

TOWN OF SPRINGFIELD, LOUISIANA

Financial Report

Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

The Honorable Thomas Abels, Mayor,
and Members of the Board of Aldermen
Town of Springfield, 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 Springfield, Louisiana (the Town), as of and for the year ended June 30, 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 of 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 financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 5 through 9 and 41 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 financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information on pages 44 through 50 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The various schedules on pages 44 through 50 included in other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019, on our consideration of the Town'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's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
November 6, 2019

Management's Discussion and Analysis

Town of Springfield, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Introduction

The Town of Springfield, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements on pages 12 through 23 of this report.

Financial Highlights

- The Town's assets exceeded its liabilities by \$3,073,361 (net position) as of June 30, 2019.
- Total revenues of \$757,642 were less than total expenses of \$824,119, which resulted in a current year decrease in net position of \$66,477, which includes depreciation expense of \$146,896.
- Total combined net position is compromised of the following:
 - Net Investment in Capital Assets, of \$2,687,979 which includes property and equipment, net of accumulated depreciation
 - Net position restricted for debt service of \$62,460
 - Unrestricted net position of \$322,922
- The Town's total general fund reported an unassigned fund balance at June 30, 2019 of \$268,883.
- The Town's total bonded debt decreased by \$26,904 during the year.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Basic Financial Statements

This Management's Discussion and Analysis document introduces the Town's basic financial statements. The Town's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) other required supplementary information in addition to the basic financial statements themselves.

Town of Springfield, Louisiana

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2019

Government-Wide Financial Statements

The *Government-Wide Financial Statements*, presented on pages 12 and 13, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

The Town's *Government-wide Financial Statements* distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, streets and drainage, public improvements, health and social services, and culture and recreation. The Town's business-type activities are water and sewer collection.

Fund Financial Statements

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

Governmental funds, presented on pages 16 through 19, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town adopts an annual appropriated budget. A budgetary comparison schedule has been provided for the Town's operations to demonstrate compliance with this budget.

Town of Springfield, Louisiana

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2019

The proprietary fund accounts for water and sewer services for the Town. Proprietary funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail. The proprietary fund financial statements can be found on pages 20 thru 23 of this report.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term financing decisions. Whereas the Total column on the Proprietary Fund Financial Statements is the same as the Business-Type column in the Government-wide financial statements, the Governmental-Type column of the Government-wide Financial Statements.

Notes to the Financial Statements

The notes, presented on pages 24 thru 39, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information converting the Town's budgetary control, on pages 41 to 42. The financial statements also include supplementary information required by the USDA on pages 48 through 50.

Government-Wide Financial Analysis

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

Summary of Net Position (Government Wide)

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 451,162	\$ 571,998	\$ (120,836)	-21.13%
Capital Assets	3,941,735	4,002,157	(60,422)	-1.51%
Total Assets	<u>4,392,897</u>	<u>4,574,155</u>	<u>(181,258)</u>	-3.96%
Liabilities:				
Current and Other Liabilities	112,017	198,849	(86,832)	-43.67%
Long-Term Liabilities	<u>1,207,519</u>	<u>1,235,468</u>	<u>(27,949)</u>	-2.26%
Total Liabilities	<u>1,319,536</u>	<u>1,434,317</u>	<u>(114,781)</u>	-8.00%
Net Position:				
Net Investment in Capital Assets	2,687,979	2,615,001	72,978	2.79%
Restricted	62,460	60,649	1,811	2.99%
Unrestricted	<u>322,922</u>	<u>464,188</u>	<u>(141,266)</u>	-30.43%
Total Net Position	<u>\$ 3,073,361</u>	<u>\$ 3,139,838</u>	<u>\$ (66,477)</u>	-2.12%

Town of Springfield, Louisiana

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2019

At the end of the most recent year, the assets of the Town exceeded its liabilities by \$3,073,361, which represents a decrease of \$66,477 from the previous year. The decrease is mainly depreciation expense of \$146,896.

The following schedule provides a summary of the Town's changes in net position:

Summary of Changes in Net Position (Government Wide)

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 140,051	\$ 148,556	\$ (8,505)	-5.73%
Operating Grants and Contributions	28,314	26,766	1,548	5.78%
Capital Grants and Contributions	34,731	718,836	(684,105)	-95.17%
General Revenues	<u>554,546</u>	<u>505,249</u>	<u>49,297</u>	9.76%
Total Revenues	<u>757,642</u>	<u>1,399,407</u>	<u>(641,765)</u>	-45.86%
Expenses:				
Governmental Activities:				
General Government	170,600	168,831	1,769	1.05%
Public Safety	213,264	207,047	6,217	3.00%
Public Works	129,015	135,247	(6,232)	-4.61%
Business-Type Activities	<u>311,240</u>	<u>266,963</u>	<u>44,277</u>	16.59%
Total Expenses	<u>824,119</u>	<u>778,088</u>	<u>46,031</u>	5.92%
Change in Net Position	(66,477)	621,319	(687,796)	-110.70%
Net Position, Beginning	<u>3,139,838</u>	<u>2,518,519</u>	<u>621,319</u>	24.67%
Net Position, Ending	<u>\$ 3,073,361</u>	<u>\$ 3,139,838</u>	<u>\$ (66,477)</u>	-2.12%

General revenues increased by \$49,297 due to an increase in insurance premium taxes by \$29,833 and an increase in sales taxes by \$12,120. Business-type activities increased by \$44,277 due to an increase in sewer maintenance of \$28,297.

Fund Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. Governmental funds reported an ending unassigned fund balance of \$268,883.

The Town primarily relies on sales taxes to support its governmental activities which represent 58.36% of the Town's total revenues, excluding grants.

Town of Springfield, Louisiana

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2019

The Town's programs include general government, police protection, streets, and sanitation. General government and police protection represents 72.89% of the Town's governmental activity expenses.

General Fund Budgetary Highlights

Significant variations between original and final budget amounts are as follows:

- The street budget was originally \$81,362 and the final budget was \$49,800 due to a decrease in salaries and street maintenance.
- The police originally budgeted capital outlay \$35,800 and did not include an amount in the final budget. This was originally budgeted for a police vehicle but the Town decided not to purchase until the next fiscal year.

Significant variations from the general fund's final budget amounts and actual amounts are as follows:

- Taxes were more than the final budget by \$34,588. The town received \$29,833 more in insurance premium taxes than the previous year.

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation as of June 30, 2019 was \$165,377 for governmental activities and \$3,776,358 for business-type activities. There was an overall decrease of \$17,713 in capital assets used for governmental activities and a decrease of \$42,709 in capital assets used for business-type activities. The utility department spent \$69,053 for the fiscal year ending June 30, 2019 for refurbishing the sewer tank. The town has paid \$18,000 in engineering fees for the construction of a sewer collection system project which will be funded with a grant through the Office of Community Development/Disaster Recovery Unit.

Long-Term Debt

The Town has a very simple debt structure. There is no debt for governmental activities. The only debt for business-type activities is the revenue bonds that were issued to the United States Department of Agriculture-Rural Utility Services to construct the sewer system. See note 7 to the financial statements for additional information regarding long-term debt.

Other Factors Affecting the Town

The Town of Springfield's management approach is conservative. When possible, the Mayor and alderman attempt to provide services for the Town based on existing revenues and to finance long-term projects only when absolutely necessary. The Town actively pursues grant funds to minimize the cost of major projects to its citizens. The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional finance information contact Marie Kreutzer, Town Clerk at (225) 294-3150.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Net Position
For the Year Ended June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 175,493	\$ 4,982	\$ 180,475
Certificates of deposit	81,985	-	81,985
Receivables, net	9,929	8,136	18,065
Due from other governmental agencies	58,028	43,214	101,242
Prepaid items	1,579	2,742	4,321
Total current assets	<u>327,014</u>	<u>59,074</u>	<u>386,088</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	65,074	65,074
Capital assets:			
Land and construction in progress	10,000	69,300	79,300
Other capital assets, net	155,377	3,707,058	3,862,435
Total noncurrent assets	<u>165,377</u>	<u>3,841,432</u>	<u>4,006,809</u>
Total assets	<u>492,391</u>	<u>3,900,506</u>	<u>4,392,897</u>
LIABILITIES			
Current liabilities:			
Accounts payable	32,100	6,117	38,217
Accrued payroll	5,666	497	6,163
Accrued expenses	18,786	-	18,786
Contracts payable	-	18,000	18,000
Bonds payable	-	28,237	28,237
Accrued interest	-	2,614	2,614
Total current liabilities	<u>56,552</u>	<u>55,465</u>	<u>112,017</u>
Noncurrent liabilities:			
Bonds payable	-	1,207,519	1,207,519
Total liabilities	<u>56,552</u>	<u>1,262,984</u>	<u>1,319,536</u>
NET POSITION			
Net investment in capital assets	165,377	2,522,602	2,687,979
Restricted for debt service	-	62,460	62,460
Unrestricted	270,462	52,460	322,922
Total net position	<u>\$ 435,839</u>	<u>\$ 2,637,522</u>	<u>\$ 3,073,361</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 170,600	\$ -	\$ 200	\$ -	\$ (170,400)	\$ -	\$ (170,400)
Public safety:							
Police	213,264	59,657	21,850	-	(131,757)	-	(131,757)
Public works:							
Streets	54,860	-	-	-	(54,860)	-	(54,860)
Sanitation	63,558	-	-	-	(63,558)	-	(63,558)
Cemetery	10,597	-	6,264	-	(4,333)	-	(4,333)
Total governmental activities	<u>512,879</u>	<u>59,657</u>	<u>28,314</u>	<u>-</u>	<u>(424,908)</u>	<u>-</u>	<u>(424,908)</u>
Business-type activities:							
Sewer	260,485	72,570	-	24,530	-	(163,385)	(163,385)
Water	50,755	7,824	-	10,201	-	(32,730)	(32,730)
Total business-type activities	<u>311,240</u>	<u>80,394</u>	<u>-</u>	<u>34,731</u>	<u>-</u>	<u>(196,115)</u>	<u>(196,115)</u>
Total	<u>\$ 824,119</u>	<u>\$ 140,051</u>	<u>\$ 28,314</u>	<u>\$ 34,731</u>	<u>(424,908)</u>	<u>(196,115)</u>	<u>(621,023)</u>
General revenues:							
Taxes -							
Sales and use taxes, levied for general purposes					310,904	103,635	414,539
Franchise fees					34,067	-	34,067
Insurance premium					70,917	-	70,917
Occupational licenses					20,507	-	20,507
Grants and contributions not restricted to specific programs					9,863	-	9,863
Interest and investment earnings					1,178	61	1,239
Miscellaneous					3,294	120	3,414
Transfers					(96,526)	96,526	-
Total general revenues and transfers					<u>354,204</u>	<u>200,342</u>	<u>554,546</u>
Change in net position					(70,704)	4,227	(66,477)
Net position - July 1, 2018					<u>506,543</u>	<u>2,633,295</u>	<u>3,139,838</u>
Net position - June 30, 2019					<u>\$ 435,839</u>	<u>\$ 2,637,522</u>	<u>\$ 3,073,361</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Enterprise Fund

Sewer Fund -

To account for the provision of sewerage and water services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF SPRINGFIELD, LOUISIANA

Balance Sheet
Governmental Fund
June 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 175,493
Certificates of deposit	81,985
Receivables:	
Franchise fees	8,264
Other	1,665
Due from other governmental agencies	58,028
Prepaid items	<u>1,579</u>
Total assets	<u><u>\$ 327,014</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 32,100
Accrued payroll	5,666
Accrued expenses	<u>18,786</u>
Total liabilities	<u><u>56,552</u></u>
Fund balance:	
Nonspendable- prepaid items	1,579
Unassigned	<u>268,883</u>
Total fund balance	<u><u>270,462</u></u>
Total liabilities and fund balance	<u><u>\$ 327,014</u></u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total fund balances for governmental funds at June 30, 2019	\$ 270,462
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 10,000	
Buildings, net of \$54,463 accumulated depreciation	41,450	
Infrastructure, net of \$14,021 accumulated depreciation	52,978	
Vehicles, net of \$67,809 accumulated depreciation	44,532	
Furniture and Equipment, net of \$134,089 accumulated depreciation	<u>16,417</u>	<u>165,377</u>

Total net position of governmental activities at June 30, 2019	<u>\$ 435,839</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF SPRINGFIELD, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
For the Year Ended June 30, 2019

	<u>General Fund</u>
Revenues:	
Taxes	\$ 415,888
Licenses and permits	20,507
Intergovernmental	27,863
Fines and forfeits	59,657
Interest earned	1,178
Miscellaneous	<u>13,608</u>
Total revenues	<u>538,701</u>
Expenditures:	
Current -	
General government	164,948
Public safety:	
Police	194,549
Fire	10,000
Public works:	
Street	51,514
Sanitation	63,558
Cemetery	<u>10,597</u>
Total expenditures	<u>495,166</u>
Excess of revenues over expenditures	<u>43,535</u>
Other financing uses:	
Transfers out	<u>(96,526)</u>
Net change in fund balance	(52,991)
Fund balance, beginning	<u>323,453</u>
Fund balance, ending	<u><u>\$ 270,462</u></u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2019

Total net changes in fund balance at June 30, 2019 per statement of revenues, expenditures and changes in fund balance	\$ (52,991)
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The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Depreciation expense for the year ended June 30, 2019	<u>(17,713)</u>
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Total changes in net position at June 30, 2019 per statement of activities	<u><u>\$ (70,704)</u></u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Net Position
Proprietary (Enterprise) Fund
June 30, 2019

ASSETS

Current assets:

Cash	\$ 4,982
Accounts receivable, net	8,136
Due from other governmental agencies	43,214
Prepaid items	<u>2,742</u>
Total current assets	<u>59,074</u>

Noncurrent assets:

Restricted assets:

Cash	65,074
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Capital assets:

Land and construction in progress	69,300
Other capital assets, net	<u>3,707,058</u>

Total noncurrent assets	<u>3,841,432</u>
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Total assets	<u>3,900,506</u>
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LIABILITIES

Current liabilities:

Accounts payable	6,117
Contracts payable	18,000
Accrued payroll liabilities	497
Payable from restricted assets:	
Revenue bonds	28,237
Accrued interest	<u>2,614</u>

Total current liabilities	<u>55,465</u>
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Noncurrent liabilities:

Revenue bonds	<u>1,207,519</u>
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Total liabilities	<u>1,262,984</u>
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NET POSITION

Net investment in capital assets	2,522,602
Restricted for debt service	62,460
Unrestricted	<u>52,460</u>
Total net position	<u>\$ 2,637,522</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary (Enterprise) Fund
For the Year Ended June 30, 2019

Operating revenues:	
Sewer charges	\$ 70,815
Water charges	7,824
Penalties	<u>1,755</u>
Total operating revenues	<u>80,394</u>
Operating expenses:	
Bad Debt	4,369
Bank Charges	190
Chemicals	1,951
Conventions	20
Depreciation	129,183
Dues and subscriptions	340
Electricity	16,560
Internet	2,413
Insurance	4,140
Licenses and permits	785
Miscellaneous	30
Office supplies	752
Payroll taxes	2,116
Postage	398
Repairs and maintenance	66,863
Salaries	26,355
Supplies	<u>948</u>
Total operating expenses	<u>257,413</u>
Operating loss	<u>(177,019)</u>
Nonoperating revenues (expenses):	
Sales taxes	103,635
Other revenues	120
Interest income	61
Interest expense	<u>(53,827)</u>
Total nonoperating revenues (expenses)	<u>49,989</u>
Loss before transfers	<u>(127,030)</u>
Capital contributions and transfers:	
Capital grants	34,731
Transfers in	<u>96,526</u>
Total capital contributions and transfers	<u>131,257</u>
Change in net position	4,227
Net position, beginning	<u>2,633,295</u>
Net position, ending	<u><u>\$ 2,637,522</u></u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Cash Flows
Proprietary (Enterprise) Fund
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 83,126
Payments to suppliers	(111,634)
Payments to employees	(28,625)
Payments to other funds	<u>(5,236)</u>
Net cash used by operating activities	<u>(62,369)</u>
Cash flows from noncapital financing activities:	
Sales tax receipts	102,825
Transfers from other funds	96,526
Other receipts	<u>120</u>
Net cash provided by noncapital financing activities	<u>199,471</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(26,904)
Interest paid on revenue bonds	(53,940)
Capital grants	74,172
Acquisition of equipment	<u>(192,969)</u>
Net cash used by capital and related financing activities	<u>(199,641)</u>
Cash flows from investing activities:	
Interest earned	<u>61</u>
Net decrease in cash and cash equivalents	(62,478)
Cash and cash equivalents, beginning of period	<u>132,534</u>
Cash and cash equivalents, end of period	<u>\$ 70,056</u>

(continued)

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Cash Flows
Proprietary (Enterprise) Fund - (Continued)
For the Year Ended June 30, 2019

Reconciliation of operating loss to net cash provided by
operating activities:

Operating loss	\$ (177,019)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	129,183
Changes in current assets and liabilities:	
Accounts receivable	(3,222)
Prepaid expenses	(1,630)
Accounts payable	(4,291)
Accrued payroll liabilities	(154)
Due to other funds	<u>(5,236)</u>
Net cash used by operating activities	<u>\$ (62,369)</u>

Reconciliation of cash and cash equivalents per statement
of cash flows to the balance sheet:

Cash and cash equivalents, beginning of period -

Cash - unrestricted	\$ 4,867
Cash - restricted	<u>127,667</u>
Total cash and cash equivalents	<u>132,534</u>

Cash and cash equivalents, end of period -

Cash - unrestricted	4,982
Cash - restricted	<u>65,074</u>
Total cash and cash equivalents	<u>70,056</u>

Net decrease	<u>\$ (62,478)</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Springfield (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Springfield, Louisiana was incorporated in 1838, under a special charter. The Town operates under a Mayor-Board of Aldermen form of government and, as authorized by its charter, provides police protection; streets and drainage maintenance; public improvements; health and social services; culture-recreation; planning and zoning; sewer collection and disposal; and general administration. The Mayor and five members of the Board of Aldermen are elected at large to serve four-year terms from July 1, 2017 to June 30, 2020. The Town of Springfield is located in Livingston Parish with a geographic area of approximately 1.4 square miles. The estimated population is 499. The Town employs 4 full-time employees. The Town serves 136 sewer customers.

As the municipal governing authority, for reporting purposes, the Town of Springfield is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (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.

This report includes all funds that are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

There are no component units over which the Town exercises significant influence.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All funds of the Town are considered to be major funds and are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Springfield's enterprise fund is comprised of the Sewer and Water Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, liabilities, and resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's sewer service receivables as their major receivables. Uncollectible sewer service receivables are recognized as bad debts through the establishment of an allowance account. The allowance has been established based upon past collection experience, the economic environment, and management's evaluation of the current risk in receivables. The allowance for uncollectibles for customers' utility receivables was \$24,977 at June 30, 2019.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets 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 is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 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 improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 years
Furniture and office equipment	5-20 years
Vehicles	5-7 years
Infrastructure	20-50 years
Water system	10-40 years

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2019.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements. The long-term debt consists of sewer revenue bonds.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Total interest incurred and expensed for the year ended June 30, 2019 for the proprietary fund was \$53,827.

Compensated Absences

Employees of the Town earn from 5 to 23 days of vacation leave each year, depending on length of service. Vacation leave must be taken in the year earned and cannot be carried over. There is no formal policy on sick leave. Sick leave is approved by the Town based on need.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Town's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of the two previous components and is available for general use by the Town.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen, which is the highest level of decision-making authority for the Town. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This formal action is the adoption of a resolution by the Board.
- d. Assigned – amounts that are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intended use is expressed by the Board who has the authority to assign amounts to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

When an expenditure is incurred for the purpose for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in their commitment or assignment actions.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Use of Estimates

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Dedication and Restriction of Proceeds and Flow of Funds - Sales and Use Taxes

The Town levies three sales taxes as follows:

- A. Proceeds from a 1% sales tax effective April 1, 1978, are placed in the General Fund for use by the Town.
- B. Proceeds from a 0.50% sales tax effective January 1, 1987, are to be used for garbage pickup for the residents of the Town and the remainder is to be placed in the General Fund for use by the Town.
- C. Proceeds from a 0.50% sales tax effective February 24, 2005, are to be used to retire USDA debt used for the construction of sewer treatment facilities and other improvements.

(3) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the Town had cash and interest-bearing deposits (book balances) totaling \$327,534 as follows:

Non interest-bearing	\$ 81,022
Interest-bearing	164,527
Time deposits	<u>81,985</u>
Total	<u>\$ 327,534</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered. 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 bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2019 were secured as follows:

Bank balances	<u>\$ 344,274</u>
Federal deposit insurance	\$ 344,274
Pledged securities	<u>-</u>
Total federal deposit insurance and pledged securities	<u>\$ 344,274</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

No deposits were exposed to custodial credit risk. Deposits exposed to custodial credit risk are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. The Town does not have a policy for custodial credit risk.

(4) Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2019 consist of the following:

Governmental Activities -

General Fund:

Sales tax revenues	\$ 56,053
Other	<u>1,975</u>
Total General Fund	<u>58,028</u>

Business Type Activities -

Proprietary Fund:

Sales tax revenues	18,684
State grant funds	<u>24,530</u>
Total proprietary fund	<u>43,214</u>
Total due from other governmental agencies	<u>\$ 101,242</u>

(5) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2019:

Sewer revenue bond reserve	\$ 50,325
Depreciation and contingency fund	<u>14,749</u>
Total restricted assets	<u>\$ 65,074</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance 7/1/2018	Additions	Deletions	Balance 06/30/19
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Other capital assets:				
Buildings	95,912	-	-	95,912
Vehicles	112,342	-	-	112,342
Furniture and equipment	150,507	-	-	150,507
Infrastructure	66,998	-	-	66,998
Totals	<u>435,759</u>	<u>-</u>	<u>-</u>	<u>435,759</u>
Less accumulated depreciation:				
Buildings	51,417	3,046	-	54,463
Vehicles	60,374	7,435	-	67,809
Furniture and equipment	128,479	5,610	-	134,089
Infrastructure	12,399	1,622	-	14,021
Total accumulated depreciation	<u>252,669</u>	<u>17,713</u>	<u>-</u>	<u>270,382</u>
Governmental activities, capital assets, net	<u>\$ 183,090</u>	<u>\$ (17,713)</u>	<u>\$ -</u>	<u>\$ 165,377</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 51,300	\$ -	\$ -	\$ 51,300
Construction in progress	748,800	18,000	748,800	18,000
Other capital assets:				
Sewer system	2,904,349	48,563	-	2,952,912
Equipment	44,116	-	-	44,116
Water utility system	1,180,530	768,711	-	1,949,241
Totals	<u>4,929,095</u>	<u>835,274</u>	<u>748,800</u>	<u>5,015,569</u>
Less accumulated depreciation:				
Sewer system	994,414	83,280	-	1,077,694
Equipment	41,658	615	-	42,273
Water utility system	73,956	45,288	-	119,244
Total accumulated depreciation	<u>1,110,028</u>	<u>129,183</u>	<u>-</u>	<u>1,239,211</u>
Business-type activities, capital assets, net	<u>\$ 3,819,067</u>	<u>\$ 706,091</u>	<u>\$ 748,800</u>	<u>\$ 3,776,358</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 5,652
Public safety:	
Police	8,715
Public works:	
Streets	<u>3,346</u>
Total depreciation expense	<u>\$ 17,713</u>

Depreciation expense was charged to business-type activities as follows:

Sewer	\$ 83,895
Water	<u>45,288</u>
Total depreciation expense	<u>\$ 129,183</u>

Construction in progress of \$18,000 included in business-type activities is for engineering fees for the construction of a new sewer collection system. This will be funded with a grant through the Office of Community Development/Disaster Recovery Unit for the amount of \$662,000.

(7) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2019:

	<u>Business-type Activities</u>
	<u>Revenue Bonds</u>
Long-term debt payable, June 30, 2018	\$ 1,262,660
Long-term debt issued	-
Long-term debt retired	<u>(26,904)</u>
Long-term debt payable, June 30, 2019	<u>\$ 1,235,756</u>

Long-term debt payable at June 30, 2019 is comprised of the following issue:

	<u>Current Portion</u>
Revenue bonds:	
\$1,529,000 Sewer Revenue Bonds to the USDA dated May 12, 2004, due in monthly installments of \$6,737 until May 12, 2044; interest rate at 4.375 percent on \$500,000 of the bonds and at a rate of 4.25% on \$1,029,000 of the bonds, secured by sewer system revenues.	<u>\$ 1,235,756</u> <u>\$ 28,237</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Changes in Long-Term Debt (Continued)

The long-term debt is due as follows:

Year Ending June 30,	Business-type Activities	
	Principal payments	Interest payments
2020	\$ 28,237	\$ 52,607
2021	29,617	51,228
2022	30,913	49,931
2023	32,265	48,579
2024	33,548	47,297
2025-2029	191,680	212,591
2030-2034	237,475	166,746
2035-2039	294,217	110,005
2040-2044	357,804	39,655
Total	<u>\$1,235,756</u>	<u>\$778,639</u>

(8) Flow of Funds; Restrictions on Use - Utilities Revenues

Under the terms of the bond indenture on outstanding Sewer Revenue Refunding Bonds dated May 12, 2004, all income and revenues of every nature, earned or derived from operation of the waterworks and sewer systems, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month the Town will reserve into a bond and interest sinking fund a sum equal to one-twelfth of the interest and principal due on the next bond payment due date, and a proportionate sum as may be required as the bonds respectfully become due. Money in the sinking fund shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments. Alternately, USDA has set up a payment schedule whereby the Town can make such payments directly to its office, thus eliminating the need for the bond and interest sinking fund.

There shall also be set aside into a sewer revenue bond reserve fund a sum equal to 5% of the monthly bond payment after the completion and acceptance of the system until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. This fund may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the bond and interest sinking fund as to which there would otherwise be default.

The Town must also make monthly deposits to a depreciation and contingency fund equal to 5% of the monthly bond payment after the completion and acceptance of the system. Money in this fund will be used for making extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose. The Town of Springfield was in compliance with all significant limitations and restrictions in the bond indenture at June 30, 2019.

(9) On-Behalf Payments of Salaries

During the year ended June 30, 2019, the State of Louisiana paid the Town's policemen \$18,000 of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety – police expenses/expenditures in the government-wide and General Fund financial statements.

(10) Louisiana Deferred Compensation Plan

All of the employees of the Town of Springfield are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 25% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paychecks. The Town does not make any matching contributions. The contributions are fully vested immediately and are remitted to a third-party administrator each payday, where they are deposited to an account in the employee's name. The Town of Springfield does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator.

(11) Risk Management

The Town is exposed to risks of loss in the areas of torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(12) Solid Waste Collection and Disposal Agreement

An agreement between Waste Management of Louisiana, LLC and the Town of Springfield provides for the collection and disposal of solid wastes for residential and small commercial inhabitants of the Town. The agreement is for a five-year period beginning September 1, 2017.

In addition, at the end of the five-year term, the agreement will be automatically extended for an additional five years unless either party stipulates to cancel.

(13) Centralized Collection Agency Agreement

In accordance with Paragraph (B)(1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Town participated in an agreement with all of the sales and use taxing authorities of the Parish of Livingston designating the Sales Tax Department of the Livingston Parish School Board as the single tax collection agency. The agreement authorizes the Town to compensate the collection agency 1.25% of the gross amounts collected.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Franchise Agreements

The Town has granted the following three franchises:

- A. Cable Television- A non-exclusive cable television franchise was granted to Charter Communications, LLC. The franchise was renewed on January 20, 2018 for a period of 15 years. The annual fee for this franchise shall be 5% of the annual gross subscriber revenues.
- B. Electric- On October 19, 1994, the Town granted a franchise to Louisiana Power & Light Company to supply electric energy to the Town and the inhabitants thereof for a period of 25 years. In consideration, the Town shall receive a fee of 2% of the gross receipts from sales of electricity within the corporate limits of the Town from October 19, 1994 to October 18, 2019.
- C. Natural Gas- On September 17, 2009, the Town granted a franchise to Louisiana Gas Service Company to supply natural and/or artificial gas to the Town and the inhabitants thereof for a period of 20 years. In consideration, the Town shall receive a fee of 2% of the gross receipts from sales of natural and/or artificial gas within the corporate limits of the Town from November 1, 2009 to October 31, 2029.

(15) LA DOTD Maintenance Agreement

The provisions of Section 193 of Title 48 of the Louisiana Revised Statutes of 1950 require the Louisiana Department of Transportation and Development to repair and to keep in operating condition at its sole cost and expense, all municipal roads or streets designated in LA R.S. 48:191. The Town has requested and an agreement has been executed for the work to be performed by the Town. In consideration of this agreement, LDOTD agreed to annually reimburse the Town \$3,330 for the year ended June 30, 2019.

(16) Water Service Agreement

On January 27, 2016 the Town entered into an agreement with French Settlement Water Company, FSWC, that stipulates FSWC to provide water to the citizens of Springfield as well as maintain the water system and provide for any necessary capital expenditures on the water system. The Town receives a flat 10% of all revenues collected from the sale of water and FSWC keeps the remaining profit from the operation of the water system. The agreement is for 6 years commencing March 24, 2016. Upon completion or termination of the agreement the Town will be responsible for any capital expenditure expended by FSWC. A capital expenditure is defined as any purchase approved by the Town, not reimbursed by the citizenry the improvement is benefitting, and is over \$500.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Interfund Transactions

Transfers consisted of the following at June 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds - General Fund	\$ -	\$ 96,526
Proprietary Fund - Enterprise Fund	<u>96,526</u>	<u>-</u>
Total	<u>\$ 96,526</u>	<u>\$ 96,526</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(18) Compensation of Town Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2019 follows:

Aldermen:

Greg Hill	\$ 1,800
John Traylor	500
Mildred Cowsar	1,250
Charles Martin	1,900
Tim Hutchinson	50
Chad Maurello	<u>1,100</u>
	<u>\$ 6,600</u>

(19) Compensation, Benefits, and Other Payments to Mayor

The compensation, benefits, and other payments paid to Mayor Thomas Abels for the year ended June 30, 2019 was as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 10,800
Registration fees	250

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 378,600	\$ 381,300	\$ 415,888	\$ 34,588
Licenses and permits	20,600	20,600	20,507	(93)
Intergovernmental	19,300	20,930	27,863	6,933
Fines and forfeitures	64,600	63,000	59,657	(3,343)
Interest	100	100	1,178	1,078
Other	19,800	14,200	13,608	(592)
Total revenues	<u>503,000</u>	<u>500,130</u>	<u>538,701</u>	<u>38,571</u>
Expenditures:				
Current -				
General government	153,575	159,100	164,948	(5,848)
Public safety	193,250	194,100	204,549	(10,449)
Public works	152,062	121,100	125,669	(4,569)
Capital outlay:				
Public safety	<u>35,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>534,687</u>	<u>474,300</u>	<u>495,166</u>	<u>(20,866)</u>
Excess (deficiency) of revenues over expenditures	(31,687)	25,830	43,535	17,705
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>(103,300)</u>	<u>(96,526)</u>	<u>6,774</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(31,687)	(77,470)	(52,991)	24,479
Fund balance, beginning	<u>342,201</u>	<u>323,453</u>	<u>323,453</u>	<u>-</u>
Fund balance, ending	<u>\$ 310,514</u>	<u>\$ 245,983</u>	<u>\$ 270,462</u>	<u>\$ 24,479</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to the Required Supplementary Information
June 30, 2019

(1) Budget and Budgetary Accounting

Budgetary procedures applicable to the Town are defined in state law, Louisiana Revised Statutes 39:1301-15. The major requirements of the Local Government Budget Act are summarized as follows:

- A. The Town must adopt a budget each year for the general fund and each special revenue fund, if applicable.
- B. The chief executive officer or equivalent must prepare a proposed budget and submit the proposed budget to the Board of Aldermen for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal in each parish in which the Town has jurisdiction.
- C. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year.
- D. 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 amounts estimated, require the approval of the Board of Aldermen.
- E. All budgetary appropriations lapse at the end of each fiscal year.
- F. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). 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).

(2) Excess of Expenditures over Appropriations

The General Fund had actual expenditures and other financing uses in excess of budgeted expenditures and budgeted financing uses for the year ended June 30, 2019 as follows:

	Original Budget	Final Budget	Actual	Variance
General Fund	\$534,687	\$474,300	\$495,166	\$(20,866)

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Sales and use	\$ 305,800	\$ 308,500	\$ 310,904	\$ 2,404
Franchise	35,000	35,000	34,067	(933)
Insurance premium	<u>37,800</u>	<u>37,800</u>	<u>70,917</u>	<u>33,117</u>
	<u>378,600</u>	<u>381,300</u>	<u>415,888</u>	<u>34,588</u>
Licenses, permits and fees:				
Occupational and liquor	<u>20,600</u>	<u>20,600</u>	<u>20,507</u>	<u>(93)</u>
Intergovernmental:				
State supplemental pay	12,000	12,000	18,000	6,000
Louisiana Beer Tax Distribution	5,600	5,600	6,533	933
Department of Transportation	<u>1,700</u>	<u>3,330</u>	<u>3,330</u>	<u>-</u>
Total intergovernmental	<u>19,300</u>	<u>20,930</u>	<u>27,863</u>	<u>6,933</u>
Fines and forfeitures	<u>64,600</u>	<u>63,000</u>	<u>59,657</u>	<u>(3,343)</u>
Interest	<u>100</u>	<u>100</u>	<u>1,178</u>	<u>1,078</u>
Other:				
Accident reports	200	100	115	15
Cemetery income	7,900	7,100	6,264	(836)
LPSO supplement	3,600	3,600	3,600	-
Witness fees	100	-	-	-
Miscellaneous	<u>8,000</u>	<u>3,400</u>	<u>3,629</u>	<u>229</u>
Total Other	<u>19,800</u>	<u>14,200</u>	<u>13,608</u>	<u>(592)</u>
Total revenues	<u>\$ 503,000</u>	<u>\$ 500,130</u>	<u>\$ 538,701</u>	<u>\$ 38,571</u>

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2019

	Actual			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Current:				
General government -				
General and Administrative:				
Salaries - Mayor and council	\$ 10,800	\$ 10,800	\$ 10,800	\$ -
Salaries, Alderman	10,500	9,000	6,600	2,400
Salaries - clerical	42,500	38,500	39,850	(1,350)
Payroll taxes	4,875	4,400	5,426	(1,026)
Accounting and auditing	23,800	32,500	32,010	490
Conventions and travel	900	500	1,848	(1,348)
Coroner	-	200	1,340	(1,140)
Credit card fees	2,000	2,000	1,932	68
Dues and subscriptions	1,100	1,100	1,572	(472)
Insurance	18,900	20,300	22,261	(1,961)
Internet	2,200	2,100	1,973	127
Legal	6,500	3,800	1,900	1,900
Miscellaneous	3,600	3,400	3,596	(196)
Office expense	6,100	10,500	8,944	1,556
Official journal	400	1,300	2,181	(881)
Professional fees	1,700	1,000	1,000	-
Repairs and maintenance	400	3,300	2,525	775
Software	900	900	881	19
Telephone	4,400	3,100	2,902	198
Unemployment	400	500	563	(63)
Utilities	5,200	3,600	4,047	(447)
Total general and administrative	<u>147,175</u>	<u>152,800</u>	<u>154,151</u>	<u>(1,351)</u>
Municipal court costs -				
Court Magistrate	1,300	500	990	(490)
Law enforcement fees	<u>3,900</u>	<u>1,500</u>	<u>2,655</u>	<u>(1,155)</u>
Total municipal court costs	<u>5,200</u>	<u>2,000</u>	<u>3,645</u>	<u>(1,645)</u>
Other -				
Community activities	<u>1,200</u>	<u>4,300</u>	<u>7,152</u>	<u>(2,852)</u>
Total general government	<u>153,575</u>	<u>159,100</u>	<u>164,948</u>	<u>(5,848)</u>

(continued)

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2019

	Actual			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public safety -				
Police:				
Salaries	111,400	119,800	118,218	1,582
On-behalf salaries	12,000	12,000	18,000	(6,000)
Payroll taxes	9,400	10,300	10,121	179
Auto fuel	14,800	14,100	13,607	493
Auto maintenance	4,700	5,700	3,766	1,934
Conference	1,400	600	1,276	(676)
Dues	150	600	653	(53)
Employee testing	200	200	391	(191)
Insurance	21,000	19,200	21,343	(2,143)
Miscellaneous	100	1,100	978	122
Office expense	8,000	3,300	3,555	(255)
Supplies	1,300	500	431	69
Training	300	400	280	120
Uniforms	3,500	1,300	1,930	(630)
Total police	<u>188,250</u>	<u>189,100</u>	<u>194,549</u>	<u>(5,449)</u>
Fire:				
LPFD #2	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>	<u>(5,000)</u>
Total public safety	<u>193,250</u>	<u>194,100</u>	<u>204,549</u>	<u>(10,449)</u>
Public works -				
Streets:				
Salaries	37,462	17,900	17,063	837
Payroll taxes	2,900	1,400	1,484	(84)
Auto fuel	1,500	7,700	7,519	181
Supplies	1,500	1,500	500	1,000
Street maintenance	14,600	3,500	6,273	(2,773)
Equipment maintenance	1,300	1,500	2,254	(754)
Street lights	9,200	8,100	8,651	(551)
Insurance	12,500	7,200	7,226	(26)
Utilities	400	1,000	544	456
Total streets	<u>81,362</u>	<u>49,800</u>	<u>51,514</u>	<u>(1,714)</u>
Sanitation:				
Collection	<u>63,800</u>	<u>63,700</u>	<u>63,558</u>	<u>142</u>

(continued)

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cemetery:				
Maintenance	6,900	7,600	9,000	(1,400)
Other	<u>-</u>	<u>-</u>	<u>1,597</u>	<u>(1,597)</u>
Total cemetery	<u>6,900</u>	<u>7,600</u>	<u>10,597</u>	<u>(2,997)</u>
Total public works	<u>152,062</u>	<u>121,100</u>	<u>125,669</u>	<u>(4,569)</u>
Capital outlay:				
Police	<u>35,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 534,687</u>	<u>\$ 474,300</u>	<u>\$ 495,166</u>	<u>\$ (20,866)</u>

TOWN OF SPRINGFIELD, LOUISIANA
Enterprise Fund
Sewer Fund

Schedule of Number of Sewer Customers
(Unaudited)
June 30, 2019

Records maintained by the Town indicated the following number of customers were being served during the month of June 30, 2019:

<u>Department</u>	<u>Customers</u>	<u>Rate</u>
Residential	100	\$35.00 per month
Commercial	33	\$70.00 per month
Schools	2	\$325.00 per month
Apartments	1	\$595.00 per month

TOWN OF SPRINGFIELD, LOUISIANA
Enterprise Fund
Sewer Fund

Schedule of Aged Accounts Receivable
(Unaudited)
June 30, 2019

At June 30, 2019, the receivables due from customers are as follows:

Account receivable:	
Current	\$ 2,241
31 - 60 days	1,194
over 60 days	<u>28,498</u>
Subtotal	31,933
Less: allowance for doubtful accounts	<u>(24,977)</u>
Accounts receivables, net	<u>\$ 6,956</u>

See accountant's compilation report.

TOWN OF SPRINGFIELD, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2019

Description of Coverage	Coverage Amounts	Effective Dates
General liability-		
Premises operations per occurrence	\$ 500,000	05/20/19 - 05/20/20
Medical payments-		
Per person	1,000	
Per accident	10,000	
Fire legal liability per occurrence	50,000	
Law enforcement officer	500,000	
Errors and omissions	500,000	
Automobile	500,000	
 Police Equipment	 130,533	 10/10/18 - 10/10/19
 Property-		 03/07/19 - 03/07/20
Town Hall Building	117,076	
Personal property	50,000	
Treatment Plant Building	620,504	
Pump stations	335,073	

See accountant's compilation report.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

The Honorable Thomas Abels, Mayor
and Members of the Board of Aldermen
Town of Springfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Springfield, Louisiana (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2019-001 and 2019-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that is required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2019-003 and 2019-004.

The Town of Springfield, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
November 6, 2019

TOWN OF SPRINGFIELD, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Finding -

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2018

CRITERIA: The Town should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CAUSE: Due to the size of the Town, there are a small number of available employees.

EFFECT: The Town has employees that are performing more than one related function.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2019-002 Failure to Remit Payroll Taxes

Fiscal year finding initially occurred: 2019

CRITERIA: The Town should have controls over their payroll process to ensure that payroll taxes are properly remitted to the Department of the Treasury.

CONDITION: The Town did not have adequate controls to ensure all payroll taxes were properly remitted to the Department of the Treasury.

CAUSE: The Town did not have adequate procedures in place to verify that all payroll taxes for the first quarter of 2019 were remitted to the Department of the Treasury.

EFFECT: The Town did not remit payroll taxes totaling \$3,910 for the first quarter of 2019.

RECOMMENDATION: The Town should establish policies and procedures to ensure all payroll taxes are properly remitted to the appropriate federal agencies by the prescribed deadline.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will review its payroll procedures to ensure that payroll taxes are remitted to the appropriate agencies by the prescribed deadlines.

TOWN OF SPRINGFIELD, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan

B. Compliance Findings -

2019-003 Failure to Comply with the Local Budget Act

Fiscal year finding initially occurred: 2018

CRITERIA: In accordance with Louisiana Revised Statute 39:1307, the Town did not advertise in their official journal the availability of their proposed budget for the fiscal year 2019-2020 and details of the budget hearing when the proposed expenditures for the General Fund exceeded \$500,000.

CONDITION: The Town had proposed expenditures in their fiscal year 2019–2020 budget and did not advertise the availability of their proposed budget in their official journal.

CAUSE: The Town's management did not take appropriate actions to ensure that the availability of their proposed budget and details of the budget hearing was advertised in their official journal prior their budget hearing.

EFFECT: The public was not allowed the opportunity to participate in the budget process when the Town's proposed General Fund expenditures amounted to \$543,250.

RECOMMENDATION: Management should review the Local Government Budget Act to ensure compliance with Louisiana Revised Statutes 39:1301 – 1315.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will ensure the public is allowed the opportunity to participate in the budget process by advertising in their official journal the availability of their budget and the place, time, and date of the of the public hearing.

2019-004 Failure to Remit Payroll Taxes

See Internal Control finding 2019-002.

TOWN OF SPRINGFIELD, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan

Part II. Prior Year Findings and Management's Corrective Action Plan:

Internal Control Findings –

2018-001

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved – See Internal Control Finding 2019-001.

Compliance Findings –

2018-002

CONDITION: The Town had proposed expenditures in their fiscal year 2019–2020 budget and did not advertise the availability of their proposed budget in their official journal.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will ensure the public is allowed the opportunity to participate in the budget process by advertising in their official journal the availability of their budget and the place, time, and date of the of the public hearing.

CURRENT STATUS: Unresolved – See Compliance Finding 2019-003.

TOWN OF SPRINGFIELD

Springfield, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

WWW.KCSRCPAS.COM

To the Mayor and Board of Aldermen of the
Town of Springfield, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Springfield (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 July 1, 2018 through June 30, 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 findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

(The following procedures were not performed since there were no exceptions in the prior year)

- 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:
 - 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.
 - 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. *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.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

Bank Reconciliations

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:
 - 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);
 - 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
 - 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.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites 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).
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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

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 a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

(The following procedures were not performed since there were no exceptions in the prior year)

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).
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:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]
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.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

(The following procedures were not performed since there were no exceptions in the prior year)

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.
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:
 - 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 (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

(The following procedures were not performed since there were no exceptions in the prior year)

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:
 - 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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

(The following procedures were not performed since there were no exceptions in the prior year)

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:
- 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.
 - 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).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - 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.

Payroll and Personnel

(The following procedures were not performed since there were no exceptions in the prior year except for Procedure #19)

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.
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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
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' authorized pay rates in the employee/officials' personnel files.
19. 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.

Ethics

(The following procedures were not performed since there were no exceptions in the prior year)

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.

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year)

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.
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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Other

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.
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.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures

1. The entity does not have any written policies and procedures.

Management’s response: The entity will work with their contracted CPA to establish written policies and procedures.

Exceptions (continued):

Bank Reconciliations:

2. For all of the five bank accounts selected, there was no evidence of management's review on the bank reconciliations.

Management's response: The entity will ensure all bank reconciliations are properly signed and dated by the reviewer.

Cash Collections:

3. Of the sample selected, 1 deposit for their monthly sales tax collection did not have a sequentially pre-numbered receipt.

Management's response: The entity will establish policies and procedures to include issuing receipts for all collections in both the utility fund and the general fund.

4. The employee responsible for collecting payments is preparing/making the bank deposit, posting collections entries, and reconciling to the general ledger.

Management's response: The entity contracted a CPA to review and reconcile the activity each month for the entity's enterprise fund. The entity will develop policies and procedures to include reviewing and reconciling activity for the General Fund.

Payroll and Personnel:

5. The entity did not make their February 2019 federal payroll tax deposit timely.

Management's response: The entity will review their policies and procedures to ensure payroll taxes are properly reported and filed.

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

This report is intended solely for the use of management of the Town of Springfield and the Legislative Auditor, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
November 6, 2019