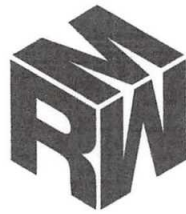


TOWN OF MONTGOMERY, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019



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**Rozier McKay
& Willis** | CERTIFIED PUBLIC
ACCOUNTANTS |

June 11, 2020

Independent Auditors' Report

To the Mayor and Board of Aldermen
Town of Montgomery, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Montgomery, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Montgomery, as of and for the year ended December 31, 2019, and the respective changes in financial position, and, where applicable,



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cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information described in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Montgomery's basic financial statements. The Schedule of Per Diem Paid to Board Members and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and are not required parts of the basic financial statements.

The other supplemental information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule of Per Diem Paid to Board Members and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2020, on our consideration of the Town of Montgomery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Montgomery's internal control over financial reporting and compliance.



Rozier, McKay & Willis
Certified Public Accountants

Town of Montgomery

Management's Discussion And Analysis ***December 31, 2019***

This section of the Town of Montgomery's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2019.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with utility services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

A comparative analysis of government-wide data is presented as follows:

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

Town of Montgomery

Management's Discussion And Analysis December 31, 2019

	December 31, 2019			December 31, 2018
	Governmental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and Other Assets	\$ 52,779	\$ 275,326	\$ 328,105	\$ 254,243
Capital Assets	102,013	1,217,706	1,319,719	1,323,815
Total Assets	154,792	1,493,032	1,647,824	1,578,058
<u>Liabilities:</u>				
Current and Other Liabilities	15,193	94,159	109,352	103,665
Long-term Liabilities	----	----	----	----
Total Liabilities	15,193	94,159	109,352	103,665
<u>Net Position:</u>				
Invested in Capital Assets (Net)	102,013	1,217,706	1,319,719	1,323,815
Unrestricted	37,586	181,167	218,753	150,578
Total Net Position	\$ 139,599	\$ 1,398,873	\$ 1,538,472	\$ 1,474,393

As the presentation appearing above demonstrates, the largest portion of the Town's net position (85.8%) is invested in capital assets. Net position invested in capital assets consist of land, buildings, and equipment. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

The remaining unrestricted net position (14.2%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018
	Governmental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 35,119	\$ 531,301	\$ 566,420	\$ 595,802
Operating Grants and Contributions	---	13,000	13,000	26,091
Capital Grants and Contributions	81,512	30,000	111,512	---
General Revenue:				
Property Taxes	18,223	---	18,223	16,284
Sales Taxes	51,262	---	51,262	48,432
Franchise Taxes	12,931	---	12,931	12,498
Occupational Licenses	30,136	---	30,136	27,003
Miscellaneous	2,189	---	2,189	3,547
Total Revenue	231,372	574,301	805,673	729,657

Town of Montgomery

Management's Discussion And Analysis December 31, 2019

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018
	Govern- mental Activities	Business- Type Activities	Total	
<u>Program Expenses:</u>				
General Government	79,928	----	79,928	80,912
Public Safety (Law Enforcement)	93,283	----	93,283	124,951
Public Works – Streets	11,841	----	11,841	12,953
Culture and Recreation	6,959	----	6,959	7,181
Utility System	----	549,583	549,583	602,580
Total Expenses	<u>192,011</u>	<u>549,583</u>	<u>741,594</u>	<u>828,577</u>
Increase in Net Position Before				
Transfers	39,361	24,718	64,079	(98,920)
Transfers	<u>43,644</u>	<u>(43,644)</u>	<u>----</u>	<u>----</u>
Change in Net Position	83,005	(18,926)	64,079	(98,920)
Net Position Beginning	<u>56,594</u>	<u>1,417,799</u>	<u>1,474,393</u>	<u>1,573,313</u>
Net Position Ending	<u>\$ 139,599</u>	<u>\$ 1,398,873</u>	<u>\$ 1,538,472</u>	<u>\$ 1,474,393</u>

Governmental activities increased the Town's net position by \$83,005. This increase was attributable efficient utilization of the Town's resources and grant funds that were available to provide capital acquisitions.

Business-type activities decreased the Town's net position by \$18,926. The change in net position is influenced by grants and related depreciation. Changes in net position excluding capital grants, contributions and depreciation are presented as follows:

	Govern- mental Activities	Business- Type Activities	Total
Change in Net Position	\$ 83,005	\$ (18,926)	\$ 64,079
Depreciation	5,758	120,632	126,390
Grant Funds and Contributions Dedicated to Acquiring Capital Assets	<u>(81,512)</u>	<u>(30,000)</u>	<u>(111,512)</u>
Change in Net Position Excluding Capital Grants, Contributions and Depreciation	<u>\$ 7,251</u>	<u>\$ 71,706</u>	<u>\$ 78,957</u>

After considering depreciation and grants, it is apparent that the Town has accumulated reserves for future needs.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

For the year ended December 31, 2019, activity reported by the general fund, which experienced a decrease in fund balance of \$1,749. The only differences between amounts reported by the general fund and governmental activities reported in the government-wide financial statements are attributable to including fixed assets in the government-wide presentation.

Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

Town of Montgomery

Management's Discussion And Analysis December 31, 2019

GENERAL FUND BUDGET HIGHLIGHTS

The original budget was amended in response to changes that were not anticipated when the original budget was adopted.

CAPITAL ASSET ADMINISTRATION

Activity involving capital assets was limited to reporting depreciation for existing assets, replacing equipment and initial work related to completing street improvements.

DEBT ADMINISTRATION

No debt was outstanding during the year ended December 31, 2019.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

No significant factors are expected to affect operations in the near future.

Town of Montgomery

Statement of Net Position December 31, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 33,526	\$ 239,580	\$ 273,106
Receivables (net)	19,253	35,746	54,999
Capital assets not subject to depreciation	74,192	37,015	111,207
Depreciable capital assets, net	<u>27,821</u>	<u>1,180,691</u>	<u>1,208,512</u>
Total assets	<u>154,792</u>	<u>1,493,032</u>	<u>1,647,824</u>
<u>LIABILITIES</u>			
Accounts payable	15,193	38,740	53,933
Meter deposits	<u>-</u>	<u>55,419</u>	<u>55,419</u>
Total liabilities	<u>15,193</u>	<u>94,159</u>	<u>109,352</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	102,013	1,217,706	1,319,719
Restricted For:			
Police Equipment	7,917	-	7,917
Fire Operations	7,171	-	7,171
Unrestricted	<u>22,498</u>	<u>181,167</u>	<u>203,665</u>
Total net position (deficit)	<u>\$ 139,599</u>	<u>\$ 1,398,873</u>	<u>\$ 1,538,472</u>

The accompanying notes are an integral part of the financial statements.

Town of Montgomery

Statement of Activities

Year Ended December 31, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Governmental Activities:</u>							
General Government	\$ 79,928	\$ 5,900	\$ -	\$ -	\$ (74,028)	\$ -	\$ (74,028)
Public Safety							
Police Department	93,283	27,794	-	26,000	(39,489)	-	(39,489)
Public Works - Streets	11,841	-	-	55,512	43,671	-	43,671
Culture and Recreation	6,959	1,425	-	-	(5,534)	-	(5,534)
Total Governmental Activities	<u>192,011</u>	<u>35,119</u>	<u>-</u>	<u>81,512</u>	<u>(75,380)</u>	<u>-</u>	<u>(75,380)</u>
<u>Business-Type Activities:</u>							
Utility System	549,583	531,301	13,000	30,000	-	24,718	24,718
Total Business-Type Activities	<u>549,583</u>	<u>531,301</u>	<u>13,000</u>	<u>30,000</u>	<u>-</u>	<u>24,718</u>	<u>24,718</u>
Total Primary Government	<u>\$ 741,594</u>	<u>\$ 566,420</u>	<u>\$ 13,000</u>	<u>\$ 111,512</u>	<u>(75,380)</u>	<u>24,718</u>	<u>(50,662)</u>
General Revenues:							
Taxes:							
Ad Valorem					18,223	-	18,223
Sales Taxes					51,262	-	51,262
Franchise					12,931	-	12,931
Occupational Licenses					30,136	-	30,136
Miscellaneous					2,189	-	2,189
Transfers					43,644	(43,644)	-
Total					<u>158,385</u>	<u>(43,644)</u>	<u>114,741</u>
Change in Net Position					83,005	(18,926)	64,079
Net Position Beginning					<u>56,594</u>	<u>1,417,799</u>	<u>1,474,393</u>
Net Position Ending					<u>\$ 139,599</u>	<u>\$ 1,398,873</u>	<u>\$ 1,538,472</u>

The accompanying notes are an integral part of the financial statements.

Town of Montgomery

Balance Sheet - Governmental Funds

December 31, 2019

	General	Capital Project USDA	Capital Project LCDBG	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 25,609	\$ 7,917	\$ -	\$ 33,526
Receivables (net)	19,253	-	-	19,253
Total assets	\$ 44,862	\$ 7,917	\$ -	\$ 52,779
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accounts payable	\$ 15,193	\$ -	\$ -	\$ 15,193
Total liabilities	15,193	-	-	15,193
<u>Fund Balance</u>				
Restricted For;				
Fire Operations	7,171	-	-	7,171
Unassigned	22,498	7,917	-	30,415
Total Fund Balances	29,669	7,917	-	37,586
Total Liabilities and Fund Balance	\$ 44,862	\$ 7,917	\$ -	\$ 52,779

Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Position

Total Fund Balances - Governmental Funds	\$ 37,586
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>102,013</u>
Net Position of Governmental Activities	<u>\$ 139,599</u>

The accompanying notes are an integral part of the financial statements.

Town of Montgomery

Statement of Revenue, Expenditures and Changes in Fund Balance

Governmental Funds

Year Ended December 31, 2019

	General	Capital Project USDA	Capital Project LCDBG	Total Governmental Funds
Revenues:				
Taxes:				
Ad valorem	\$ 18,223	\$ -	\$ -	\$ 18,223
Sales Tax	51,262	-	-	51,262
Franchise	12,931	-	-	12,931
Occupational licenses	30,136	-	-	30,136
Intergovernmental	613	26,000	55,512	82,125
Fines and court cost	27,794	-	-	27,794
Miscellaneous	8,901	-	-	8,901
Total revenues	149,860	26,000	55,512	231,372
Expenditures:				
Current				
General government	76,803	-	-	76,803
Public safety (law enforcement)	90,650	-	-	90,650
Public works - streets	11,841	-	-	11,841
Culture and recreation	6,959	-	-	6,959
Capital outlay	-	27,083	55,512	82,595
Total expenditures	186,253	27,083	55,512	268,848
Excess (deficiency) of revenues over expenditures	(36,393)	(1,083)	-	(37,476)
Other sources (uses)				
Operating transfers in	43,644	-	-	43,644
Operating transfers out	(9,000)	9,000	-	-
Net Change in Fund Balances	(1,749)	7,917	-	6,168
Fund balance - beginning of year	31,418	-	-	31,418
Fund balance - end of year	\$ 29,669	\$ 7,917	\$ -	\$ 37,586

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net change in fund balances of Governmental Funds	\$ 6,168
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. Capital asset activities are summarized as follows:	
Capital Outlay	82,595
Depreciation Expense	(5,758)
Change in net position of governmental activities	<u>\$ 83,005</u>

The accompanying notes are an integral part of the financial statements.

Town of Montgomery

Statement of Net Position - Proprietary Funds December 31, 2019

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Utility System</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and cash equivalents	\$ 239,580
Receivables (net)	35,746
Total current assets	<u>275,326</u>
Noncurrent Assets:	
Capital Assets:	
Capital assets not subject to depreciation	37,015
Depreciable capital assets, net	<u>1,180,691</u>
Total noncurrent assets	<u>1,217,706</u>
Total assets	<u>1,493,032</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts payable	38,740
Meter deposits	<u>55,419</u>
Total current liabilities	<u>94,159</u>
Total liabilities	<u>94,159</u>
<u>NET POSITION:</u>	
Invested in capital assets, net of related debt	1,217,706
Unrestricted	<u>181,167</u>
Total net position (deficit)	<u>\$ 1,398,873</u>

The accompanying notes are an integral part of the financial statements.

Town of Montgomery

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2019

	Business-Type Activities	
	<u>Enterprise Funds</u>	
	<u>Utility System</u>	
<u>Operating revenues:</u>		
Charges for services	\$	507,500
Miscellaneous		23,801
Total Operating Revenues		<u>531,301</u>
<u>Operating expenses:</u>		
Salaries and payroll taxes		116,154
Chemicals and supplies		60,337
Depreciation		120,632
Gas purchases		47,439
Insurance		40,754
Utilities		37,174
Professional Fees		26,533
Repairs and maintenance		85,080
Miscellaneous		15,480
Total operating expenses		<u>549,583</u>
Operating income (loss)		<u>(18,282)</u>
<u>Non-operating revenues (expenses):</u>		
Interest income		-
Intergovernmental grants		13,000
Total Non-operating revenues		<u>13,000</u>
Income (loss) before capital contributions and transfers		(5,282)
<u>Contributions, transfers and special items:</u>		
Capital Contributions		30,000
Operating transfers in (out)		(43,644)
Change in net position		(18,926)
Total net position - beginning		<u>1,417,799</u>
Total net position - ending	\$	<u>1,398,873</u>

The accompanying notes are an integral part of the financial statements.

Town of Montgomery

Statement of Cash Flows - Proprietary Funds Year Ended December 31, 2019

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Utility System</u>
<u>Cash flow from operating activities:</u>	
Cash received from customers	\$ 539,188
Cash payments to suppliers of goods and services	(307,433)
Cash payments to employees for services	<u>(116,154)</u>
Net cash provided (used) by operating activities	<u>115,601</u>
<u>Cash flows from non-capital financing activities:</u>	
Grant proceeds	43,000
Operating transfers out	<u>(43,644)</u>
Net cash provided (used) by non-capital financing activities	<u>(644)</u>
<u>Cash flows from capital and related financing activities:</u>	
Cash paid for capital assets	(39,699)
Gain from sale of surplus equipment	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(39,699)</u>
<u>Cash flows from investing activities:</u>	
Interest and other income	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>
Net increase (decrease) in cash	75,258
Beginning cash balance	164,322
Ending cash balance	<u>\$ 239,580</u>
<u>Reconciliation of operating income (loss) to net cash</u>	
Operating income (loss)	\$ (18,282)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	120,632
(Increase) decrease in accounts receivable	9,683
(Decrease) increase in accounts and other payables	5,364
(Decrease) increase in meter deposits	<u>(1,796)</u>
Net cash provided (used) by operating activities	<u>\$ 115,601</u>

Supplemental disclosures of cash flow information:

For the year ended December 31, 2019, there were no operating, financing, or investing activities that did not result in cash receipts or payments.

Town of Montgomery

Notes To Financial Statements

December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Montgomery (the Town) is operated under the provisions of a Home Rule Charter adopted July 18, 1998. Under the terms of the charter, the Town is governed by its Mayor and a Town Council consisting of five members. In addition to general government operations, the Town also provides police protection, fire protection, street maintenance, sanitation, recreation, water distribution, natural gas distribution, wastewater collection and wastewater treatment.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of the Town of Montgomery for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a) The ability of the Town to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon application of these criteria, there were no potential component units and all of the Town's activities were included in the primary government reporting entity.

Town of Montgomery

Notes To Financial Statements

December 31, 2019

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

- Governmental Funds – The Town's only active major governmental fund is its general fund. The general fund is the primary operating fund and is used to account for all governmental activities.
- Proprietary Funds – Are used to account for business type activities. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises.

Town of Montgomery

Notes To Financial Statements

December 31, 2019

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as other financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from certain franchise taxes, fines and court cost is not recognized until it is collected.

Use of Estimates

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

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Town of Montgomery

Notes To Financial Statements

December 31, 2019

Deferred Revenues

Deferred revenues represent grant funds not fully expended at the end of the year. Grant fund revenues are recognized in the subsequent year as funds are expended to complete the obligations of the grant agreement.

Budget Practices

Budget practices are governed by the Town's Home Rule Charter. In general, the Home Rule Charter considers the final budget from the previous year to be the original budget unless another original budget is adopted prior to the beginning of the year. Budgets are prepared for the Town's general fund by the Town Clerk under the supervision of the Mayor. Upon completion, the budget is submitted to the Board of Aldermen for approval. If amendments are necessary, the amended budgets are prepared and approved in the same manner as the original budget. The budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles.

Capital Assets

Capital assets are carried at historical cost including interest incurred during construction. Infrastructure capital assets consisting of streets, bridges, sidewalks and drainage systems acquired before August 1, 2003 are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Statement of Cash Flows:

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2019, cash balances were fully secured by FDIC coverage.

NOTE 3 - RECEIVABLES

Details related to receivables at December 31, 2019 are presented as follows:

Town of Montgomery

Notes To Financial Statements

December 31, 2019

	<u>Governmental</u>	<u>Business-Type</u>
Sales taxes	\$ 9,539	\$ ----
Ad valorem taxes	3,793	----
Franchise tax	2,971	----
Miscellaneous	2,950	----
Utility revenues	----	46,746
Allowance for doubtful accounts	----	(11,000)
Total receivables	<u>\$ 19,253</u>	<u>\$ 35,746</u>

NOTE 4 – ACCOUNTS PAYABLE

At December 31, 2019, accounts payable consisted primarily of amounts payable to vendors and employees in the ordinary course of business.

NOTE 5 - AD VALOREM TAXES

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended December 31, 2019, the Town levied 8.28 mills for general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

NOTE 6 – CAPITAL ASSETS

A summary of the property and equipment reported by the Town's enterprise funds at December 31, 2019 consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Land	\$ 18,680	\$ ----	\$ ----	\$ 18,680
Construction in Progress	----	55,512	----	55,512
Total Not Subject to Depreciation	<u>\$ 18,680</u>	<u>\$ 55,512</u>	<u>\$ ----</u>	<u>\$ 74,192</u>
<u>Assets Being Depreciated:</u>				
Buildings and Improvements	\$ 117,203	----	----	\$ 117,203
Machinery and Equipment	145,502	27,084	82,509	90,077
Total	262,705	27,084	82,509	207,280
Less Accumulated Depreciation	256,209	5,759	82,509	179,459
Total Net of Depreciation	<u>\$ 6,496</u>	<u>\$ 21,325</u>	<u>\$ ----</u>	<u>\$ 27,821</u>

Town of Montgomery

Notes To Financial Statements

December 31, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Land	\$ 37,015	\$ ----	\$ ----	\$ 37,015
<u>Assets Subject to Depreciation:</u>				
Equipment	\$ 264,330	\$ 39,700	\$ 133,783	\$ 170,247
Gas Distribution System	596,179	----	----	596,179
Sewer System	1,889,250	----	----	1,889,250
Water Distribution System	2,063,790	----	----	2,063,790
Total	4,813,549	39,700	133,783	4,719,466
Less Accumulated Depreciation	3,551,926	120,632	133,783	3,538,775
Total Net of Depreciation	\$ 1,261,623	\$ (80,932)	\$ ----	\$ 1,180,691

Depreciation expense reported by various functions is presented as follows:

Governmental Activities:

General Government	\$ 3,125
Police Department	2,634
Total Depreciation – Governmental Activities	\$ 5,759

Business-Type Activities:

Utility Services	\$ 120,632
------------------	------------

NOTE 7- RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8 – OPERATING TRANSFERS

In order to supplement the general fund and provide resources necessary for the general fund to meet its obligations, various funds have provided transfers to the general fund. These transfers are summarized as follows:

Town of Montgomery

Notes To Financial Statements

December 31, 2019

	Transfer In (Out)		
	General Fund	Capital Projects USDA	Utility Fund
Transfers from funds with unrestricted surpluses to funds in need of additional resources	\$ 43,644	\$ ----	\$ (43,644)
Transfer from general fund to provide matching funds for grant arrangements	\$ (9,000)	\$ 9,000	\$ ----

Town of Montgomery

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Year Ended December 31, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 80,000	\$ 72,000	\$ 82,416	\$ 10,416
Occupational licenses	32,000	32,000	30,136	(1,864)
Intergovernmental	40,000	-	613	613
Fines and Court Cost	30,000	25,000	27,794	2,794
Miscellaneous	16,000	12,900	8,901	(3,999)
Total revenues	198,000	141,900	149,860	7,960
General Government:				
Current				
General government	120,000	100,000	76,803	23,197
Public safety (law enforcement)	90,000	80,000	90,650	(10,650)
Public works (streets)	14,000	14,000	11,841	2,159
Culture and recreation	8,000	8,000	6,959	1,041
Contingency	-	-	-	-
Capital outlay	40,000	-	-	-
Total expenditures	272,000	202,000	186,253	15,747
Excess (deficiency) of revenues over expenditures	(74,000)	(60,100)	(36,393)	23,707
Other sources (uses)				
Operating transfers in	74,000	40,000	43,644	3,644
Operating transfers out	-	-	(9,000)	(9,000)
Net Change in Fund Balances	-	(20,100)	(1,749)	18,351
Fund balance - beginning of year	34,418	34,418	31,418	3,000
Fund balance - end of year	\$ 34,418	\$ 14,318	\$ 29,669	\$ 21,351

TOWN OF MONTGOMERY
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
Year Ended December 31, 2019

Steve Gunn, Mayor	\$ -
Delores LeBaron	755
Sabrina Kuhlmann	470
Releida James	905
Von Gilcrease	905
Thomas Gongre	<u>415</u>
 Total	 <u><u>\$ 3,450</u></u>

Town of Montgomery

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the year ended December 31, 2019

Agency Head (Mayor) - Steve Gunn

Purpose:	
Compensation	\$ -
Benefits	-
Reimbursements	-
	<hr/>
Total	<u><u>\$ -</u></u>



June 11, 2020

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

To the Mayor and Board of Aldermen
Town of Montgomery, Louisiana

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Montgomery, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Montgomery's basic financial statements, and have issued our report thereon dated June 11, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town of Montgomery's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Montgomery's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Montgomery's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify



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any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rozier, McKay & Willis
Certified Public Accountants

Town of Montgomery

Schedule of Findings

For the Year Ended December 31, 2019

PART I

Summary of Auditor's Results

- The Independent Auditors' Report on the financial statements of the Town of Montgomery as of December 31, 2019 and for the year then ended expressed an unmodified opinion.
- The audit did not disclose audit findings which are required to be reported as reportable conditions or material weaknesses.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Town of Montgomery.

PART II

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Governmental Auditing Standards

- None.

Town of Montgomery

Management's Corrective Action Plan For the Year Ended December 31, 2019

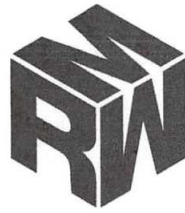
SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings that are material to the financial statements were reported.	Response – N/A
SECTION II MANAGEMENT LETTER	
No management letter was issued.	Response – N/A

Town of Montgomery

Schedule of Prior Year Findings For the Year Ended December 31, 2019

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings that are material to the financial statements were reported.	Response – N/A
SECTION II MANAGEMENT LETTER	
No management letter was issued.	Response – N/A

APPENDIX A
Statewide Agreed-Upon Procedures



**Rozier McKay
& Willis** | CERTIFIED PUBLIC
ACCOUNTANTS |

Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Town of Montgomery and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Montgomery (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Rozier, McKay & Willis
Certified Public Accountants
Alexandria, Louisiana
June 11, 2020



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Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt • Disaster Recovery / Business Continuity 	<p>The Town of Montgomery has not adopted written policies and procedures for the categories and subcategories specified by the Statewide Agreed-Upon Procedures.</p>	<p>Due to the Town's the limited size of the Town's administrative staff, the relatively small transaction volume and active involvement from elected officials responsible for oversight, formal written policies are not considered necessary. Despite the absence of written details, personnel clearly understand their duties and responsibilities.</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>Due to an absence of previous findings, no current procedures were required for this category.</p> <p>Due to an absence of previous findings, no current procedures were required for this category.</p>	<p>Due to an absence of previous findings, no current procedures were required for this category.</p> <p>Due to an absence of previous findings, no current procedures were required for this category.</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	Due to an absence of previous findings, no current procedures were required for this category.	Due to an absence of previous findings, no current procedures were required for this category.

Town of Montgomery

Statewide Agreed-Up Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>Reconciliations were completed within 2 months.</p> <p>No evidence documenting a review by management was available.</p> <p>Items outstanding for more than 12 months were limited to 5 transactions with an aggregate total of \$1,416.97. There was no documentation of research related to these transactions</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>In the future, reviews will be performed and documented as necessary.</p> <p>Due to the modest nature of the reconciling items, no formal research was considered necessary.</p>

Town of Montgomery

Statewide Agreed-Up Procedures

Schedule of Procedures, Results and Managements' Response

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>4 Obtain a listing of <u>deposit sites</u> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</p> <p>5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</p> <p style="margin-left: 20px;">a) Employees that are responsible for cash collections do not share cash drawers/registers.</p>	<p>A list of deposit sites and collection locations has been furnished and management has represented that the list is complete.</p> <p>The facility includes a single cash drawer and computer terminal.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>Due to the size of our workforce and limitations imposed by our facilities, occasional sharing is necessary. Procedures are in place to ensure that collections agree with records on a daily basis, which we believe successfully mitigate the risk associated with the occasional sharing.</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</p>	<p>The administrative staff consist of two people. As a result, opportunities for segregation are limited.</p>	<p>An absence of resources prevents opportunities for segregation but procedures are in place to mitigate exposure resulting from these limitations.</p>
<p>c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.</p>	<p>The administrative staff consist of two people. As a result, opportunities for segregation are limited.</p>	<p>An absence of resources prevents opportunities for segregation but procedures are in place to mitigate exposure resulting from these limitations.</p>
<p>d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</p>	<p>The administrative staff consist of two people. As a result, opportunities for segregation are limited.</p>	<p>An absence of resources prevents opportunities for segregation but procedures are in place to mitigate exposure resulting from these limitations.</p>
<p>6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</p>	<p>The administrative staff is covered by a bond that protects against losses up to \$5,000.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as</p>		

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>Procedures do not require sequentially numbered receipts for transactions that do not involve currency or traffic citations.</p> <p>Transactions were supported by adequate documentation.</p> <p>Deposit slips agree with the bank statements.</p> <p>Deposits were made within one business day.</p> <p>Deposits agree with general ledger.</p>	<p>Our established procedures require use of receipts when appropriate.</p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p>	<p>Due to an absence of unmitigated previous findings, no current procedures were required for this category.</p>	<p>Due to an absence of unmitigated previous findings, no current procedures were required for this category.</p>
<p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p>		
<p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p>	<p>See Above</p>	<p>See Above</p>
<p>b) At least two employees are involved in processing and approving payments to vendors.</p>	<p>See Above</p>	<p>See Above</p>
<p>c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</p>	<p>See Above</p>	<p>See Above</p>
<p>d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</p>	<p>See Above</p>	<p>See Above</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and: a. Observe that the disbursement matched the related original invoice/billing statement. b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.	See Above See Above	See Above See Above

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p>	<p>A list was furnished and representations were obtained.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</p> <p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>No evidence of review by someone other than the authorized card holder was available.</p> <p>No finance charges or late fees were assessed.</p>	

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	Transactions were sufficiently documented.	<i>The results did not include findings or criticisms.</i>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>Due to an absence of previous findings, no current procedures were required for this category.</p> <p>See Above</p> <p>See Above</p> <p>See Above</p>	<p>Due to an absence of previous findings, no current procedures were required for this category.</p> <p>See Above</p> <p>See Above</p> <p>See Above</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>Due to an absence of previous findings, no current procedures were required for this category.</p> <p>See Above</p> <p>See Above</p> <p>See Above</p> <p>See Above</p>	<p>Due to an absence of previous findings, no current procedures were required for this category.</p> <p>See Above</p> <p>See Above</p> <p>See Above</p> <p>See Above</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.	Due to an absence of previous findings, no current procedures were required for this category.	Due to an absence of previous findings, no current procedures were required for this category.
17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:		
a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).	See Above	See Above
b. Observe that supervisors approved the attendance and leave of the selected employees/officials.	See Above	See Above
c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.	See Above	See Above
18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials'	See Above	See Above

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
19 authorized pay rates in the employee/officials' personnel files. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	See Above	See Above

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and: a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.	Documentation was available for each of the five employees selected. The Town has not adopted a written ethics policy.	<i>The results did not include findings or criticisms.</i> Due to the size of our workforce, standards of ethical behavior can be clearly communicated without adopting written policies or requiring formal acknowledgement.

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	Not applicable, no debt was issued or outstanding.	<i>The results did not include findings or criticisms.</i>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	Not applicable, no debt was issued or outstanding.	<i>The results did not include findings or criticisms.</i>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Other		
Agreed-Upon Procedure	Results	Managements' Response
23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	Due to an absence of previous findings, no current procedures were required for this category.	Due to an absence of previous findings, no current procedures were required for this category.
24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.	See Above	See Above