

TOWN OF COLFAX, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, CPA
MARK S. MCKAY, CPA
LEE W. WILLIS, CPA
RHONDA L. RACHAL, CPA
STEVEN E. KIMBALL, CPA
RICHARD BEESON, CPA
STEVEN MCKAY, CPA

MAILING ADDRESS
POST OFFICE BOX 12178
ALEXANDRIA, LOUISIANA 71315-2178
TELEPHONE (318) 442-1608
TELECOPIER (318) 487-2027

M. DALE HARRINGTON, CPA
RETIRED - 2005

December 7, 2018

Independent Auditors' Report

The Honorable Gerald Hamilton, Mayor
and the Board of Aldermen
Town of Colfax, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of and for the year ended June 30, 2018, 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 an opinion 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 basic 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 judgement, 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 auditors consider 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 assessing the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

-Members-

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OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity 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 the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

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

OTHER SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colfax's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and are not a required part of the basic financial statements.

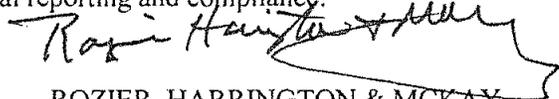
- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer

The other supplementary information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Gerald Hamilton, Mayor
and the Board of Aldermen
December 7, 2018

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2018, on our consideration of the Town of Colfax's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Colfax's internal control over financial reporting and compliance.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants
Alexandria, LA
December 7, 2018

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STEVEN MCKAY, CPA

MAILING ADDRESS
POST OFFICE BOX 12178
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TELEPHONE (318) 442-1608
TELECOPIER (318) 487-2027

M. DALE HARRINGTON, CPA
RETIRED - 2005

December 7, 2018

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

The Honorable Gerald Hamilton, Mayor
And the Board of Alderman
Town of Colfax, 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, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Colfax's basic financial statements, and have issued our report herein dated December 7, 2018.

Internal Control over Financial Reporting

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

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

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

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deficiencies that we consider to be a material weakness in internal control. We identified three significant deficiencies in internal control; findings 2018-1, 2018-2, and 2018-3; described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

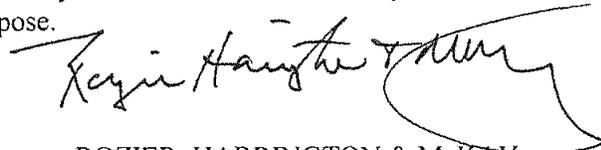
As part of obtaining reasonable assurance about whether the Town of Colfax's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, Finding 2018-3.

Town of Colfax's Response to Findings

The Town of Colfax's response to the findings identified in our audit is described in the accompanying management's corrective action plan. The Town of Colfax's response was not subjected to the auditing procedures applied in the audit of 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.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants
Alexandria, LA
December 7, 2018

Town of Colfax

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

This section of the Town of Colfax's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2018.

Overview of Financial Statements

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

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 2003) and all of the Town's liabilities (including long-term debt).

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

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

Fund Financial Statements

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

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

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

Financial Analysis of the Town as a Whole

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

Net Position

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

	June 30, 2018			For the Year Ended June 30, 2017
	Gov- ern- men- tal Acti- vities	Busi- ness- Type Acti- vities	Total	
<u>Assets:</u>				
Current and other assets	\$ 723,224	\$ 316,934	\$ 1,040,158	\$ 466,463
Capital assets	1,122,139	2,334,308	3,456,447	3,053,530
Total assets	<u>1,845,363</u>	<u>2,651,242</u>	<u>4,496,605</u>	<u>3,519,993</u>
Deferred Outflows	<u>147,270</u>	<u>81,817</u>	<u>229,087</u>	<u>158,957</u>
<u>Liabilities:</u>				
Current and other liabilities	492,825	159,034	651,859	185,789
Long-term liabilities	220,763	301,986	522,749	432,798
Total liabilities	<u>713,588</u>	<u>461,020</u>	<u>1,174,608</u>	<u>618,587</u>
Deferred Inflows	<u>10,821</u>	<u>20,868</u>	<u>31,689</u>	<u>14,031</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	1,110,884	2,334,308	3,445,192	3,029,012
Unrestricted	157,340	(83,137)	74,203	17,320
Total Net Position	<u>\$ 1,268,224</u>	<u>\$ 2,251,171</u>	<u>3,519,395</u>	<u>3,046,332</u>

As the presentation appearing above demonstrates, the Town's net position is invested primarily in capital assets. Net assets invested in capital assets consist of land, buildings, and equipment less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. There is \$74,203 in unrestricted net assets available to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

Changes in Net Position

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

	June 30, 2018			For the Year Ended June 30, 2017
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 47,706	\$ 885,021	\$ 932,757	\$ 915,336
Operating Grants and Contributions	10,325	----	10,325	50,846
Capital Grants and Contributions	499,660	----	499,660	----
General Revenue:				
Property Taxes	119,261	----	119,261	126,005
Sales Taxes	321,711	----	321,711	330,460
Franchise Taxes	59,409	----	59,409	57,703
Occupational Licenses	63,128	----	63,128	71,240
Payment in Lieu of Taxes	9,037	----	9,037	8,801
Miscellaneous	26,434	162	26,596	20,014
Total Revenue	<u>1,156,671</u>	<u>885,183</u>	<u>2,041,854</u>	<u>1,580,405</u>
<u>Program Expenses:</u>				
General Government	247,626	----	247,626	167,215
Public Safety	249,105	----	249,105	192,890
Streets, Drainage, and Recreation	163,882	----	163,882	259,859
Utility System	----	814,803	814,803	828,752
Sanitation	----	93,375	93,375	96,560
Total Expenses	<u>660,613</u>	<u>908,178</u>	<u>1,568,791</u>	<u>1,545,276</u>
Increase in Net Position				
Before Transfers	496,058	(22,995)	473,063	35,129
Transfers	(566,656)	566,656	----	----
Change in Net Position	<u>(70,598)</u>	<u>543,661</u>	<u>473,063</u>	<u>35,129</u>
Net Position Beginning	1,338,822	1,707,510	3,046,332	3,011,203
<u>Net Position Ending</u>	<u>\$ 1,268,224</u>	<u>\$ 2,251,171</u>	<u>\$ 3,519,395</u>	<u>\$ 3,046,332</u>

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

Governmental activities decreased the Town's net position by \$70,598. This decrease is mainly due to an increase in transfers, due to construction expenditures incurred by governmental-type funds for the benefit of the Town's business-type funds.

Business-type activities increased the Town's net position by \$543,661. This increase is a result of an increase in transfers from governmental-type funds in the current year.

Financial Analysis of the Town's Funds

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental funds reported combined fund balances of \$230,399, which represents an increase of \$5,402 in comparison to the previous balance. This increase is attributable primarily to careful management of the Town's resources in the current year.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported on the government-wide presentation.

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget. The budget was amended as necessary. Some revisions of the original budget were necessary in order to address additional revenues and expenditures not anticipated with the original budget. A summary of the general fund budget compared to actual amounts is presented as follows:

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Total Revenues	\$ 609,950	\$ 643,600	\$ 657,010	\$ 13,410
Total Expenditures	634,700	643,600	584,456	59,144
Excess (deficiency) of revenues over expenditures	(24,750)	----	72,554	72,554
Operating Transfers In (net)	(60,000)	----	(66,996)	(66,996)
Net Change in Fund Balances	<u>\$ (84,750)</u>	<u>\$ ----</u>	<u>\$ 5,558</u>	<u>\$ 5,558</u>

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

Capital Asset Administration

Capital asset activity for the year ended June 30, 2018, is summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Activities</u>
<u>Additions:</u>			
Construction in Process	\$ ----	\$ 519,985	\$ 519,985
Buildings	----	----	----
Equipment	----	45,986	45,986
Total Additions	<u>----</u>	<u>565,971</u>	<u>565,971</u>
Depreciation	<u>(60,531)</u>	<u>(102,523)</u>	<u>(163,054)</u>
Net Increase (Decrease)	(60,531)	463,448	402,917
Beginning Capital Asset (Net)	<u>1,182,670</u>	<u>1,870,860</u>	<u>3,053,530</u>
Ending Capital Assets (Net)	<u>\$ 1,122,139</u>	<u>\$ 2,334,308</u>	<u>\$ 3,456,447</u>

Highlights of the Town's capital asset administration are provided as follows:

- Governmental Activities: There were no capital additions in the current year.
- Business-type Activities: In the current year, the Town purchased computer equipment, rehabilitated a water pump, and began construction on a water tank.

Debt Administration

There was no debt issued in the current year.

Factors Expected to Affect Future Operations

Factors expected to have a significant impact on future operations are not anticipated at the present time.

Town of Colfax

STATEMENT OF NET POSITION

June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 196,570	\$ 200,020	\$ 396,590
Receivables (net)	526,654	116,914	643,568
Capital Assets:			
Non depreciable capital assets	207,068	526,217	733,285
Depreciable, net	<u>915,071</u>	<u>1,808,091</u>	<u>2,723,162</u>
Total assets	<u>1,845,363</u>	<u>2,651,242</u>	<u>4,496,605</u>
<u>DEFERRED OUTFLOWS</u>			
Pension Funding Deferrals	<u>147,270</u>	<u>81,817</u>	<u>229,087</u>
<u>LIABILITIES</u>			
Accounts payable and other payables	492,825	58,234	551,059
Deposits due others	-	100,800	100,800
Long-term liabilities			
Aggregate net pension liability	197,451	236,234	433,685
Long -Term Debt			
Due within one year	11,255	-	11,255
Due in more than one year	<u>12,057</u>	<u>65,752</u>	<u>77,809</u>
Total liabilities	<u>713,588</u>	<u>461,020</u>	<u>1,174,608</u>
<u>DEFERRED INFLOWS</u>			
Pension Funding Deferrals	<u>10,821</u>	<u>20,868</u>	<u>31,689</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,110,884	2,334,308	3,445,192
Unrestricted	<u>157,340</u>	<u>(83,137)</u>	<u>74,203</u>
Total net position (deficit)	<u>\$ 1,268,224</u>	<u>\$ 2,251,171</u>	<u>\$ 3,519,395</u>

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

Town of Colfax

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 247,626	\$ -	\$ -	\$ 499,660	\$ 252,034	\$ -	\$ 252,034
Public Safety	249,105	47,706	10,325	-	(191,074)	-	(191,074)
Streets, Drainage, & Recreation	163,882	-	-	-	(163,882)	-	(163,882)
Total Governmental Activities	<u>660,613</u>	<u>47,706</u>	<u>10,325</u>	<u>499,660</u>	<u>(102,922)</u>	<u>-</u>	<u>(102,922)</u>
<u>Business-Type Activities:</u>							
Utility System	814,803	786,201	-	-	-	(28,602)	(28,602)
Sanitation	93,375	98,820	-	-	-	5,445	5,445
Total Business-Type Activities	<u>908,178</u>	<u>885,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,157)</u>	<u>(23,157)</u>
Total Primary Government	<u>\$ 1,568,791</u>	<u>\$ 932,727</u>	<u>\$ 10,325</u>	<u>\$ 499,660</u>	<u>(102,922)</u>	<u>(23,157)</u>	<u>(126,079)</u>
<u>General Revenues:</u>							
Taxes:							
Ad Valorem					119,261	-	119,261
Sales Taxes					321,711	-	321,711
Franchise					59,409	-	59,409
Occupational Licenses					63,128	-	63,128
Payment in lieu of taxes					9,037	-	9,037
Other					26,434	162	26,596
Transfers					(566,656)	566,656	-
Total General Revenues and Transfers					<u>32,324</u>	<u>566,818</u>	<u>599,142</u>
Change in Net Assets					<u>(70,598)</u>	<u>543,661</u>	<u>473,063</u>
Net Position Beginning					1,338,822	1,707,510	3,046,332
Net Position Ending					<u>\$ 1,268,224</u>	<u>\$ 2,251,171</u>	<u>\$ 3,519,395</u>

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

Town of Colfax

Balance Sheet

Governmental Funds - June 30, 2018

	General	LCDBG	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 196,476	\$ 94	\$ 196,570
Receivables (net)	78,474	448,180	526,654
Interfund Due To/From	250	(250)	-
Total assets	<u>\$ 275,200</u>	<u>\$ 448,024</u>	<u>\$ 723,224</u>
<u>Liabilities and fund equity</u>			
Liabilities:			
Accounts and other payables	\$ 40,877	\$ 448,180	\$ 489,057
Accrued expenses	3,768	-	3,768
Total liabilities	<u>44,645</u>	<u>448,180</u>	<u>492,825</u>
Fund equity:			
Unassigned	<u>230,555</u>	<u>(156)</u>	<u>230,399</u>
Total fund equity	<u>230,555</u>	<u>(156)</u>	<u>230,399</u>
Total liabilities and fund equity	<u>\$ 275,200</u>	<u>\$ 448,024</u>	<u>\$ 723,224</u>

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

Town of Colfax

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Position

Year Ended June 30, 2018

Total Fund Balances - Governmental Funds \$ 230,399

Amounts reported for governmental activities in the statement of net assets are
different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds. 1,122,139

Long term liabilities are not due and payable in the current period and
therefore they are not reported in the Governmental Fund Balance Sheet (84,314)

Net Position of Governmental Activities \$ 1,268,224

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

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2018

	General Fund	LCDBG	Total Governmental Funds
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 119,261	\$ -	\$ 119,261
Sales tax	321,711	-	321,711
Licenses and permits:			
Occupational licenses	63,128	-	63,128
Franchise	59,409	-	59,409
Fines and fees	47,706	-	47,706
Intergovernmental:			
Beer tax	3,545	-	3,545
Payment in lieu of taxes	9,037	-	9,037
Other intergovernmental	13,725	499,660	513,385
Other	19,488	-	19,488
Total revenues	657,010	499,660	1,156,670
<u>Expenditures:</u>			
Current:			
General government	240,685	156	240,841
Public safety	204,641	-	204,641
Streets, drainage, and recreation	125,068	-	125,068
Debt Service	14,062	-	14,062
Total expenditures	584,456	156	584,612
Excess (deficiency) of revenues over expenditures	72,554	499,504	572,058

Continued...

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

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2018

Concluded...

	General	LCDBG	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	<u>72,554</u>	<u>499,504</u>	<u>572,058</u>
<u>Other financing sources (uses):</u>			
Operating transfers in	32,487	20,325	52,812
Operating transfers out	<u>(99,483)</u>	<u>(519,985)</u>	<u>(619,468)</u>
Total other financing sources (uses)	<u>(66,996)</u>	<u>(499,660)</u>	<u>(566,656)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	5,558	(156)	5,402
Fund balance - beginning of year	<u>224,997</u>	<u>-</u>	<u>224,997</u>
Fund balance - end of year	<u>\$ 230,555</u>	<u>\$ (156)</u>	<u>\$ 230,399</u>

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

Town of Colfax

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

Year Ended June 30, 2018

Net change in fund balances of Governmental Funds \$ 5,402

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

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

Capital expenditures reported by Governmental Funds	-	
Depreciation expense reported on a government-wide basis	<u>(60,531)</u>	(60,531)

Repayment of Capital Leases is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position		13,319
---	--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds.		<u>(28,788)</u>
---	--	-----------------

Change in net position of governmental activities		<u>\$ (70,598)</u>
---	--	--------------------

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

Town of Colfax

Statement of Net Position

Proprietary Funds - Year Ended June 30, 2018

	Business-Type Activities		
	Utility System	Sanitation System	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 200,020	\$ -	\$ 200,020
Receivables (net)	102,157	14,757	116,914
Total current assets	<u>302,177</u>	<u>14,757</u>	<u>316,934</u>
Noncurrent Assets:			
Non-Depreciable capital assets			
Land	6,232	-	6,232
Construction in Progress	519,985	-	519,985
Depreciable capital assets, net	1,808,091	-	1,808,091
Total noncurrent assets	<u>2,334,308</u>	<u>-</u>	<u>2,334,308</u>
Total assets	<u>2,636,485</u>	<u>14,757</u>	<u>2,651,242</u>
Deferred Outflows			
Employer contributions to pension plan	<u>81,817</u>	<u>-</u>	<u>81,817</u>
Liabilities:			
Current Liabilities:			
Accounts and other payables	51,640	-	51,640
Accrued expenses	6,594	-	6,594
Deposits due others	100,800	-	100,800
Compensated Absences	65,752	-	65,752
Total Current Liabilities	<u>224,786</u>	<u>-</u>	<u>224,786</u>
Noncurrent Liabilities			
Aggregate net pension liability	<u>236,234</u>	<u>-</u>	<u>236,234</u>
Total Noncurrent Liabilities	<u>236,234</u>	<u>-</u>	<u>236,234</u>
Total liabilities	<u>461,020</u>	<u>-</u>	<u>461,020</u>
Deferred Inflows:			
Pension funding deferrals	<u>20,868</u>	<u>-</u>	<u>20,868</u>
Net Position:			
Invested in capital assets, net of related debt	2,334,308	-	2,334,308
Unrestricted	<u>(97,894)</u>	<u>14,757</u>	<u>(83,137)</u>
Total net position	<u>\$ 2,236,414</u>	<u>\$ 14,757</u>	<u>\$ 2,251,171</u>

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

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds - Year Ended June 30, 2018

	Business-Type Activities		
	Utility System	Sanitation System	Total
<u>Operating Revenues:</u>			
Charges for services:			
Gas sales	\$ 250,221	\$ -	\$ 250,221
Water sales	323,535	-	323,535
Sewer charges	180,618	-	180,618
Sanitation charges	-	98,820	98,820
Delinquent charges	31,827	-	31,827
Miscellaneous	-	-	-
Total operating revenues	786,201	98,820	885,021
<u>Operating Expenses:</u>			
Natural gas purchases	84,402	-	84,402
Salaries and wages	206,983	-	206,983
Contract Labor	-	93,375	93,375
Materials, supplies, and maintenance	172,276	-	172,276
Office and postage	9,180	-	9,180
Payroll taxes	14,749	-	14,749
Retirement	20,985	-	20,985
Vehicle and travel	17,188	-	17,188
Insurance	28,978	-	28,978
Professional fees	19,380	-	19,380
Sewer expense	10,152	-	10,152
Miscellaneous	17,538	-	17,538
Lease	8,500	-	8,500
Utilities and telephone	101,969	-	101,969
Depreciation	102,523	-	102,523
Total operating expenses	814,803	93,375	908,178
Operating income (loss)	(28,602)	5,445	(23,157)
<u>Non-operating revenues (expenses):</u>			
Capital Grant Proceeds	-	-	-
Interest income	162	-	162
Change in net assets before Contributions and transfers	(28,440)	5,445	(22,995)
<u>Contributions and Transfers:</u>			
Operating Transfers In	603,401	-	603,401
Operating Transfers Out	(32,487)	(4,258)	(36,745)
Change in net position	542,474	1,187	543,661
Net Position Beginning	1,693,940	13,570	1,707,510
Total net position - ending	\$ 2,236,414	\$ 14,757	\$ 2,251,171

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

Town of Colfax

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2018

	Business-Type Activities		
	Utility System	Sanitation System	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 776,709	\$ 97,632	\$ 874,341
Cash payments to suppliers of goods and services	(487,423)	(93,374)	(580,797)
Cash payments to employees for service	(204,420)	-	(204,420)
Net cash provided (used) by operating activities	84,866	4,258	89,124
<u>Cash flows from non-capital financing activities:</u>			
Interfund activity, net	-	-	-
Operating transfers, net	570,915	(4,258)	566,657
Net cash provided (used) by non-capital financing activities	570,915	(4,258)	566,657
<u>Cash flows from capital and related financing activities:</u>			
Acquisition and construction of capital assets	(565,971)	-	(565,971)
Capital Grant Proceeds	-	-	-
Net cash provided (used) by capital and related financing activities	(565,971)	-	(565,971)
<u>Cash flows from investing activities:</u>			
Interest and other income	162	-	162
Net cash provided (used) by investing activities	162	-	162
Net increase (decrease) in cash	89,972	-	89,972
Beginning cash balance	110,048	-	110,048
Ending cash balance	200,020	-	200,020
Cash - restricted	-	-	-
Cash - unrestricted	\$ 200,020	\$ -	\$ 200,020

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

Town of Colfax

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2018

	<u>Business-Type Activities</u>		
	<u>Utility</u>	<u>Sanitation</u>	<u>Total</u>
	<u>System</u>	<u>System</u>	
<u>Reconciliation of operating income (loss) to net cash</u>			
Operating Income (loss)	\$ (28,602)	\$ 5,445	\$ (23,157)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	102,523	-	102,523
(Increase) decrease in accounts receivable	(9,024)	(1,187)	(10,211)
(Increase) decrease in prepaid expenses	-	-	-
(Decrease) increase in accounts payable	10,722	-	10,722
(Decrease) increase in accrued expenses	969	-	969
(Decrease) increase in meter deposits	(468)	-	(468)
(Decrease) increase in net pension liability	6,183	-	6,183
(Decrease) increase in compensated absences	2,563	-	2,563
Net cash provided (used) by operating activities	<u>\$ 84,866</u>	<u>\$ 4,258</u>	<u>\$ 89,124</u>

Supplemental disclosures of cash flow information:

For the years ended June 30, 2018 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

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

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Colfax, Louisiana (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire), streets and drainage, recreation, public improvements, utility (gas, water, sewerage, and sanitation), and general administrative services.

The accompanying policies of the Town of Colfax, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

Financial Reporting Entity

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

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

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

Based upon the above criteria, the Town of Colfax has no component units for the year ended June 30, 2018.

Basic Financial Statements

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

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

- **Governmental Funds**
 - **General fund** – The general fund is the primary operating fund and is used to account for all governmental activities.
- **Proprietary Funds**
 - **Utility System** – The utility fund is used to account for the operation of the Town's water, sewer, and natural gas system which are supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for natural gas, water and sewer service.

Basis of Accounting

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

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	No measurement focus

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

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

Non-Exchange Transactions

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

Use of Estimates

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

Restricted Assets

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

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system is estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents

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

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the government-wide financial statements.

Statement of Cash Flows

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

Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Fund Balance Classification

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2018***

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2018, cash and cash equivalents totaled \$396,590 (book balance) and \$419,108 (bank balance). The book balance is considered unrestricted.

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

At June 30, 2018, the Town's bank deposits are secured from risk by \$250,000 of federal deposit insurance and \$520,804 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Town that the pledging bank has failed to pay deposited funds on demand.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2018, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 123,804	\$ 123,804
Franchise Taxes	13,152	----	13,152
Occupational License	----	----	----
Other	----	----	----
Total Accounts Receivables	<u>13,152</u>	<u>123,804</u>	<u>136,956</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	55,319	----	55,319
Other	458,183	----	458,183
Total Due From Other Governmental Units	<u>513,502</u>	<u>----</u>	<u>513,502</u>
Total Receivables	526,654	123,804	650,458
Allowance for Doubtful Accounts	----	(6,890)	(6,890)
Net Receivables	<u>\$ 526,654</u>	<u>\$ 116,914</u>	<u>\$ 643,568</u>

TOWN OF COLFAX

Notes to Financial Statements
June 30, 2018

NOTE 4 – LONG –TERM LIABILITIES

Long-term liabilities are reported as governmental activities. The Town’s long-term liabilities are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Long-Term Liabilities</u>			
Compensated Absences	\$ 12,057	\$ 65,752	\$ 77,809
Debt Instruments			
Capital Lease	11,255	----	\$ 11,255
Total Long-term Debt	23,312	65,752	89,064
Due Within One Year	11,255	----	11,255
Due in More Than One Year	<u>\$ 12,057</u>	<u>\$ 65,752</u>	<u>\$ 77,809</u>

Compensated Absences

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Compensated absences	\$ 13,630	\$ ----	\$ 1,573	\$ 12,057
<u>Business-Type Activities</u>				
Compensated Absences	63,189	2,563	----	65,752
Total Long-Term Liabilities	<u>\$ 76,819</u>	<u>\$ 2,563</u>	<u>\$ 1,573</u>	<u>\$ 77,809</u>

Debt Instruments

Long-term liabilities include debt instruments that are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Lease	24,574	----	13,319	11,255
Total Long-Term Debts	<u>\$ 24,574</u>	<u>\$ ----</u>	<u>\$ 13,319</u>	<u>\$ 11,255</u>

TOWN OF COLFAX

Notes to Financial Statements
June 30, 2018

Capital Lease

The Town has acquired a police vehicle by entering into an installment purchase agreement. The installment purchase obligation outstanding at June 30, 2018 is described as follows:

Capital lease purchase agreement dated June 7, 2016 executed in exchange for a police vehicle, with an original balance of \$32,381, bearing interest of 4.25%, payable in 36 monthly installments of \$960. \$ 11,255

2018	11,516
Total minimum lease payments	11,516
Amounts representing interest	261
Present value of future minimum lease payments	<u>\$ 11,255</u>

NOTE 5 – AD VALOREM TAXES

The Town bills and collects its own property taxes using assessed values determined by the Tax Assessor of Grant Parish.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in late November or December.

Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2018, the Town levied 13.99 mills of ad valorem taxes totaling \$119,261 which were dedicated to the general corporate purposes of the Town.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

NOTE 6 - FIXED ASSETS

Changes in the governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non-Depreciable Capital Assets				
Construction in Progress	\$ ----	\$ ----	\$ ---	\$ ----
Land	207,068	----	----	207,068
Total	<u>207,068</u>	<u>----</u>	<u>----</u>	<u>207,068</u>
Depreciable Capital Assets				
Buildings	44,322	----	----	44,322
Improvements	1,787,450	----	----	1,787,450
Equipment	465,764	----	----	465,764
Accumulated Depreciation	<u>(1,321,934)</u>	<u>(60,531)</u>	----	<u>(1,382,465)</u>
Total	<u>975,602</u>	<u>(60,531)</u>	<u>----</u>	<u>915,071</u>
Total Governmental Activities	<u>\$ 1,182,670</u>	<u>\$ (60,531)</u>	<u>\$ ----</u>	<u>\$ 1,122,139</u>
<u>Business-Type Activities</u>				
Non-Depreciable Capital Assets				
Construction in Progress	\$ ----	\$ 519,985	\$ ----	\$ 519,985
Land	6,232	----	----	6,232
Total	<u>6,232</u>	<u>519,985</u>	<u>----</u>	<u>526,217</u>
Depreciable Capital Assets				
Sanitation Equipment	37,254	----	----	37,254
Sanitation Improvements	2,024	----	----	2,024
Utility Buildings	91,631	----	----	91,631
Utility Equipment	276,985	45,986	----	322,971
Utility Distribution System	5,089,157	----	----	5,089,157
Accumulated Depreciation	<u>(3,632,423)</u>	<u>(102,523)</u>	----	<u>(3,734,946)</u>
Total	<u>1,864,628</u>	<u>(56,537)</u>	<u>----</u>	<u>1,808,091</u>
Total Business-Type Activities	<u>1,870,860</u>	<u>\$ 463,448</u>	<u>\$ ----</u>	<u>\$ 2,334,308</u>

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2018***

Depreciation expense reported by the various functions is presented as follows:

<u>Governmental Activities</u>	
General Government	\$ 4,302
Public Safety	17,171
Streets, Drainage, & Recreation	39,058
Total Depreciation – Governmental Activities	<u>\$ 60,531</u>
<u>Business-Type Activities</u>	
Utility System	\$ 102,523
Sanitation	----
Total Depreciation – Business-Type Activities	<u>\$ 102,523</u>

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following is a summary of accounts payable and accrued expenses at June 30, 2018:

	<u>Payable to Vendors</u>	<u>Accrued Expenses</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 40,877	\$ 3,768	\$ 44,645
LCDBG Fund	448,180	----	448,180
Total Governmental	<u>489,057</u>	<u>3,768</u>	<u>492,825</u>
<u>Business-Type Activities</u>			
Utility System	51,640	6,594	58,234
Sanitation System	----	----	----
Total Business-Type	<u>51,640</u>	<u>6,594</u>	<u>58,234</u>
Total Accounts Payable And Accrued Expenses	<u>\$ 540,697</u>	<u>\$ 10,362</u>	<u>\$ 551,059</u>

NOTE 8 - RISK MANAGEMENT

The Town of Colfax is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

NOTE 9 – CONDUIT DEBT

To provide for the construction of a warehouse/distribution facility, land and infrastructure improvements, the Town of Colfax issued \$2,300,000 of indebtedness to the Louisiana Department of Economic Development. This debt is a limited special obligation of the Town, payable solely from and secured by a pledge of rental income to be received from a lease agreement between the Town and Ditto Apparel of California, Inc. This debt does not constitute a debt or pledge of the faith and credit of the Town, and accordingly has not been reported in the accompanying financial statements.

At June 30, 2018, the balance of the debt outstanding aggregated \$500,000.

NOTE 10 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds in order to cover expenses as necessary. The transfers are presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<u>Governmental Activities</u>			
General Fund	\$ 32,487	\$ (99,483)	\$ (66,996)
LCDBG	20,325	(519,985)	(499,660)
Total Transfers Out	<u>\$ 52,812</u>	<u>\$ (619,468)</u>	<u>\$ (566,656)</u>
<u>Business-Type Activities</u>			
Utility System	603,401	(32,487)	570,914
Sanitation Fund	----	(4,258)	(4,258)
Total Transfers Out	<u>603,401</u>	<u>(36,745)</u>	<u>566,656</u>
Net Transfers	<u>\$ 656,213</u>	<u>\$ (656,213)</u>	<u>\$ ----</u>

NOTE 11- INTERFUND RECEIVABLES AND PAYABLES:

In the ordinary course of business, the Town routinely records an interfund receivable and payable from the general fund to the utility fund. These receivables and payables are paid off at the end of each month. For the year ended June 30, 2018, the inter-fund balance between the funds was \$0. In the current year, the Town recorded an interfund receivable and payable between the general fund and a capital projects fund, which is eliminated in the government-wide statement of net position. The interfund balance between these funds was \$250 at June 30, 2018.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

NOTE 12- PENSION PLANS

Substantially all employees of the Town of Colfax, Louisiana, are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Information regarding each plan is presented as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Police Employees' Retirement System	\$ 120,752	\$ 108,480	\$ 928
Municipal Employees' Retirement System	312,933	120,607	30,761
Total	433,685	229,087	31,689
Portion Applicable to Business Type Activities	236,234	81,817	20,868
Portion Applicable to Governmental Type Activities	\$ 197,451	\$ 147,270	\$ 10,821

Municipal Employees' Retirement System of Louisiana

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

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Any person eligible for membership, but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of MERS Plan B Tier 2 of the system as a condition of employment.

Any member of Plan B who commenced participation in the system prior to January 1, 2013 can retire providing he meets one of the following criteria:

- 1.) Any age with thirty (30) years of creditable service.
- 2.) At 60 with a minimum of ten (10) or more years of creditable service
- 3.) At any age with ten (10) years of creditable service eligible for disability benefits
- 4.) Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

- 1.) Seven years or more of service, at age sixty-seven (67) or thereafter.
- 2.) Ten years or more of service, at age sixty-two (62) or thereafter.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

- 3.) Thirty years or more of service, at age fifty-five (55) or thereafter.
- 4.) Twenty-five years of service credit at any age, exclusive of military service and unused annual sick leave.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report can be found by visiting the System's website, at mersla.com.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Colfax is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities. The contribution requirements of plan members and the Town of Colfax are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the system were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available standalone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 236,991,237
Plan Fiduciary Net Position	\$ 150,467,958
Net Pension Liability	\$ 86,523,279
Town's Proportionate Share (Percentage)	0.361675%
Town's Proportionate Share (Amount)	<u>\$ 312,933</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2017 are provided as follows:

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

Beginning Net Pension Liability		\$ 344,724
Employer Contributions		(29,612)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	63,747	
Changes in Proportion	(12,691)	
Employee Contributions	<u>(9,005)</u>	42,051
Changes in Deferred Outflows of Resources		(27,500)
Changes in Deferred Inflows of Resources		<u>(16,730)</u>
Ending Net Pension Liability		<u>\$ 312,933</u>

There were no changes between June 30, 2018 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amounts
Differences Between Expected and Actual Experience	\$ 1,639	\$ 6,793	(5,154)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	65,933	---	65,933
Changes of Assumptions	13,779	---	13,779
Changes in Proportion	8,323	23,968	(15,645)
Employer Contributions Made After the Measurement Date	<u>30,934</u>	<u>---</u>	<u>30,934</u>
Total Deferrals	120,607	30,761	89,846
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(30,934)</u>	<u>---</u>	<u>(30,934)</u>
Deferrals Subject to Amortization	<u>\$ 89,673</u>	<u>\$ 30,761</u>	<u>58,912</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2018	\$ 25,766
June 30, 2019	23,630
June 30, 2020	6,551
June 30, 2021	<u>2,964</u>
Total	<u>\$ 58,912</u>

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2017 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.4%, net of investment expense
Projected Salary Increases	5.00% (2.875% Inflation, 2.125% Merit)
Mortality Rates -Annuitant and Beneficiary	RP-2000 Health Annuitant Sex Distinct Mortality Tables set forward 2 years for males and 1 year for females projected to 2028 using scale AA
Employee Mortality	For employee, the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females
Disabled Lives Mortality	For disabled Annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.30%
Public Fixed Income	35%	1.60%
Alternatives	15%	0.70%
Totals	100%	4.60%
Inflation		2.60%
Expected Nominal Return		7.20%

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<u>1% Decrease 6.4% Discount Rate</u>	<u>Current Discount Rate 7.4%</u>	<u>1% Increase 8.4% Discount</u>
Net Pension Liability	\$ 404,899	\$ 312,933	\$ 234,451

Municipal Police Employees' Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are eligible to participate in the System. Members of the system before January 1, 2013 are eligible for regular retirement after 25 years of creditable service at any age, 20 years of creditable service after age 50, or 12 years of creditable service after age 55. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse.

For membership after January 1, 2013, member eligibility for regular retirement, early retirement, disability, and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty subplans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty Sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months of joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active member, or disability retiree, the plan provides for surviving spouses and minor children, subject to certain conditions outlined in the statutes.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report can be found by visiting the System's website, at lampers.org.

Funding Policy. Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2017, total contributions due from employers and employees was 41.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.75% and 10% respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013, were 33.75% and 8.0 % respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5% respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2017, and excluded from pension expense.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available standalone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$2,918,064,612
Plan Fiduciary Net Position	\$2,045,022,309
Net Pension Liability	\$ 873,042,303
Town's Proportionate Share (Percentage)	0.0138312
Town's Proportionate Share (Amount)	<u>\$ 120,752</u>

The net pension liability presented above was not affected by any special funding situations.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2017 are provided as follows:

Beginning Net Pension Liability		\$	----
Employer Contributions			(13,118)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	17,314		
Changes in Proportion	26,364		
Employee Contributions	<u>(2,640)</u>	41,038	
Changes in Deferred Outflows of Resources		93,760	
Changes in Deferred Inflows of Resources		<u>(928)</u>	
Ending Net Pension Liability		\$	<u>120,752</u>

There were no changes between June 30, 2018 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amounts
Differences Between Expected and Actual Experience	\$ 791	\$ 928	(137)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	5,286	----	5,286
Changes of Assumptions	8,592	----	8,592
Changes in Proportion	79,091	----	79,091
Employer Contributions Made After the Measurement Date	<u>14,720</u>	<u>----</u>	<u>14,720</u>
Total Deferrals	108,480	928	107,552
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(14,720)</u>	<u>----</u>	<u>(14,720)</u>
Deferrals Subject to Amortization	<u>\$ 93,760</u>	<u>\$ 928</u>	<u>92,832</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2018***

<u>For the Year Ending:</u>	
June 30, 2018	\$ 31,461
June 30, 2019	33,530
June 30, 2020	30,675
June 30, 2021	<u>(2,834)</u>
Total	<u>\$ 92,832</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2017 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.325%, net of investment expense
Expected Remaining Service Lives	2017 – 4 years 2016 – 4 years 2015 – 4 years 2014 – 4 years
Inflation Rate	2.70 %
Projected Salary Increases (Including Merit & Inflation)	Years of Service (1-2) 9.75%, (3-23) 4.75%, (23+) 4.25%

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

Mortality Rates	RP-2000 Combined Health with Blue Collar Adjustment Sex Distinct Tables Project to 2029 by Scale AA (Set-back 1 year for females) for health annuitants & beneficiaries
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	53.00%	3.66%
Public Fixed Income	21.00%	0.52%
Alternatives	20.00%	1.10%
Other	6.00%	0.16%
Totals	100.00%	5.44%
Inflation		2.75%
Expected Nominal Return		8.19%

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2018

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease 6.325% Discount Rate	Current Discount Rate 7.325%	1% Increase 8.325% Discount Rate
Net Pension Liability	\$ 166,828	\$ 120,752	\$ 82,094

NOTE 13 – GRANT REVENUES

As with most municipalities with diverse operations, the Town of Colfax regularly receives grant revenues related to various aspects of the Town's operations.

In the current year, the Town received grant revenues from one source. An LCDBG grant was awarded to the town for the construction of a Ground Storage Water Tank, and work related to the grant began in the current year. The Town began receiving grant monies in February of 2018.

NOTE 14 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at June 30, 2018 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with the Town Attorney and insurance carrier, there are no anticipated claims that are expected to exceed available insurance coverage.

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

Sales Tax Escrow

During the periods of June 2014 to April of 2015, the Grant Parish Sheriff's Office collected the Town of Colfax's 1 percent sales tax, which had expired. These funds were placed into an escrow account at the time. In May of 2018, these funds were released to the Town, with the understanding that if a taxpayer or taxpayers made a claim against the Town for the sales tax paid during this time period, it would be the Town's responsibility to refund the amounts collected. The Town has recorded a liability equal to the amount received from the Grant Parish Sheriff's Office, of \$19,670.

NOTE 15 – ON-BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are \$10,325.

Town of Colfax

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Ad valorem	\$ 120,000	\$ 120,000	\$ 119,261	\$ (739)
Sales taxes	300,000	315,000	321,711	6,711
License and permits				
Occupational licenses	66,000	66,000	63,128	(2,872)
Franchise fees	65,000	65,000	59,409	(5,591)
Fines and fees	30,000	48,000	47,706	(294)
Rent	1,200	1,200	-	(1,200)
Intergovernmental				
Beer taxes	4,500	4,500	3,545	(955)
Payment in lieu of taxes	9,000	9,000	9,037	37
Other Intergovernmental	7,500	7,500	13,725	6,225
Other	6,500	7,150	19,488	12,338
Interest	250	250	-	(250)
Total revenues	609,950	643,600	657,010	13,410
Expenses:				
General government	310,200	311,600	240,685	70,915
Public Safety	186,000	193,500	204,641	(11,141)
Streets and Drainage	110,000	110,000	120,891	(10,891)
Recreation	13,500	13,500	4,177	9,323
Debt Service	-	-	14,062	(14,062)
Capital Outlay	15,000	15,000	-	15,000
Total Expenses	634,700	643,600	584,456	59,144
Excess (deficiency) of revenues over expenditures	(24,750)	-	72,554	72,554
Other financing sources (uses):				
Operating transfers in	60,000	60,000	32,487	(27,513)
Operating transfers out	(120,000)	(60,000)	(99,483)	(39,483)
Total other financing sources (uses)	(60,000)	-	(66,996)	(66,996)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(84,750)	-	5,558	5,558
Fund balance - beginning of year	114,908	224,997	224,997	-
Fund balance - end of year	\$ 30,158	\$ 224,997	\$ 230,555	\$ 5,558

TOWN OF COLFAX

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount			
Municipal Police Employees' Retirement System					
June 30, 2014	0.000000%	-	-	0.0%	75.1%
June 30, 2015	0.000000%	-	-	0.0%	66.0%
June 30, 2016	0.000000%	-	-	0.0%	70.1%
June 30, 2017	0.013831%	120,750	41,291	292.4%	70.1%
Municipal Employees' Retirement System					
June 30, 2014	0.383300%	179,963	260,697	69.0%	76.9%
June 30, 2015	0.386136%	262,437	299,646	87.6%	68.7%
June 30, 2016	0.415877%	344,724	305,547	112.8%	63.3%
June 30, 2017	0.361674%	312,932	310,842	100.7%	63.5%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

Town of Colfax

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Police Employees' Retirement System					
June 30, 2014	-	-	-	-	0.00%
June 30, 2015	-	-	-	-	0.00%
June 30, 2016	-	-	-	-	0.00%
June 30, 2017	13,110	13,110	-	41,291	31.75%
Municipal Employees' Retirement System					
June 30, 2014	22,811	22,811	-	260,697	8.75%
June 30, 2015	25,453	25,453	-	299,646	8.50%
June 30, 2016	29,027	29,027	-	305,547	9.50%
June 30, 2017	29,530	29,530	-	310,842	9.50%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

TOWN OF COLFAX

Schedule of Compensation Paid to Board Members Year Ended June 30, 2018

Ossie Clark	\$	14,400
Alan Futrell		4,200
Randy Tyler		4,200
Lourain Lacour		4,200
Lorraine Sapp		4,200
Cora Reed		4,200
		<hr/>
Total Compensation	\$	<u>35,400</u>

TOWN OF COLFAX

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2018

Agency Head (Mayor) -Ossie Clark

Purpose:

Compensation	\$	14,400
Benefits		1,881
Reimbursements		315
Total Compensation	\$	16,596

TOWN OF COLFAX

Schedule of Findings and Questioned Costs ***June 30, 2018***

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the general-purpose financial statements for the Town of Colfax, Louisiana, as of June 30, 2018, and for the year then ended expressed an unqualified opinion.
- The audit disclosed three findings (2018-1, 2018-2, and 2018-3) which are considered to be significant deficiencies in internal control over financial reporting.
- The audit disclosed one finding which is considered to be an instance of noncompliance with applicable laws and regulations (2018-3).
- The Town was not required to have a Single Audit; therefore, none of the reporting requirements of OMB Circular A-133 was required.

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

Finding 2018-1 – The Legislative Auditor issued a compliance review, dated October 29, 2008. In the application of their *Checklist of Best Practices*, the following was noted and remains unresolved:

1. Natural Gas Losses: "Management is to continue its efforts to identify the causes of the natural gas losses."

Finding 2018-2: Utility Cutoff

Management has not developed or enforced a uniform cut-off policy. During audit procedures it was noted that several utility customers did not have utility service cutoff, though they owed a balance past the cutoff date.

Finding 2018-3: Payroll Policies

In the current year, the Town did not follow its personnel policy in regards to employees utilizing a time clock, and the computation of compensatory time. In addition, control deficiencies were identified regarding the approval of time cards submitted by employees, the approval of time cards submitted by department heads, the approval of overtime worked by employees, and the town's lack of a limit on hours and shifts worked consecutively by its employees.

Part III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None.

TOWN OF COLFAX

Management's Corrective Action Plan June 30, 2018

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p>Finding 2018-1 – The Legislative Auditor issued a compliance review, dated October 29, 2008. In the application of their <i>Checklist of Best Practices</i>, the following was noted and remains unresolved:</p> <p>1. Natural Gas Losses: “Management is to continue its efforts to identify the causes of the natural gas losses.”</p> <p>Finding 2018-2: Utility Cutoff Management has not developed or enforced a uniform cut-off policy. During audit procedures it was noted that a town employee did not have utility service cutoff, though the employee owed a balance past the cutoff date.</p> <p>Finding 2018-3: Payroll Policies In the current year, the Town did not follow its personnel policy in regards to employees utilizing a time clock, and the computation of compensatory time. In addition, control deficiencies were identified regarding the approval of time cards submitted by employees, the approval of time cards submitted by department heads, the approval of overtime worked by employees, and the town’s lack of a limit on hours and shifts worked consecutively by its employees.</p>	<p>Response: We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear</p> <p>Response: We will review our cutoff policies and take any corrective action as deemed necessary. In addition, we will continue reviewing accounts receivable reports and delinquent reports at each council meeting. By the end of the fiscal year, all elected officials had paid off their outstanding balances, and will continue to do so in the future.</p> <p>Response: The Town will enforce its personnel policy regarding time keeping and compensatory time immediately. In addition, the Town will review its personnel policy, and address the deficiencies found during the audit.</p>
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<p>Not applicable.</p>	<p>Not Applicable.</p>

TOWN OF COLFAX

Management's Corrective Action Plan June 30, 2018

SECTION III MANAGEMENT LETTER

ML-1-2018, Natural Gas Losses:

Over the nine-year period gas losses have ranged from 15.3% to 43.5%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn out meters that do not accurately measure the amount of gas delivered to customers.

ML-2-2018, Utility Cutoff Procedures:

During our work on the Town's utility system, we noted that past due utility bills are still at a high level. We are concerned that these increases may be attributable to a lack of enforcing a uniform cutoff policy. Our test work also showed that some employees are slow to pay their bills. We recommend the Town strictly enforce a uniform cutoff policy.

ML-3-2018, Compensated Absences:

During our work on the Town's compensated absences, we noted that the compensated absence balance has grown into a large dollar amount. We recommend management look at the policies in place to determine if changes need to be made in order to limit future liability.

Response:

We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear.

Response:

We will review our cutoff policies and take any corrective action as deemed necessary. In addition, we will continue reviewing accounts receivable reports and delinquent reports at each council meeting.

Response:

We will review our policies to determine if the policies need to be revised to limit future increases and liability.

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2018

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p>Finding 2017-1 – The Legislative Auditor issued a compliance review, dated October 29, 2008. In the application of their <i>Checklist of Best Practices</i>, the following was noted and remains unresolved:</p> <p>1. Natural Gas Losses: “Management is to continue its efforts to identify the causes of the natural gas losses.”</p>	<p>Status: Unresolved We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear.</p>
<p>Finding 2017-2 – Purchasing procedures: The town advanced reimbursement to an employee for travel-related expenditures. The Town is now unable to locate any receipts or reimbursement forms required by Town policy.</p>	<p>Status: Resolved</p>
<p>Finding 2017-3: Payroll Tax Forms and Payments: The Town did not submit the Louisiana Form L-1 for the 1st quarter of 2017 on time. In addition, the retirement contribution and supporting form for the Municipal Employee’s Retirement System in October of 2016 was submitted late.</p>	<p>Status: Resolved</p>
<p>Finding 2017-4: Utility Cutoff Management has not developed or enforced a uniform cut-off policy. During audit procedures it was noted that several utility customers and elected officials did not have utility service cutoff, though they owed a balance past the cutoff date.</p>	<p>Status: Unresolved We will review our cutoff policies and take any corrective action as deemed necessary. In addition, we will continue reviewing accounts receivable reports and delinquent reports at each council meeting.</p>
<p>2017-5: Ethics Town employees did not complete the required education and training on the Code of Ethics in the current year.</p>	<p>Status: Resolved</p>
<p>2017-6: Personal Use of Town Assets During the current year, the Town’s utility superintendent used town equipment for personal use. In addition, he allowed others to use town equipment to move dirt from Town land, without the Town receiving compensation for the equipment or dirt.</p>	<p>Status: Resolved</p>
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<p>No Findings of this nature.</p>	<p>No response necessary.</p>

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2018

SECTION III MANAGEMENT LETTER

ML-1-2017, Natural Gas Losses:

Over the nine-year period gas losses have ranged from 15.3% to 43.5%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn out meters that do not accurately measure the amount of gas delivered to customers.

ML-2-2017, Utility Cutoff Procedures:

During our work on the Town's utility system, we noted that past due utility bills are still at a high level. We are concerned that these increases may be attributable to a lack of enforcing a uniform cutoff policy. Our test work also showed that some employees are slow to pay their bills. We recommend the Town strictly enforce a uniform cutoff policy.

ML-3-2017, Compensated Absences:

During our work on the Town's compensated absences, we noted that the compensated absence balance has grown into a large dollar amount. We recommend management look at the policies in place to determine if changes need to be made in order to limit future liability.

Unsolved:

We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear.

Unresolved:

We will review our cutoff policies and take any corrective action as deemed necessary. In addition, we will continue reviewing accounts receivable reports and delinquent reports at each council meeting.

Unresolved:

We will review our policies to determine if the policies need to be revised to limit future increases and liability.

APPENDIX A
Statewide Agreed-Upon Procedures



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

Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Town of Colfax and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Colfax (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, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

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

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

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

Rozier, Harrington and McKay
Certified Public Accountants
Alexandria, Louisiana
December 7, 2018

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p>The Town has written procedures regarding the following functions, including some specific suggested components:</p> <ul style="list-style-type: none"> • Disbursements • Payroll/Personnel <p>The Town does not have written procedures regarding the following functions:</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Receipts • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p><i>The Town will examine their written procedures and the Legislative Auditor's "Best Practices" and develop written policies for the specified functions.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>RHM has reviewed the board and committee minutes for the fiscal period.</p> <p>The governing board meet monthly with a quorum.</p> <p>The minutes referenced monthly budget-to-actual comparisons on the general fund.</p>	<p><i>The results did not contain any critical comments.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

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

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	There were no deficient fund balances in the previous report.	<i>The results did not include findings or criticisms.</i>

Town of Colfax
Statewide Agreed-Upon Procedures
Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>RHM has obtained a listing of the Town's bank account and selected five for testing.</p> <p>There is no evidence that the bank reconciliations were prepared within 2 months of the related statement closing date.</p> <p>There is no evidence that a member of management reviewed each bank reconciliation.</p> <p>It is normally Town policy to void checks that have been outstanding for more than six months. However, the Town could not locate any documentation reflecting research on any outstanding checks, or recently voided checks that have been outstanding for six months.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The Town Clerk will begin to sign and date the reconciliations when performed.</i></p> <p><i>The Town will have a board member review and approve all reconciliations.</i></p> <p><i>The Town will begin to document and retain research pertaining to checks outstanding longer than six months.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

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

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</p>	<p>The same employee responsible for preparing deposits occasionally collects cash receipts.</p>	<p><i>Because of the limited size of office staff, segregation of duties can be limited. However, direct supervision by the Mayor compensates for the lack of segregation of duties.</i></p>
<p>c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.</p>	<p>The same employee who posts collection entries to the general ledger and reconciles ledger postings to deposits occasionally collects cash receipts.</p>	<p><i>Because of the limited size of office staff, segregation of duties can be limited. However, direct supervision by the Mayor compensates for the lack of segregation of duties.</i></p>
<p>d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</p>	<p>The same employee who reconciles cash collections to the general ledger occasionally collects cash receipts. No other employee verifies the reconciliation.</p>	<p><i>Because of the limited size of office staff, segregation of duties can be limited. However, direct supervision by the Mayor compensates for the lack of segregation of duties.</i></p>
<p>6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</p>	<p>The administrative staff is covered by a bond policy that protects against theft.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements</p>	<p>The days of October 12th, and April 9th were randomly selected.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

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

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>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:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>The Town keeps sequentially numbered receipts.</p> <p>The receipt totals matched the totals on deposit slips.</p> <p>The deposit slip totals matched the actual deposits per the bank statement.</p> <p>Deposits were made within one business day of receipt.</p> <p>RHM traced the actual deposit per the bank statement to the general ledger, and found no discrepancies.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p>	<p>All disbursements are processed at the Town's facility on Main Street (Town Hall).</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p> <p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p> <p>b) At least two employees are involved in processing and approving payments to vendors.</p> <p>c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</p> <p>d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</p>	<p>At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order.</p> <p>Checks require dual signatures.</p> <p>The Utility Clerk processes payments and can add vendor files to the accounting system, but the Town Clerk reviews any additions to vendors.</p> <p>The employee who mails checks is not responsible for processing payments.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

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

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>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:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p>	<p>The disbursements selected were supported by documentation.</p> <p>Segregation of duties was observed on disbursement documentation.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p>	<p>Management represented that the list provided was complete.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</p> <p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>The credit card statement is approved by the Town Clerk; however, the Town Clerk is a cardholder.</p> <p>The statements examined did not have finance charges or late fees assessed.</p>	<p><i>The Town will have a member of management other than the authorized card holder review the statement and document their review.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

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

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	Each transaction was supported by an itemized receipt, and had a clear business purpose. However, there was no written documentation supporting the business/public purpose.	<i>The Town will document the business purpose of transactions on the face of the statement.</i>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>RHM was given access to the general ledger system containing all travel and travel-related expense reimbursements.</p> <p>Per Diem rates agreed to amounts set by the General Services Administration.</p> <p>The Town doesn't reimburse actual costs. All reimbursements are based on the Per Diem amounts established by the GSA.</p> <p>The reimbursements are supported by documentation of the business / public purpose. There is no documentation required by written policy, as all reimbursements are based on Per Diem amounts established by the GSA.</p> <p>The reimbursements were approved in writing from someone other than the person receiving the reimbursement.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

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

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>An active vendor list was produced by the town's general ledger software and the Town Clerk represented that the listing was complete.</p> <p>None of the contracts randomly selected were subject to the Public Bid Law.</p> <p>Examination of the minutes revealed that none of the randomly selected contracts were approved by the Board.</p> <p>None of the contracts randomly selected were amended.</p> <p>All of the invoices selected agree to the terms and conditions of the contract.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>Historically, the Town has not required Board approval of contracts. However, we will examine our policies related to contracts, and obtain Board approval in the future when appropriate.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>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.</p>	<p>The Town Clerk provided a listing of all employees and represented that the listing is complete. Five employees were randomly selected.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>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:</p> <p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p> <p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p> <p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>The employees of the Town have time sheets that document their attendance.</p> <p>Not all attendance and leave records were approved by supervisors.</p> <p>The Town has a cumulative leave record in QuickBooks that reflects leave accrued and taken during the year.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The Town will begin to have a supervisor sign on all time cards and attendance sheets.</i></p> <p><i>The results did not include findings or criticisms.</i></p>
<p>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,</p>	<p>The were no termination payments during the current year.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

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

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
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.	Management has represented that all payments were made and all associated forms were filed by required deadlines.	<i>The results did not include findings or criticisms.</i>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

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

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

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

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Other		
Agreed-Upon Procedure	Results	Managements' Response
23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	Management represented that there were no misappropriations of public funds or assets during the period.	<i>The results did not include findings or criticisms.</i>
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.	The notice was visibly posted on a bulletin board at Town Hall.	<i>The results did not include findings or criticisms.</i>