,574</u>	<u>\$ 4,574</u>

8. Restricted Assets

Restricted assets for the Enterprise Fund at June 30, 2018 is as follows:

	<u>June 30, 2018</u>
Restricted Cash and Cash Equivalents	
Customer Deposits	<u>\$ 24,680</u>
Total Restricted Assets	<u>\$ 24,680</u>

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

9. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2018 for governmental activities is as follows:

Governmental Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 26,443	\$ -	\$ (15,000)	\$ 11,443
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	26,443	-	(15,000)	11,443
Capital Assets Being Depreciated:				
Buildings and Improvements	23,000	7,379	-	30,379
Furniture and Fixtures	1,246	-	-	1,246
Vehicles	27,174	-	-	27,174
Equipment	60,723	-	-	60,723
Total Capital Assets Being Depreciated	112,143	7,379	-	119,522
Less Accumulated Depreciation for:				
Building and Improvements	(11,390)	(1,000)	-	(12,390)
Furniture and Fixtures	(1,246)	-	-	(1,246)
Vehicles	(3,617)	(2,777)	-	(6,394)
Equipment	(54,773)	(1,269)	-	(56,042)
Total Accumulated Depreciation	(71,026)	(5,046)	-	(76,072)
Total Capital Assets Being Depreciated Net	41,117	2,333	-	43,450
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 67,560	\$ 2,333	\$ (15,000)	\$ 54,893

Depreciation was charged to governmental functions as follows:

General Government	\$ 955
Public Safety	4,091
	<u>\$ 5,046</u>

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

Capital assets and depreciation activity as of and for the year ended June 30, 2018 for business-type activities is as follows:

Business - Type Activities Capital Assets:	Beginning Balance	Increase	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets Being Depreciated:				
Buildings and Improvements	31,414	-	-	31,414
Vehicles and Equipment	89,285	-	-	89,285
Water Utility System	1,648,741	-	-	1,648,741
Sewer Utility System	1,779,190	-	-	1,779,190
Total Capital Assets Being Depreciated	3,548,630	-	-	3,548,630
Less Accumulated Depreciation for:				
Buildings and Improvements	16,921	1,068	-	17,989
Vehicles and Equipment	84,671	3,021	-	87,692
Water Utility System	531,033	38,475	-	569,508
Sewer Utility System	1,022,356	46,254	-	1,068,610
Total Accumulated Depreciation	1,654,981	88,818	-	1,743,799
Total Capital Assets Being Depreciated, Net	1,893,649	(88,818)	-	1,804,831
Total Business - Type Activities Capital Assets, Net of Depreciation	\$ 1,893,649	\$ (88,818)	\$ -	\$ 1,804,831

The Village sold several parcels of land with a book value of \$15,000. The total gain recognized on the sale was \$36,500. The Village also purchased a digital sign for \$7,379. The sign was purchased using grant proceeds. The enterprise fund had not new additions.

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

10. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on June 30, 2018:

Interfund Transfers	Transfers In	Transfers Out
General Fund		
Sales Tax Fund	\$ 26,492	\$ -
Enterprise Fund	64,672	-
Special Revenue Funds		
Sales Tax Fund	-	-
General Fund	-	26,492
Enterprise Fund	-	26,516
Enterprise Fund		
General Fund	-	64,672
Sales Tax Fund	26,516	-
Total Interfund Transfers	\$ 117,680	\$ 117,680

The primary reason for the interfund transfers is related to expenditures per the Village's sales tax issue for sewer services, garbage collections, and street lights.

11. Accounts, Salaries, and Other Payables

The Governmental Fund payables at June 30, 2018 are as follows:

Current Payables	General Fund	Special Revenue Funds	Capital Projects Fund	Enterprise Fund	Total
Accounts	\$ 20,651	\$ -	\$ -	\$ 7,953	\$ 28,604
Due to Other Governments	-	4,574	-	522	5,096
Customer Deposits	-	-	-	31,742	31,742
Payroll Taxes	2,095	-	-	-	2,095
Other	845	-	-	24	869
Total Current Payables	\$ 23,591	\$ 4,574	\$ -	\$ 40,241	\$ 68,406

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

12. Intergovernmental Cooperative Agreement

On December 12, 1984, the Village entered into an agreement with the Tangipahoa Parish Council to allow the Parish Housing Choice Voucher Program to operate within its corporate limits. The U.S. Department of Housing and Urban Development (HUD) allows these programs to operate within communities without such programs. The Village has attempted to find such assistance through federal and state rental subsidy programs, but has been turned down for such assistance because of its small size.

13. Sanitation Contract

The Village contracts with Waste Management Inc. for the pickup and disposal of solid waste. Sales tax in the amount of one half of one percent is dedicated to pay for the cost of this contract.

14. Fund Balances/Net Position

At June 30, 2018, the Village reported positive fund balances in all funds.

Village of Tangipahoa
Notes to the Financial Statements
As of and for the Year Ended June 30, 2018

15. Risk Management

The Village is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Village purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Village's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

16. Contingent Liabilities

At June 30, 2018, the Village was not involved in any outstanding litigation or claims.

17. Subsequent Events

Subsequent events were evaluated by management through July 20, 2019, the date the financial statements were available for issuance. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2018.

Required Supplemental Information (Part II)

Village of Tangipahoa
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u>
			<u>GAAP Basis</u>	<u>(Unfavorable)</u>
Revenues				
Taxes				
Ad Valorem	\$ 15,700	\$ 15,300	\$ 12,814	\$ (2,486)
Delinquent Notice and Interest	-	-	-	-
Franchise Taxes	8,500	8,500	7,584	(916)
Total Taxes	24,200	23,800	20,398	(3,402)
Licenses and Permits				
Licenses and Permits	3,000	4,600	4,651	51
Tax on Insurance Premiums	8,000	18,600	18,763	163
Total Licenses and Permits	11,000	23,200	23,414	214
Intergovernmental				
Entergy	-	-	4,000	4,000
State Grants	8,900	4,400	-	(4,400)
Louisiana Beer Tax Distribution	5,600	5,600	6,336	736
Total Intergovernmental	14,500	10,000	10,336	336
Miscellaneous Revenues				
Fines and Forfeitures	4,500	3,300	3,619	319
Supplemental Pay	6,000	6,000	6,000	-
F.E.M.A	-	5,200	5,196	(4)
Donations	-	3,800	1,000	(2,800)
Miscellaneous Revenues	100	300	3,169	2,869
Sanitation	41,600	41,800	43,019	1,219
Total Miscellaneous Revenues	52,200	60,400	62,003	1,603
Total Revenues	101,900	117,400	116,151	(1,249)

Continued

Village of Tangipahoa
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended June 30, 2018

Expenditures	Budget Amounts		Actual	Variance
	Original	Final	Amounts GAAP Basis	Favorable (Unfavorable)
General Government				
Salaries	\$ 15,250	\$ 19,150	\$ 22,968	\$ (3,818)
Payroll Taxes	1,200	3,100	3,137	(37)
General and Administrative	9,200	8,900	5,772	3,128
Capital Expenditure	1,500	4,000	7,379	(3,379)
Insurance	4,700	10,900	10,940	(40)
Legal Expenses	9,600	6,900	6,703	197
Other Operating	5,200	5,600	7,779	(2,179)
Professional Fees	700	-	-	-
Repairs and Maintenance	100	200	169	31
Supplies	6,700	4,168	4,214	(46)
Dues and Subscription	1,700	1,500	1,897	(397)
Telephone	11,200	5,900	7,103	(1,203)
Travel	400	100	136	(36)
Utilities	1,700	1,000	993	7
Total General Government	69,150	71,418	79,190	(7,772)
Public Safety:				
Police				
Salaries	25,200	34,100	34,026	74
Payroll Taxes	2,400	2,800	2,750	50
Capital Outlay Equipment	2,500	-	-	-
Capital Outlay Police Car	-	-	-	-
Insurance	5,300	8,900	9,242	(342)
Vehicle Expenses	5,000	4,800	5,145	(345)
Supplies	1,000	100	98	2
Supplemental Pay Income	6,000	6,000	6,000	-
Other Operating	1,800	1,200	1,653	(453)
Telephone	-	3,400	3,582	(182)
Total Police	49,200	61,300	62,496	(1,196)
Fire				
Other Operating	8,200	8,200	8,200	-
Total Fire	8,200	8,200	8,200	-
Total Public Safety	57,400	69,500	70,696	(1,196)

Continued

Village of Tangipahoa
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended June 30, 2018

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u>
			<u>GAAP Basis</u>	<u>(Unfavorable)</u>
Public Works				
Salaries	\$ 19,800	\$ 11,300	\$ 11,288	\$ 12
Payroll Taxes	1,500	900	898	2
Capital Expenditure	2,500	-	-	-
Insurance	1,100	1,300	1,302	(2)
Sanitation	46,800	38,300	44,585	(6,285)
Repairs and Maintenance	1,000	1,900	1,903	(3)
Other	-	600	701	(101)
Supplies	2,000	100	-	100
Street Signs	16,400	16,700	16,762	(62)
Total Public Works	<u>91,100</u>	<u>71,100</u>	<u>77,439</u>	<u>(6,339)</u>
Total Expenditures	<u>217,650</u>	<u>212,018</u>	<u>227,325</u>	<u>(15,307)</u>
Excess Revenues (Expenditures)	<u>(115,750)</u>	<u>(94,618)</u>	<u>(111,174)</u>	<u>(16,556)</u>
Other Financing Sources (Uses)				
Operating Transfers In	112,000	87,700	91,165	3,465
Sale of Fixed Assets	700	51,500	51,700	200
Total Other Financing Sources (Uses)	<u>112,700</u>	<u>139,200</u>	<u>142,865</u>	<u>3,665</u>
Net Changes in Fund Balance	<u>(3,050)</u>	<u>44,582</u>	<u>31,691</u>	<u>(12,891)</u>
Fund Balances, Beginning	<u>20,672</u>	<u>5,265</u>	<u>5,265</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 17,622</u>	<u>\$ 49,847</u>	<u>\$ 36,956</u>	<u>\$ (12,891)</u>

Concluded

See independent accountant's review report.

Village of Tangipahoa
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Sales Tax Fund
For the year ended June 30, 2018

	Budget Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
Revenues				
Sales Taxes	\$ 69,000	\$ 53,300	\$ 54,617	\$ 1,317
Total Revenues	<u>69,000</u>	<u>53,300</u>	<u>54,617</u>	<u>1,317</u>
Expenditures				
Sanitation				
General and Administrative	400	350	345	5
Total Expenditures	<u>400</u>	<u>350</u>	<u>345</u>	<u>5</u>
Excess Revenue (Expenditures)	<u>68,600</u>	<u>52,950</u>	<u>54,272</u>	<u>1,322</u>
Other Financing Sources (Uses)				
Operating Transfers (Out)	(68,400)	(53,000)	(53,008)	(8)
Total Other Financing Sources (Uses)	<u>(68,400)</u>	<u>(53,000)</u>	<u>(53,008)</u>	<u>(8)</u>
Net Change in Fund Balances	200	(50)	1,264	1,314
Fund Balances, Beginning	5,872	4,192	4,192	-
Fund Balances, Ending	<u>\$ 6,072</u>	<u>\$ 4,142</u>	<u>\$ 5,456</u>	<u>\$ 1,314</u>

See independent accountant's review report.

Other Supplemental Information

Village of Tangipahoa
Schedule of Revenue, Expenses and Changes in Net Position
Budget (GAAP Basic) and Actual, Proprietary Fund Type, Water Utility System
For the year ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 94,400	\$ 88,368	\$ (6,032)
Connection Fees	-	545	545
Delinquent Charges	8,400	5,365	(3,035)
Other	1,350	1,770	420
Total Operating Revenues	<u>104,150</u>	<u>96,048</u>	<u>(8,102)</u>
Operating Expenses			
Accounting	8,200	8,150	50
Bad Debts	6,300	8,302	(2,002)
Bank Charges	300	283	17
Billing Costs	900	1,277	(377)
Chlorine	6,900	6,942	(42)
Depreciation	40,600	40,520	80
Dues and Registration	700	735	(35)
Insurance	2,700	3,150	(450)
Licenses & Fees	800	785	15
Payroll Taxes	700	1,107	(407)
Repairs and Maintenance	18,800	20,245	(1,445)
Safe Drinking Water Fees	2,100	3,420	(1,320)
Salaries and Wages	14,500	14,471	29
Sales Tax	-	28	(28)
Supplies	200	1,496	(1,296)
Truck and Tractor	900	992	(92)
Utilities	8,900	8,850	50
Water Testing	1,300	1,373	(73)
Other	100	76	24
Total Operating Expenses	<u>114,900</u>	<u>122,202</u>	<u>(7,302)</u>
Operating Income (Loss)	<u>(10,750)</u>	<u>(26,154)</u>	<u>(15,404)</u>
Nonoperating Revenues (Expenses)			
Grants	6,000	5,990	(10)
Transfer Out General Fund	(29,650)	(32,336)	(2,686)
Total Nonoperating Revenues (Expenses)	<u>(23,650)</u>	<u>(26,346)</u>	<u>(2,696)</u>
Change in Net Position	<u>\$ (34,400)</u>	<u>\$ (52,500)</u>	<u>\$ (18,100)</u>

See independent accountant's review report.

Village of Tangipahoa
Schedule of Revenue, Expenses and Changes in Net Position
Budget (GAAP Basic) and Actual, Proprietary Fund Type, Sewer Utility System
For the year ended June 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Sewer Charges	\$ 53,500	\$ 52,162	\$ (1,338)
Sewer Penalties	\$ -	\$ 5,417	\$ 5,417
Other	1,350	-	(1,350)
Total Operating Revenues	<u>54,850</u>	<u>57,579</u>	<u>2,729</u>
Operating Expenses			
Accounting	8,200	8,150	50
Bad Debts	6,300	8,302	(2,002)
Bank Charges	100	133	(33)
Billing Costs	900	1,277	(377)
Casual Labor	500	-	500
Depreciation	49,000	48,299	701
Insurance	2,000	1,783	217
Lab Tests	600	585	15
Payroll Taxes	700	1,107	(407)
Repairs and Maintenance	18,300	14,970	3,330
Salaries and Wages	14,500	14,471	29
Submersible Pump	-	3,995	(3,995)
Supplies	100	832	(732)
Truck and Tractor	900	992	(92)
Utilities	3,200	3,132	68
Other	200	304	(104)
Total Operating Expenses	<u>105,500</u>	<u>108,332</u>	<u>(2,832)</u>
Operating Income (Loss)	<u>(50,650)</u>	<u>(50,753)</u>	<u>(103)</u>
Nonoperating Revenues (Expenses)			
Interest Income	432	432	-
Transfer In Sales Tax Fund	26,516	26,516	-
Transfer Out General Fund	(29,650)	(32,336)	(2,686)
Total Nonoperating Revenues (Expenses)	<u>(2,702)</u>	<u>(5,388)</u>	<u>(2,686)</u>
Change in Net Position	<u>\$ (53,352)</u>	<u>\$ (56,141)</u>	<u>\$ (2,789)</u>

See independent accountant's review report.

Schedule 5

**Village of Tangipahoa
Utility Rate Schedule
Proprietary Fund Type
For the year ended June 30, 2018**

Water		
\$ 30.75	-	Flat Monthly Fee

Sewer		
\$ 23.75	-	Flat Monthly Fee

Garbage		
\$ 16.50	-	Flat Monthly Fee

**Schedule of Number of Customers
Proprietary Fund Type
For the year ended June 30, 2018**

Water	255
Sewer	192
Garbage	217

See independent accountant's review report.

Schedule 6

**Village of Tangipahoa
Schedule of Compensation Paid to Board Members
For the year ended June 30, 2018**

<u>Name and Title/Contact Number</u>	<u>Address</u>	<u>Term Expires</u>	<u>Compensation Received</u>
Trashica Robinson, Mayor (985) 507-8130	70218 Soule Street Tangipahoa, LA 70465	12/31/2020	\$ 3,000
Shelia Martin, Alderwoman (985) 229-2820	P.O. Box 5 Tangipahoa, LA 70465	12/31/2020	1,200
Ricky Coleman, Alderman (985) 351-7409	13046 Claiborne Street Tangipahoa, LA 70465	12/31/2020	1,200
Debrah Scott-Cyprian, Alderwoman (985) 327-9118	70196 N. Rainey Tangipahoa, LA 70465	12/31/2020	1,200
Darrell Martin, Police Chief (985) 229-2820	P.O. Box 5 Tangipahoa, LA 70465	12/31/2020	25,250
			<u>\$ 31,850</u>

See independent accountant's review report.

Village of Tangipahoa
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended June 30, 2018

Agency Head Name: Trashica Robinson, Mayor

Purpose	Amount
Salary/Compensation	\$ 3,000
Employer Paid Medicare & Social Security Taxes	249
Travel-Mileage	111
Registration Fees	-
Total	\$ 3,360

See independent accountant's review report.

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

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

820 11th Avenue

Franklinton, Louisiana 70438

(985)839-4413

Fax (985)839-4402

Member
AICPA

Member
LCPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Trashica Robinson, Mayor
And Members of the Board of Aldermen
Village of Tangipahoa, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Village Of Tangipahoa, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the period ended June 30, 2018 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representations regarding the sufficiency of the procedures described below neither for the purpose for which this report has been requested nor for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$154,450, and determine whether such purchases were made in accordance with LAS-RS 38:2211-2251 (the public bid law).

The Village did not have any purchases that exceeded \$30,000. The Village did not have any public works purchases that exceeded \$154,450.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list of board members. I did not get a complete list of outside business interests. I scanned cash disbursements journals for any related-party transactions. There were none that came to my attention.

3. Obtain from management a listing of all employees paid during the period under examination.

The Village provided me with a list of all employees paid during the fiscal year ended June 30, 2017.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in procedure (2) as immediate family members.

One of the members of the board and the chief of police are married. The chief of police was elected on November 6, 2012. The alderwoman who is his wife qualified in August 2012 and was automatically elected as there was no opposition. She officially became an alderwoman on January 2013.

Accounting and Reporting

5. Randomly select six disbursements made during the period under examination and:

- (a) Trace payments to supporting documentation as to proper amount and payee:

The six disbursements selected did have supporting documentation. A credit card payment had the statement but no receipts or invoices were attached to support the purchases.

- (b) Determine if payments were properly coded to the correct fund and general ledger account.

The payments were properly coded to the correct fund and general ledger account.

- (c) Determine whether payments received approval from proper authorities.

All payments were approved by the mayor and noted on the documentation.

Meetings

6. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the open meetings law).

The Village's mayor and board of aldermen meet monthly. The notice of meeting and agenda is posted on the door of the Town Hall two days prior to each meeting. Management has asserted that the agenda was properly posted.

Debt

7. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

I inspected copies of all bank deposits for the period under examination and did not detect any deposits, which appeared to be proceeds of bank loans, bonds or like indebtedness.

Advances and Bonuses

8. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

I scanned cash disbursement records and minutes for evidence of any payments, which may constitute employee bonuses, employee advances, or gifts to Board members. None were noted.

Budgeting

9. Examine the minutes and compare the actual and amended budgets to determine that the Village complied with the Local Government Budget Act (LRS- RS 39:1301-1315).

The minutes for the meeting on July 11, 2017, reflect the adoption of the June 30, 2018, original budget. The amended budget was not traced to the June 2018 minutes. General fund expenditures were over budget by 7.22%. General fund revenues were compliant. Special fund revenues and expenditures were compliant.

Prior Year Findings

10. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

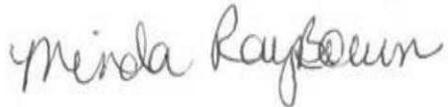
Prior year findings are included in the accompanying schedule on page 54. None of the prior year findings are resolved.

Other Current Year Findings

Current year findings are included in the accompanying schedule on page 62.

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures; other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Tangipahoa, the Legislative Auditor, the State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda B. Raybourn
Certified Public Accountant
Franklinton, LA

July 20, 2019

**Village of Tangipahoa
Schedule of Current Year Findings and Responses
For the Year Ended June 30, 2018**

2018-1 Compliance (Local Government Budget Act)

Criteria:

The Village must comply with certain provisions of the Local Government Budget Act set forth in state law, LSA R.S. 39:1301-1314. The Act contains various budget requirements for the General Fund and special revenue funds regarding public notification and disclosure, and requires budget to be amended when:

- 1) Total revenues, or other sources plus project revenue and other sources for the remainder of the year are failing to meet total budgeted expenditures and other sources by five percent or more.
- 2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year are failing to meet total budgeted expenditures and other uses by five percent or more
- 3) Actual beginning fund balance within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

Condition:

For the fiscal year ended June 30, 2018, general fund expenditures were over budget by 7.22%.

Effect:

If the budget is not monitored on a monthly basis and amended as required and if expenditures exceed available funds, an entity is in violation of the Local Government Budget Act.

Cause:

The Village failed to amend the budget appropriately.

Recommendation:

The Village needs to insure before year end that the budget is amended properly for all expenditure and transfer items.

Management Response:

The Mayor concurs with the recommendation.

**Village of Tangipahoa
Schedule of Current Year Findings and Responses
For the Year Ended June 30, 2018**

Internal Control over Reporting

2018-2 Utility Accounts Receivable (Repeat Finding)

Criteria:

Strong internal controls over utility billing accounts receivable will ensure the delinquency of utility accounts are kept to a minimum.

Condition:

The Village wrote off delinquent accounts in the amount of \$16,604. This is approximately 11% of the total utility revenues. In 2017, the Village wrote off \$25,057 or 15% of utility revenues.

Cause:

The Village lacks enforcement of timely collection of utility accounts. This is a repeat finding (2017-2).

Effect:

Lack of timely collection of utility accounts impacts the cash flows and stability of the Village's utility system in a negative way. The utilities are to be maintained and operated in a way to earn a surplus at the end of the fiscal year for the Village. Failure to enforce good collection practices will result in the Village losing money every year.

Recommendation:

I recommend the Village review its policies and procedures and develop practices to ensure timely collection of utility accounts. This includes cut off of services of delinquent accounts. The Village needs to enforce cut off practices to ensure that delinquent accounts can be managed. I also recommend the Village review a listing of aged accounts receivable and determine what accounts are uncollectible.

Management Response:

The Mayor concurs with the recommendation.

**Village of Tangipahoa
Schedule of Current Year Findings and Responses
For the Year Ended June 30, 2018**

Internal Control over Reporting

2018-3 Utility Customer Deposits (Repeat Finding)

Criteria:

Strong internal controls over the processing of utility customer deposits are essential to help ensure written policies and procedures are followed, to ensure that customer deposit listing in the utility billing system is accurate, that customer deposit payments are processed correctly, and refunds of customer deposits are processed accurately and correctly.

Condition:

The Village discontinued the sale of gas in October 2014. While some of the customer deposits for the gas customers have been refunded to the appropriate customers, not all have been refunded. As of June 30, 2015, the Village had \$6,609 in gas customer deposits recorded. Of this amount, \$2,875 has been refunded. As of June 30, 2016, \$3,734 of the gas deposits have not been refunded.

During the year June 30, 2017, only \$195 in gas deposits have been refunded. This leaves a balance of \$3,538 in utility deposits for gas customers that still need to be refunded. In 2018, there were not gas customer deposits refunded as the balance in the liability account is still \$3,538.

In addition, there appears to be no progress in reconciling the customer deposits per the general ledger to the utility billing system deposit listing.

Cause:

Gas customers were not refunded the deposits after the gas services were discontinued. In addition, there was no reconciliation of the customer deposits. This is a repeat finding (2016-3).

Effect:

Failure to maintain adequate records of customer deposits on the utility billing system creates an environment in which customer deposits are not being refunded correctly, payments and refunds are not being processed adequately in the utility billing system, and reconciliations are not performed on the customer deposit listing and accounting records.

Recommendation:

I recommend the deposit listing in the utility billing system be reviewed for active and inactive customers. Inactive customers who are still on the deposit register should be researched to see if their deposit has actually been remitted back to the customer. If so, they should be cleared from the deposit register. Inactive customers who are still due a refund should have their refund of the deposit processed as soon as possible. I recommend the Village implement procedures to reconcile

**Village of Tangipahoa
Schedule of Current Year Findings and Responses
For the Year Ended June 30, 2018**

the customer deposit listing from the utility system to the accounting records each month. Immediately, the gas customers should have their deposits refunded to them.

Management Response:

The Mayor concurs with the recommendation.

Internal Control over Fuel Purchases

2018-4 Fuel Purchases and Allegations of Fuel Theft

Criteria:

Strong internal controls over fuel card purchases are essential to the purchase and usage is reasonable, authorized, and that only municipality-owned vehicles and equipment are receiving fuel. Management should review the fuel card statement each month for dates, odometer readings, gallons purchased, and location of purchase to ensure that the purchases are valid and reasonable. The total number of gallons purchases, the total number of miles traveled, and the miles per gallon should be calculated each month to determine if the purchases are reasonable.

Condition:

I received an allegation regarding misuse of the Village's fuel card. The card is assigned to a 2017 Ford Explorer that the police department uses. A review of the monthly fuel statements from July 2017 through June 2018 showed purchases nearly every week at an average cost of \$28 to \$36. The purchases occur between 2 and 4 times a week.

A review of the monthly fuel statements showed that the average fuel cost per month for this card was \$324 and that the average miles per gallon was between 11 and 13. The fuel economy on this particular vehicle is 19 miles to the gallon in the city and 29 miles to the gallon on the highway (source: www.fueleconomy.gov). The total land area of the village is 1 square mile. Considering the small size of the village and the number of times the vehicle is fueled, the fuel costs appear to be excessive.

The Village uses a fuel card for all fuel purchases of police and maintenance vehicles. Upon inspection of some the statements provided, some of the odometer readings were missing. There was no approval from anyone in management for payment and no proof of review was provided. Management is not calculating the miles per gallon each month on all purchases and vehicles to determine if purchases are reasonable.

**Village of Tangipahoa
Schedule of Current Year Findings and Responses
For the Year Ended June 30, 2018**

In addition, further analysis was done on the ticket revenues and vehicle expense for the police department for the last 3 years as shown below. While fuel expense increased between 2017 and 2018, the revenues from fines and forfeitures have not changed.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Fines and Forfeitures	3,619	2,310	5,491
Vehicle Expense	5,145	3,461	3,046

Cause:

The Village has no procedures in place to monitor fuel purchases.

Effect:

Failure to monitor fuel purchases could result in unauthorized purchases of fuel. Failure to monitor fuel purchases on the fuel card could result in large purchases going undetected. Purchases of fuel that are not related to the public purpose of the Village may be a violation of state law.

Recommendation:

The Village should put in place procedures to review all fuel purchases before payment, review of completeness by ensuring odometer readings (beginning and ending) are on the statement, and obtaining explanation for any unusual purchases. The Village should put in place procedures to calculate the total number of gallons purchased, the number of miles traveled, and the miles per gallon on each vehicle each month.

The Village also needs to do a further review of all travel that is occurring on the vehicles. Mileage logs could be implemented to account for the miles traveled on the vehicle.

Management's Response:

The Mayor concurs with the recommendation.

Internal Controls over Disbursements

Finding 2018-6 Lack of Documentation on Credit Cards

Criteria:

Adequately designed and operating internal controls over financial reporting provides adequate documentation to support transactions and to allow for proper review and approval of transactions including disbursements.

**Village of Tangipahoa
Schedule of Current Year Findings and Responses
For the Year Ended June 30, 2018**

Condition:

In the agreed upon procedures of disbursements, six disbursements were selected for testing of supporting documentation. Of the six, a credit card payment that did not have receipts or invoices attached to the statement. The total purchases were \$2,270.97.

Cause:

The Village did not have invoices or receipts attached to the credit card statement.

Effect:

Without adequate documentation to support disbursements, there is no proof the expenditure was properly initiated, approved for payment, and reviewed for adequacy. There is no proof that the disbursements were paid to the appropriate vendors. Lack of adequate documentation demonstrates the Village's lack of internal controls over disbursements. Lack of proper documentation exposes the Village to possible fraud and misappropriation of assets.

Recommendation:

The Village should put in place internal controls to ensure that proper documentation is provided to support charges on the credit card statement. Internal controls need to be put in place to ensure that management reviews and approves the charges and the statement.

Management's Response:

The Mayor concurs with the recommendation.

Internal Controls over Utilities

Finding 2018-7 Allegations of Illegal Water Tie-ins

Criteria:

Strong controls over the use of the utility resources are needed to ensure that the Village's utilities are being managed responsibly and effectively.

Condition:

I received four separate allegations that there are some people that have multiple locations tied into one water line.

**Village of Tangipahoa
Schedule of Current Year Findings and Responses
For the Year Ended June 30, 2018**

Effect:

The Village will incur loss of revenues and cash flows if multiple locations are illegally tied into one water line. If more than property is tied into one water line, theft of Village resources may have occurred and this may be a violation of state law.

Cause:

The Village failed to effectively manage the utility system.

Recommendation:

I recommend the Village consult with an outside contractor to evaluate the entire water system for illegal tie-ins to the Village's water system. I recommend these sites be inspected by an independent contractor. The illegal tie-ins to the water and sewer system should be immediately shut down.

Management's Response:

The Mayor concurs with the recommendation.

Payroll Procedures

Finding 2018-8 Late Payments of Garnishments

Criteria:

Payroll garnishments should be paid as directed by the court order.

Condition:

I received an allegation of late payments of an employee's bankruptcy garnishment. The employee received notice from the bankruptcy trustee that the payments from the Village were late. This would place him in an unfavorable position with the court on this bankruptcy case. I reviewed the garnishment account on the general ledger for the fiscal year. From July 2017 through December 2017, the employee had \$235 withheld from his paycheck for a total of \$2,820. These funds were remitted to the trustee on January 10, 2018. After this date, the garnishments were paid each month.

**Village of Tangipahoa
Schedule of Current Year Findings and Responses
For the Year Ended June 30, 2018**

Effect:

If the Village does not pay garnishments according to the court order, the employee and Village will be in violation of the court. In addition, the Village may be in violation of labor laws.

Cause:

The Village has been through several municipal clerks. This turnover caused the paper work to be remitted late to the accountant.

Recommendation:

I recommend the Village put procedures in place for the timely payment of garnishments.

Management's Response:

The Village is paying the garnishments timely. We have procedures in place to ensure all paperwork is forwarded to the accountant for timely payment.

Finding 2018-9 Allegations of Employee Working on Residents Homes On Village Time

Criteria:

Employees should not be doing private work on resident's homes on Village time. This is a violation of federal and state law.

Condition:

I received allegations that Village staff has done repair work on residents homes while on Village time. The allegation stated that the employee installed sheetrock one morning while working for the Village. Pictures of the homes where work was done were provided. I asked for time sheets or work orders for the last six months of the fiscal year. However, I was provided pay stubs. The employee is paid a salary every two weeks.

Cause:

The Village lacks documentation to support the work the employee is performing.

Recommendation:

The Village needs to put in place a system of documentation to support the work the public works staff are performing. This includes work orders completed and time sheets documenting the time at the Village.

**Village of Tangipahoa
Schedule of Current Year Findings and Responses
For the Year Ended June 30, 2018**

Management's Response:

The Mayor concurs with the recommendation.

Finding 2018-10 Allegations of Receiving Utility Bills Late from the Village

Criteria:

Utility billing processes must include the timely remittal of bills to customers. If this is not performed, inadequate cash flows and inaccurate data in billing systems will be the result. Strong internal controls include processes for the monthly processing of the bills on time.

Condition:

I received allegations that the Village utility bills are mailed two or three months late. Inquiries with the Mayor last year had revealed the Village had switched billing systems. Data conversion from the old to the new did was not seamless. There were accounts with multiple names with the same address, missing data, and issues with balances. In addition, the Village had went through several municipal clerks in the past year. As a result, the utility billing was delayed several times.

Cause:

The Village's conversion to the new utility system was not effective.

Recommendation:

The Village needs to put in place policies and procedures for monthly billing of all services. Monthly reporting from the system needs to be submitted to the accountant each month for balancing.

Management's Response:

The Mayor concurs with the recommendation.

**Village of Tangipahoa
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2017**

2017-1 Compliance (Local Government Budget Act)

Criteria:

The Village must comply with certain provisions of the Local Government Budget Act set forth in state law, LSA R.S. 39:1301-1314. The Act contains various budget requirements for the General Fund and special revenue funds regarding public notification and disclosure, and requires budget to be amended when:

- 4) Total revenues, or other sources plus project revenue and other sources for the remainder of the year are failing to meet total budgeted expenditures and other sources by five percent or more.
- 5) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year are failing to meet total budgeted expenditures and other uses by five percent or more
- 6) Actual beginning fund balance within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

Condition:

For the fiscal year ended June 30, 2017 in the sales tax fund, actual expenditures and other uses of funds were above budgeted amounts by 7%. It appears operating transfers were over budget by \$4,780. The sales tax fund was not in compliance with the Local Government Budget Act.

Effect:

If the budget is not monitored on a monthly basis and amended as required and if expenditures exceed available funds, an entity is in violation of the Local Government Budget Act.

Cause:

The Village failed to amend the budget appropriately.

Recommendation:

The Village needs to insure before year end that the budget is amended properly for all expenditure and transfer items.

Management Response:

The Mayor concurs with the recommendation.

Status:

Unresolved.

**Village of Tangipahoa
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2017**

Internal Control over Reporting

2017-2 Utility Accounts Receivable (Repeat Finding)

Criteria:

Strong internal controls over utility billing accounts receivable will ensure the delinquency of utility accounts are kept to a minimum.

Condition:

The Village wrote off delinquent accounts in the amount of \$25,057. This is approximately 15% of the total utility revenues.

Cause:

The Village lacks enforcement of timely collection of utility accounts. This is a repeat finding (2016-2).

Effect:

Lack of timely collection of utility accounts impacts the cash flows and stability of the Village's utility system in a negative way. The utilities are to be maintained and operated in a way to earn a surplus at the end of the fiscal year for the Village. Failure to enforce good collection practices will result in the Village losing money every year.

Recommendation:

I recommend the Village review its policies and procedures and develop practices to ensure timely collection of utility accounts. This includes cut offs of services of delinquent accounts. The Village needs to enforce cut off practices to ensure that delinquent accounts can be managed. I also recommend the Village review a listing of aged accounts receivable and determine what accounts are uncollectible.

Management Response:

The Mayor concurs with the recommendation.

Status:

Unresolved.

**Village of Tangipahoa
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2017**

Internal Control over Reporting

2017-3 Utility Customer Deposits (Repeat Finding)

Criteria:

Strong internal controls over the processing of utility customer deposits are essential to help ensure written policies and procedures are followed, to ensure that customer deposit listing in the utility billing system is accurate, that customer deposit payments are processed correctly, and refunds of customer deposits are processed accurately and correctly.

Condition:

The Village discontinued the sale of gas in October 2014. While some of the customer deposits for the gas customers have been refunded to the appropriate customers, not all have been refunded. As of June 30, 2015, the Village had \$6,609 in gas customer deposits recorded. Of this amount, \$2,875 has been refunded. As of June 30, 2016, \$3,734 of the gas deposits have not been refunded.

During the year June 30, 2017, only \$195 in gas deposits have been refunded. This leaves a balance of \$3,538 in utility deposits for gas customers that still need to be refunded.

In addition, there appears to be no progress in reconciling the customer deposits per the general ledger to the utility billing system deposit listing.

Cause:

Gas customers were not refunded the deposits after the gas services were discontinued. In addition, there was no reconciliation of the customer deposits. This is a repeat finding (2016-3).

Effect:

Failure to maintain adequate records of customer deposits on the utility billing system creates an environment in which customer deposits are not being refunded correctly, payments and refunds are not being processed adequately in the utility billing system, and reconciliations are not performed on the customer deposit listing and accounting records.

Recommendation:

I recommend the deposit listing in the utility billing system be reviewed for active and inactive customers. Inactive customers who are still on the deposit register should be researched to see if their deposit has actually been remitted back to the customer. If so, they should be cleared from the deposit register. Inactive customers who are still due a refund should have their refund of the deposit processed as soon as possible. I recommend the Village implement procedures to reconcile the customer deposit listing from the utility system to the accounting records each month. Immediately, the gas customers should have their deposits refunded to them.

**Village of Tangipahoa
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2017**

Management Response:

The Mayor concurs with the recommendation.

Status:

Unresolved.

Internal Control over Fuel Purchases

2017-4 Fuel Purchases

Criteria:

Strong internal controls over fuel card purchases are essential to the purchase and usage is reasonable, authorized, and that only municipality-owned vehicles and equipment are receiving fuel. Management should review the fuel card statement each month for dates, odometer readings, gallons purchased, and location of purchase to ensure that the purchases are valid and reasonable. The total number of gallons purchases, the total number of miles traveled, and the miles per gallon should be calculated each month to determine if the purchases are reasonable.

Condition:

The Village uses a fuel card for all fuel purchases of police and maintenance vehicles. Upon inspection of some the statements provided, some of the odometer readings were missing. There was no approval from anyone in management for payment and no proof of review was provided. Management is not calculating the miles per gallon each month on all purchases and vehicles to determine if purchases are reasonable.

Cause:

The Village has no procedures in place to monitor fuel purchases.

Effect:

Failure to monitor fuel purchases could result in unauthorized purchases of fuel. Failure to monitor fuel purchases on the fuel card could result in large purchases going undetected.

Recommendation:

The Village should put in place procedures to review all fuel purchases before payment, review of completeness be ensuring odometer readings (beginning and ending) are on the statement, and obtaining explanation for any unusual purchases. The Village should put in place procedures to

**Village of Tangipahoa
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2017**

calculate the total number of gallons purchases, the number of miles traveled, and the miles per gallon on each vehicle each month.

Management's Response:

The Mayor concurs with the recommendation.

Status:

Unresolved.

Compliance with Louisiana State Law

2017-5 Meeting Minutes

Criteria:

Per Louisiana R.S. 42:20, municipalities are required to keep written minutes of all public meetings. These minutes must include the following: 1) The date, time, and place of the meeting; 2) The members of the public body recorded as either present or absent; 3) The substance of all matters decided, and, at the request of any member, a record, by individual member, of any votes taken; and 4) Any other information that the public body requests be included or reflected in the minutes.

Condition:

Minutes were requested numerous times and were not presented upon request. I did not receive the minutes until November 20, 2018. The minutes for the special meeting held on June 29, 2017 to adopt the amended budget for 2017 and the original budget for 2018 were not provided.

Cause:

Unknown.

Effect:

Failure of the Village to keep written minutes of all open public meetings is a violation of R.S.42:20.

Recommendation:

The Village should keep original minutes of all open public meetings and should have them readily available upon any requests.

**Village of Tangipahoa
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2017**

Management's Response:

The Mayor concurs with the recommendation.

Status:

Resolved.

Internal Controls over Disbursements

Finding 2017-6 Lack of Documentation on Disbursements

Criteria:

Adequately designed and operating internal controls over financial reporting provides adequate documentation to support transactions and to allow for proper review and approval of transactions including disbursements.

Condition:

In the agreed upon procedures of disbursements, six disbursements were selected for testing of supporting documentation. Of the six, only one had supporting documentation. Four disbursements had invoices that could not be found. Another was a credit card payment that did not have receipts or invoices attached to the statement. After inquiries, the Mayor did find the documentation to support the disbursements. In addition, all but one credit card receipts were found.

Cause:

At the time of testing, the Village did not have invoices or receipts to support 5 out of 6 disbursements. It was after inquiries were done that the documentation was found.

Effect:

Without adequate documentation to support disbursements, there is no proof the expenditure was properly initiated, approved for payment, and reviewed for adequacy. There is no proof that the disbursements were paid to the appropriate vendors. Lack of adequate documentation demonstrates the Village's lack of internal controls over disbursements. Lack of proper documentation exposes the Village to possible fraud and misappropriation of assets.

**Village of Tangipahoa
Schedule of Prior Findings and Responses
For the Year Ended June 30, 2017**

Recommendation:

The Village should put in place internal controls to ensure that proper documentation is provided to support all disbursements. Internal controls need to be put in place to ensure that management reviews and approves all disbursements.

Management's Response:

The Mayor concurs with the recommendation.

Status:

Partially resolved.

**Compliance with Louisiana State Audit Law
2017-7 Compliance with State Audit Law**

Criteria:

Per Louisiana law, a municipality must submit an annual report no later than six months after the end of the entity's fiscal year.

Condition:

The Village's review report was submitted in December 2018.

Cause:

The Village was late submitting accounting records to the independent accountant.

Effect:

The Village was in violation of state audit law.

Recommendation:

The Village must ensure that the accounting records are submitted to the independent accountant in a timely manner to ensure there is time for review procedures to be completed.

Management's Response:

The Mayor agrees with the recommendation.

Status:

Unresolved.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

March 8, 2019 (Date Transmitted)

Minda B. Raybourn CPA LLC
820 11th Ave
Franklinton, LA 70438

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of June 30, 2018 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [X]

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [X] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [X] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [X] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.
Yes [X] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.
Yes [X] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.
Yes [X] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.
Yes [] No [X]

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.
Yes [X] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.
Yes [X] No []

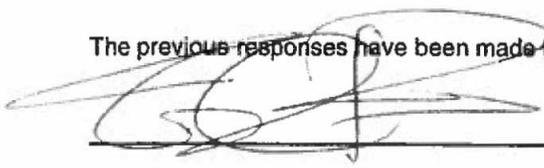
We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.
Yes [X] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.
Yes [X] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.
Yes [X] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.
Yes [X] No []

The previous responses have been made to the best of our belief and knowledge.

 _____ Mayor 4/1/19 Date