

**TOWN OF SPRINGFIELD, LOUISIANA**

Financial Report

Year Ended June 30, 2017

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
 BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances- governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds	13
Statement of net position - proprietary fund	14
Statement of revenues, expenses, and changes in fund net position - proprietary fund	15
Statement of cash flows - proprietary fund	16-17
Notes to basic financial statements	18-34
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules (Non-GAAP):	
General Fund	36
Notes to the required supplementary information	37
 OTHER SUPPLEMENTARY INFORMATION	
Schedule of number of utility customers (unaudited)	39
Schedule of aged accounts receivable (unaudited)	40
Schedule of insurance in force (unaudited)	41

## TABLE OF CONTENTS

	<u>Page</u>
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <u>Government Auditing Standards</u>	43-44
Summary schedule of current and prior year audit findings and management's corrective action plan	45

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Springfield, Louisiana (the Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of, the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information on pages 39 through 41 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The various schedules on pages 39 through 41 included in other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report date May 4, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
May 4, 2018

## **BASIC FINANCIAL STATEMENTS**

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Net Position  
For the year ended June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 334,978	\$ 35,185	\$ 370,163
Receivables, net	72,361	6,808	79,169
Internal balances	(2,095)	2,095	-
Due from other governments	1,575	24,687	26,262
Prepaid items	<u>1,273</u>	<u>2,924</u>	<u>4,197</u>
Total current assets	<u>408,092</u>	<u>71,699</u>	<u>479,791</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	56,452	56,452
Capital assets:			
Land and construction in progress	82,458	14,918	97,376
Other capital assets, net	1,289,389	1,972,419	3,261,808
Loan issue costs, unamortized	<u>-</u>	<u>16,370</u>	<u>16,370</u>
Total noncurrent assets	<u>1,371,847</u>	<u>2,060,159</u>	<u>3,432,006</u>
Total assets	<u>1,779,939</u>	<u>2,131,858</u>	<u>3,911,797</u>
LIABILITIES			
Current liabilities:			
Accounts payable	19,604	48,564	68,168
Accrued payroll liabilities	15,952	1,350	17,302
Bonds payable	-	26,051	26,051
Accrued interest	<u>-</u>	<u>2,727</u>	<u>2,727</u>
Total current liabilities	<u>35,556</u>	<u>78,692</u>	<u>114,248</u>
Noncurrent liabilities:			
Bonds payable	<u>-</u>	<u>1,262,659</u>	<u>1,262,659</u>
Total noncurrent liabilities	<u>-</u>	<u>1,262,659</u>	<u>1,262,659</u>
Total liabilities	<u>35,556</u>	<u>1,341,351</u>	<u>1,376,907</u>
NET POSITION			
Net investment in capital assets	1,371,847	724,678	2,096,525
Restricted for debt service	-	27,674	27,674
Unrestricted	<u>372,536</u>	<u>38,155</u>	<u>410,691</u>
Total net position	<u>\$ 1,744,383</u>	<u>\$ 790,507</u>	<u>\$ 2,534,890</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Activities  
For the year ended June 30, 2017

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 182,749	\$ 77,400	\$ 20,455	\$ 6,975	\$ (77,919)	\$ -	\$ (77,919)
Public safety:							
Police	175,332	93,765	-	-	(81,567)	-	(81,567)
Sanitation	64,719	-	-	-	(64,719)	-	(64,719)
Streets and drainage	62,535	-	-	-	(62,535)	-	(62,535)
Cemetery	<u>6,898</u>	<u>7,480</u>	<u>-</u>	<u>-</u>	<u>582</u>	<u>-</u>	<u>582</u>
Total governmental activities	<u>492,233</u>	<u>178,645</u>	<u>20,455</u>	<u>6,975</u>	<u>(286,158)</u>	<u>-</u>	<u>(286,158)</u>
Business-type activities:							
Sewer	<u>272,306</u>	<u>69,756</u>	<u>57,309</u>	<u>-</u>	<u>-</u>	<u>(145,241)</u>	<u>(145,241)</u>
Total business-type activities	<u>272,306</u>	<u>69,756</u>	<u>57,309</u>	<u>-</u>	<u>-</u>	<u>(145,241)</u>	<u>(145,241)</u>
Total	<u>\$ 764,539</u>	<u>\$ 248,401</u>	<u>\$ 77,764</u>	<u>\$ 6,975</u>	<u>(286,158)</u>	<u>(145,241)</u>	<u>(431,399)</u>
General revenues:							
Taxes -							
Sales and use taxes, levied for general purposes					318,394	106,131	424,525
Franchise taxes					34,713	-	34,713
Grants and contributions not restricted to specific programs					17,609	-	17,609
Interest and investment earnings					736	52	788
Gain on disposition of assets					14,461	-	14,461
Miscellaneous					4,366	-	4,366
Transfers					<u>(2,015)</u>	<u>2,015</u>	<u>-</u>
Total general revenues and transfers					<u>388,264</u>	<u>108,198</u>	<u>496,462</u>
Change in net position					102,106	(37,043)	65,063
Net position - July 1, 2016					<u>1,642,277</u>	<u>827,550</u>	<u>2,469,827</u>
Net position - June 30, 2017					<u>\$ 1,744,383</u>	<u>\$ 790,507</u>	<u>\$ 2,534,890</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

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

### **Capital Projects Fund**

The Capital Projects Fund of the Town accounts for financial resources to be used for the acquisition or construction of major capital expenditures not being financed by Enterprise Funds.

### **Enterprise Fund**

#### **Sewer Fund** -

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

TOWN OF SPRINGFIELD, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2017

	General	Capital Projects Fund	Total
ASSETS			
Cash and interest-bearing deposits	\$ 334,978	\$ -	\$ 334,978
Receivables:			
Taxes	69,380	-	69,380
Other	2,981	-	2,981
Due from other governments	1,575	-	1,575
Prepaid items	1,273	-	1,273
Total assets	<u>\$ 410,187</u>	<u>\$ -</u>	<u>\$ 410,187</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 19,604	\$ -	\$ 19,604
Accrued payroll liabilities	15,952	-	15,952
Due to other funds	2,095	-	2,095
Total liabilities	<u>37,651</u>	<u>-</u>	<u>37,651</u>
Fund balances:			
Nonspendable- prepaid items	1,273	-	1,273
Unassigned	371,263	-	371,263
Total fund balances	<u>372,536</u>	<u>-</u>	<u>372,536</u>
Total liabilities and fund balances	<u>\$ 410,187</u>	<u>\$ -</u>	<u>\$ 410,187</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2017

Total fund balances for governmental funds at June 30, 2017		\$ 372,536
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 46,383	
Construction in progress	36,075	
Buildings, net of \$48,371 accumulated depreciation	47,541	
Infrastructure, net of \$10,777 accumulated depreciation	56,221	
Water system, net of \$39,902 accumulated depreciation	1,140,628	
Vehicles, net of \$52,939 accumulated depreciation	20,929	
Furniture and Equipment, net of \$122,619 accumulated depreciation	<u>24,070</u>	<u>1,371,847</u>
Total net position of governmental activities at June 30, 2017		<u>\$1,744,383</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the year ended June 30, 2017

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ 353,106	\$ -	\$ 353,106
Licenses and permits	64,276	-	64,276
Intergovernmental	38,065	6,975	45,040
Fines and forfeits	93,765	-	93,765
Cemetery income	7,480	-	7,480
Charges for services	13,124	-	13,124
Gain on disposition of vehicles	14,461	-	14,461
Interest earned	736	-	736
Miscellaneous	4,366	-	4,366
Total revenues	<u>589,379</u>	<u>6,975</u>	<u>596,354</u>
Expenditures:			
Current -			
General government	141,482	-	141,482
Public safety:			
Police	167,551	-	167,551
Streets and drainage	59,544	-	59,544
Sanitation	64,719	-	64,719
Cemetery	6,898	-	6,898
Capital outlay -			
General government	-	6,975	6,975
Police	1,451	-	1,451
Streets and drainage	15,636	-	15,636
Total expenditures	<u>457,281</u>	<u>6,975</u>	<u>464,256</u>
Excess of revenues over expenditures	<u>132,098</u>	<u>-</u>	<u>132,098</u>
Other financing uses:			
Transfers out	<u>(2,015)</u>	<u>-</u>	<u>(2,015)</u>
Total other financing uses	<u>(2,015)</u>	<u>-</u>	<u>(2,015)</u>
Net changes in fund balances	130,083	-	130,083
Fund balances, beginning	<u>242,453</u>	<u>-</u>	<u>242,453</u>
Fund balances, ending	<u>\$ 372,536</u>	<u>\$ -</u>	<u>\$ 372,536</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the year ended June 30, 2017

Total net changes in fund balances at June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 130,083
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 24,062	
Depreciation expense for the year ended June 30, 2017	<u>(52,039)</u>	<u>(27,977)</u>
Total changes in net position at June 30, 2017 per Statement of Activities		<u>\$ 102,106</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Net Position  
 Proprietary (Enterprise) Fund  
 June 30, 2017

	<u>Sewer Fund</u>
ASSETS	
Current assets:	
Cash	\$ 35,185
Receivables:	
Sales tax	18,277
Utility customers	6,808
Grant receivable	6,410
Due from other funds	2,095
Prepaid items	<u>2,924</u>
Total current assets	<u>71,699</u>
Noncurrent assets:	
Restricted assets:	
Cash	56,452
Capital assets:	-
Land and construction in progress	14,918
Other capital assets, net	1,972,419
Loan issue costs, unamortized, net	<u>16,370</u>
Total noncurrent assets	<u>2,060,159</u>
Total assets	<u>2,131,858</u>
LIABILITIES	
Current liabilities:	
Accounts payable	48,564
Accrued payroll liabilities	1,350
Payable from restricted assets:	
Revenue bonds	26,051
Accrued interest	<u>2,727</u>
Total current liabilities	<u>78,692</u>
Noncurrent liabilities:	
Revenue bonds	<u>1,262,659</u>
Total noncurrent liabilities	<u>1,262,659</u>
Total liabilities	<u>1,341,351</u>
NET POSITION	
Net investment in capital assets	724,678
Restricted for debt service	27,674
Unrestricted	<u>38,155</u>
Total net position	<u>\$ 790,507</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
 Proprietary (Enterprise) Fund  
 For the year ended June 30, 2017

	<u>Sewer Fund</u>
Operating revenues:	
Charges for services	<u>\$ 69,756</u>
Operating expenses:	
Depreciation and amortization	83,031
Repairs and maintenance	75,638
Salaries and benefits	25,510
Utilities	17,467
Insurance	7,449
Bad debts expense	6,366
Miscellaneous expense	<u>1,013</u>
Total operating expenses	<u>216,474</u>
Operating loss	<u>(146,718)</u>
Nonoperating revenues (expenses):	
Sales taxes	106,131
Grant revenue	57,309
Interest earned	52
Interest expense	<u>(55,832)</u>
Total nonoperating revenues (expenses)	<u>107,660</u>
Loss before transfers	(39,058)
Transfers:	
Transfers in	<u>2,015</u>
Change in net position	(37,043)
Net position, beginning	<u>827,550</u>
Net position, ending	<u>\$ 790,507</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Cash Flows  
 Proprietary (Enterprise) Fund  
 For the year ended June 30, 2017

	Sewer Fund
Cash flows from operating activities:	
Receipts from customers	\$ 66,942
Payments to suppliers	(91,563)
Payments to employees	(24,160)
Net cash used by operating activities	<u>(48,781)</u>
Cash flows from noncapital financing activities:	
Sales tax receipts	105,601
Grants	50,899
Transfers from other funds	2,015
Net cash provided by noncapital financing activities	<u>158,515</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(24,959)
Interest paid on revenue bonds	(55,885)
Acquisition of equipment	(4,344)
Net cash used by capital and related financing activities	<u>(85,188)</u>
Cash flows from investing activities:	
Interest earned	<u>52</u>
Net increase in cash and cash equivalents	24,598
Cash and cash equivalents, beginning of period	<u>67,039</u>
Cash and cash equivalents, end of period	<u>\$ 91,637</u>

(continued)

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Cash Flows  
 Proprietary (Enterprise) Fund - (Continued)  
 For the year ended June 30, 2017

	<u>Sewer Fund</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (146,718)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	83,031
Increase in allowance for bad debt	6,366
Changes in current assets and liabilities:	
Accounts receivable	(2,814)
Prepaid expenses	301
Accounts payable	9,703
Accrued payroll liabilities	1,350
Net cash used by operating activities	<u>\$ (48,781)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 18,728
Cash - restricted	<u>48,311</u>
Total cash and cash equivalents	<u>67,039</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	35,185
Cash - restricted	<u>56,452</u>
Total cash and cash equivalents	<u>91,637</u>
Net increase	<u>\$ 24,598</u>

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

## TOWN OF SPRINGFIELD, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

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

##### A. Financial Reporting Entity

The Town of Springfield, Louisiana was incorporated in 1838, under a special charter. The Town operates under a Mayor-Board of Aldermen form of government and, as authorized by its charter, provides police protection; streets and drainage maintenance; public improvements; health and social services; culture-recreation; planning and zoning; sewer collection and disposal; and general administration. The Mayor and five members of the Board of Aldermen are elected at large to serve four-year terms from July 1, 2017 to June 30, 2020. The Town of Springfield is located in Livingston Parish with a geographic area of approximately 1.4 square miles. The estimated population is 499. The Town employs 4 full-time employees. The Town serves 139 sewer customers.

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

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

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

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Fund Financial Statements

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

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

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

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

Governmental Funds -

General Fund

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Projects Fund

The Capital Projects Fund of the Town accounts for financial resources to be used for the acquisition or construction of major capital expenditures not being financed by Proprietary Funds.

Proprietary Fund -

Enterprise Fund

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

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

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

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

Cash and interest-bearing deposits

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

## TOWN OF SPRINGFIELD, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Interfund receivables and payables

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

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer’s sewer service receivables as their major receivables. Uncollectible sewer service receivables are recognized as bad debts through the establishment of an allowance account. The allowance has been established based upon past collection experience, the economic environment, and management’s evaluation of the current risk in receivables. The allowance for uncollectibles for customers’ utility receivables was \$30,930 at June 30, 2017.

#### Restricted Assets

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

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2017.

Long-term debt

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

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

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Compensated Absences

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

Equity Classifications

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

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

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

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds - By Character:

Proprietary Fund - By Operating and Nonoperating

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

Interfund Transfers

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

F. Use of Estimates

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

The Town levies three sales taxes as follows:

- A. Proceeds from a 1% sales tax effective April 1, 1978, are placed in the General Fund for use by the Town.
- B. Proceeds from a .50% sales tax effective January 1, 1987, are to be used for garbage pickup for the residents of the Town and the remainder is to be placed in the General Fund for use by the Town.
- C. Proceeds from a .50% sales tax effective February 24, 2005, are to be used to retire USDA debt used for the construction of sewer treatment facilities and other improvements.

(5) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Town had cash and interest-bearing deposits (book balances) totaling \$426,615 as follows:

Non interest-bearing	\$ 173,130
Interest-bearing	173,511
Time deposits	<u>79,974</u>
Total	<u>\$ 426,615</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2017 were secured as follows:

Bank balances	<u>\$ 431,710</u>
Federal deposit insurance	\$ 329,974
Pledged securities	<u>101,736</u>
Total federal deposit insurance and pledged securities	<u>\$ 431,710</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deposits in the amount of \$101,736 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. The Town does not have a policy for custodial credit risk.

(6) Receivables

Receivables at June 30, 2017 consist of the following:

Governmental Activities -

General Fund:

Sales tax revenues	\$ 54,830
Franchise tax revenues	14,550
Other	<u>2,981</u>
Total General Fund	72,361

Business Type Activities -

Proprietary Fund:

Sewer use charges	<u>6,808</u>
Total receivables	<u>\$ 79,169</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2017:

Sewer revenue bond reserve	\$ 41,808
Depreciation and contingency fund	<u>14,644</u>
Total restricted assets	<u>\$ 56,452</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance 7/1/2016	Additions	Deletions	Balance 06/30/17
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 46,383	\$ -	\$ -	\$ 46,383
Construction in progress	29,100	6,975	-	36,075
Other capital assets:				
Buildings	95,912	-	-	95,912
Vehicles	107,743	-	33,875	73,868
Furniture and equipment	147,693	13,011	14,015	146,689
Water system	1,176,454	4,076	-	1,180,530
Infrastructure	66,998	-	-	66,998
Totals	<u>1,670,283</u>	<u>24,062</u>	<u>47,890</u>	<u>1,646,455</u>
Less accumulated depreciation:				
Buildings	45,325	3,046	-	48,371
Vehicles	79,639	7,175	33,875	52,939
Furniture and equipment	130,458	6,176	14,015	122,619
Water system	5,882	34,020	-	39,902
Infrastructure	9,155	1,622	-	10,777
Total accumulated depreciation	<u>270,459</u>	<u>52,039</u>	<u>47,890</u>	<u>274,608</u>
Governmental activities, capital assets, net	<u>\$ 1,399,824</u>	<u>\$ (27,977)</u>	<u>\$ -</u>	<u>\$ 1,371,847</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 14,918	\$ -	\$ -	\$ 14,918
Other capital assets:				
Sewer system	2,846,694	35,513	-	2,882,207
Equipment	41,043	2,642	-	43,685
Totals	<u>2,902,655</u>	<u>38,155</u>	<u>-</u>	<u>2,940,810</u>
Less accumulated depreciation:				
Sewer system	830,008	82,422	-	912,430
Equipment	41,043	-	-	41,043
Total accumulated depreciation	<u>871,051</u>	<u>82,422</u>	<u>-</u>	<u>953,473</u>
Business-type activities, capital assets, net	<u>\$ 2,031,604</u>	<u>\$ (44,267)</u>	<u>\$ -</u>	<u>\$ 1,987,337</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 41,268
Police	7,781
Streets	<u>2,990</u>
Total depreciation expense	<u>\$ 52,039</u>

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

Sewer	<u>82,422</u>
Total depreciation expense	<u>\$ 82,422</u>

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2017:

	<u>Business-type Activities</u>
	<u>Revenue Bonds</u>
Long-term debt payable, June 30, 2016	\$ 1,313,669
Long-term debt issued	-
Long-term debt retired	<u>(24,959)</u>
Long-term debt payable, June 30, 2017	<u>\$ 1,288,710</u>

Long-term debt payable at June 30, 2017 is comprised of the following issue:

	<u>Current Portion</u>
Revenue bonds:	
\$1,529,000 Sewer Revenue Bonds to the USDA dated May 12, 2004, due in monthly installments of \$6,737 until May 12, 2044; interest rate at 4.375 percent on \$500,000 of the bonds and at a rate of 4.25% on \$1,029,000 of the bonds, secured by sewer system revenues.	<u>\$ 1,288,710</u> <u>\$ 26,051</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

The long-term debt is due as follows:

Year Ending June 30,	Business-type Activities	
	Principal payments	Interest payments
2018	\$ 26,051	\$ 54,793
2019	27,192	53,652
2020	28,237	52,607
2021	29,617	51,227
2022	30,913	49,931
2023-2044	<u>1,146,700</u>	<u>624,870</u>
Total	<u>\$1,288,710</u>	<u>\$887,080</u>

(10) Flow of Funds: Restrictions on Use - Utilities Revenues

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

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

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

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

The Town of Springfield was in compliance with all significant limitations and restrictions in the bond indenture at June 30, 2017.

(11) Louisiana Deferred Compensation Plan

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

(12) Risk Management

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

(13) Solid Waste Collection and Disposal Agreement

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

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

(14) Centralized Collection Agency Agreement

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Franchise Agreements

The Town has granted the following three franchises:

- A. Cable Television- A non-exclusive cable television franchise was granted to Charter Communications, LLC. The franchise was renewed on January 20, 2003 for a period of 15 years. The annual fee for this franchise shall be 5% of the annual gross subscriber revenues.
- B. Electric- On October 19, 1994, the Town granted a franchise to Louisiana Power & Light Company to supply electric energy to the Town and the inhabitants thereof for a period of 25 years. In consideration, the Town shall receive a fee of 2% of the gross receipts from sales of electricity within the corporate limits of the Town from October 19, 1994 to October 18, 2019.
- C. Natural Gas- On September 17, 2009, the Town granted a franchise to Louisiana Gas Service Company to supply natural and/or artificial gas to the Town and the inhabitants thereof for a period of 20 years. In consideration, the Town shall receive a fee of 2% of the gross receipts from sales of natural and/or artificial gas within the corporate limits of the Town from November 1, 2009 to October 31, 2029.

(16) LA DOTD Maintenance Agreement

The provisions of Section 193 of Title 48 of the Louisiana Revised Statutes of 1950 require the Louisiana Department of Transportation and Development to repair and to keep in operating condition at its sole cost and expense, all municipal roads or streets designated in LA R.S. 48:191. The Town has requested and an agreement has been executed for the work to be performed by the Town. In consideration of this agreement, LDOTD agreed to annually reimburse the Town \$3,330 to June 30, 2017.

(17) Water Service Agreement

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

A detail of compensation, benefits, and other payments paid to Mayor Thomas Abels for the year ended June 30, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 7,800

(19) Compensation of Town Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2017 follows:

Aldermen:

Greg Hill	\$ 1,650
John Traylor	2,000
Lunsford Barringer	1,800
Marsha Sherburne	1,600
Mildred Cowsar	<u>1,750</u>
	<u>\$ 8,800</u>

(20) Pending Litigation

The Town is involved in lawsuits and claims that are either adequately covered by liability insurance or, in the opinion of legal counsel, will not result in any liability to the Town.

(21) On-Behalf Payments of Salaries

During the year ended June 30, 2017, the State of Louisiana paid the Town's policemen \$8,567 of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety – police expenses/expenditures in the government-wide and General Fund financial statements.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(22) Interfund Transactions

A. Interfund receivables and payables consisted of the following at June 30, 2017:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund	\$ -	\$ 2,095
Proprietary Fund:		
Enterprise Fund	<u>2,095</u>	<u>-</u>
Total	<u>\$ 2,095</u>	<u>\$ 2,095</u>

These balances resulted from short-term loans made to other funds. All interfund balances will be repaid within one year.

B. Transfers consisted of the following at June 30, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 2,015
Proprietary Fund:		
Enterprise Fund	<u>2,015</u>	<u>-</u>
Total	<u>\$ 2,015</u>	<u>\$ 2,015</u>

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

(23) Subsequent Events

During the year ended June 30, 2017, the Town expended \$6,975 for the design and bidding of a new water well. Subsequent to June 30, 2017, the Town made improvements in the amount of \$333,408 for the water well. The Town anticipates funding from the State of Louisiana to cover the majority of the costs, and the well to be completed during the fiscal year ended June 30, 2018.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF SPRINGFIELD, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Non- GAAP Basis  
For the year ended June 30, 2017

	Budget		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 344,000	\$ 325,000	\$ 345,131	\$ 20,131
Licenses and permits	67,000	34,000	64,276	30,276
Intergovernmental	758,600	239,850	192,025	(47,825)
Fines and forfeits	30,000	98,000	93,765	(4,235)
Cemetary income	5,500	7,200	7,480	280
Charges for services	1,000	400	5,096	4,696
Gain on disposition of vehicle	-	-	14,461	14,461
Interest earned	-	-	736	736
Miscellaneous	5,000	22,000	10,701	(11,299)
Total revenues	<u>1,211,100</u>	<u>726,450</u>	<u>733,671</u>	<u>7,221</u>
<b>Expenditures:</b>				
Current -				
General government	180,600	181,150	130,425	50,725
Public safety - police	126,000	191,500	167,551	23,949
Streets and drainage	37,000	58,900	64,719	(5,819)
Sanitation	63,800	63,800	59,544	4,256
Cemetary	7,800	7,800	6,898	902
Capital outlay:				
General government	740,000	165,000	154,190	10,810
Police	-	-	1,451	(1,451)
Streets and drainage	15,000	-	15,636	(15,636)
Total expenditures	<u>1,170,200</u>	<u>668,150</u>	<u>600,414</u>	<u>67,736</u>
Excess of revenues over expenditures	40,900	58,300	133,257	74,957
<b>Other financing sources (uses):</b>				
Transfers in (out)	10,000	(4,700)	80	4,780
Excess of revenues and other financing sources over expenditures and other financing uses	50,900	53,600	133,337	79,737
Fund balance, beginning	<u>201,641</u>	<u>201,641</u>	<u>201,641</u>	<u>-</u>
Fund balance, ending	<u>\$ 252,541</u>	<u>\$ 255,241</u>	<u>\$ 334,978</u>	<u>\$ 79,737</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

The Town prepares a budget at the beginning of each year based upon prior year expenditures and anticipated revenues for the budget year. The proposed budget is prepared on a modified accrual basis of accounting and is made available for public inspection no later than 15 days prior to the beginning of the budgeted year. The budget was formally adopted on June 15, 2016 and amended on May 17, 2017. All appropriations lapse at year end.

Formal budget integration (within the accounting system) is not employed as a management control device. During the fiscal year, actual revenues and expenditures are compared to budgeted revenues and expenditures by the Mayor and Aldermen. If actual revenues are falling short of budgeted revenues by 5% or more or if actual expenditures to date plus projected expenditures for the remainder of the year exceed the budgeted expenditures by 5% or more, the original budget is amended by the Mayor and Board of Aldermen. Budgeted amount included in the accompanying financial statement include the original adopted budget and all subsequent amendments. The Mayor and Board of Aldermen are responsible for adopting and amending the budget.

(2) Reconciliation of Budget (Non-GAAP Basis) to Actual GAAP Basis

Total revenues at June 30, 2017 per Budgetary Comparison Schedule - Non-GAAP basis		\$733,671
The total revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance is different because:		
To adjust for increases (decreases) in accrued income:		
Taxes	\$ 7,975	
Intergovernmental	(153,960)	
Miscellaneous	<u>1,693</u>	<u>(144,292)</u>
Total revenues per the Statement of Revenues, Expenditures, and Changes in Fund Balance		<u>\$ 589,379</u>
Total expenditures at June 30, 2017 per Budgetary Comparison Schedule - Non-GAAP basis		\$600,414
The total expenditures reported on the Statement of Revenues, Expenditures and Changes in Fund Balance is different because:		
To adjust for increases (decreases) in accrued expenditures:		
General government		<u>(143,133)</u>
Total expenditures per the Statement of Revenues, Expenditures, and Changes in Fund Balance		<u>\$ 457,281</u>

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF SPRINGFIELD, LOUISIANA  
Enterprise Fund  
Sewer Fund

Schedule of Number of Sewer Customers  
(Unaudited)  
June 30, 2017

Records maintained by the Town indicated the following number of customers were being served during the month of June 30, 2017:

<u>Department</u>	<u>Customers</u>	<u>Rate</u>
Residential	104	\$25.00 per month
Commercial	32	\$60.00 per month
Schools	2	\$300.00 per month
Apartments	1	\$475.00 per month

TOWN OF SPRINGFIELD, LOUISIANA  
Enterprise Fund  
Sewer Fund

Schedule of Aged Accounts Receivable  
(Unaudited)  
June 30, 2017

At June 30, 2017, the receivables due from customers are as follows:

	<u>0-30</u> <u>Days</u>	<u>31-60</u> <u>Days</u>	<u>Over 60</u> <u>Days</u>	<u>Total</u>
Total receivables	\$ 3,545	\$ 912	\$ 33,281	\$ 37,738
Allowance for uncollectible accounts	<u>(520)</u>	<u>(365)</u>	<u>(30,045)</u>	<u>(30,930)</u>
Net receivables	<u>3,025</u>	<u>547</u>	<u>3,236</u>	<u>6,808</u>

TOWN OF SPRINGFIELD, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2017

<u>Description of Coverage</u>	<u>Coverage Amounts</u>	<u>Effective Dates</u>
General liability-		
Premises operations per occurrence	\$ 500,000	05/20/15-
Medical payments-		5/20/2018
Per person	\$ 1,000	
Per accident	\$ 10,000	
Fire legal liability per occurrence	\$ 50,000	
Law enforcement officer	\$ 500,000	
Errors and omissions	\$ 500,000	
Automobile	\$ 500,000	
Property-		03/07/17-
Town Hall Building	\$ 110,323	03/07/18
Personal property	\$ 50,000	
Treatment Plant Building	\$ 584,715	
Pump stations	\$ 315,746	

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Springfield, Louisiana (the Town) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 4, 2018.

### Internal Control Over Financial Reporting

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free 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 instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2017-001(C).

## **The Town of Springfield, Louisiana's Response to Findings**

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

## **Purpose of this Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
May 4, 2018

TOWN OF SPRINGFIELD, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
June 30, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (6/30/2017) --</u>						
<u>Compliance:</u>						
2017-001(C)	2017	State law requires audit reports to be completed and submitted six months after the fiscal year. The Town's audit report was not complete until after the deadline imposed by State law.	No	In the future, the audit report will be completed and submitted timely.	Marie Kreutzer, Town Clerk	June 30, 2018
<u>PRIOR YEAR (6/30/2016) --</u>						
<u>Internal Control:</u>						
2016-001(IC)	Unknown	Although bank reconciliations are prepared on a monthly basis, reconciliation procedures did not include an investigation of transfers not clearing the bank. This resulted in sinking fund requirements not being paid timely.	Yes	Outstanding items not cleared within a reasonable period of time will be investigated. In addition, a member of the Board of Aldermen will periodically review all reconciliations.	Marie Kreutzer, Town Clerk	June 30, 2017
2016-002(IC)	Unknown	Booklets of tickets are issued to police officers as needed. The Town did not have proper procedures to assure all tickets are returned and accounted for. In addition, a booklet of tickets was transferred from one officer to another and subsequently lost.	Yes	Management will research another municipality to develop a procedure on how tickets are accounted for from issuance until termination.	Marie Kreutzer, Town Clerk	June 30, 2017

**TOWN OF SPRINGFIELD, LOUISIANA**

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

Year Ended June 30, 2017

# KOLDER, SLAVEN & COMPANY, LLC

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

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

We have performed the procedures enumerated below, which were agreed to by Town of Springfield (Town) and the 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, 2016 through June 30, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*The Town did not have written policies and procedures to address the functions noted above.*

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*The Town did not have written policies and procedures to address the functions noted above.*

- c) **Disbursements**, including processing, reviewing, and approving.

*The Town did not have written policies and procedures to address the functions noted above.*

- d) **Receipts**, including receiving, recording, and preparing deposits.

*The Town did not have written policies and procedures to address the functions noted above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The Town did not have written policies and procedures to address the functions noted above.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The Town did not have written policies and procedures to address the functions noted above.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

*The Town did not have written policies and procedures to address the functions noted above.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The Town did not have written policies and procedures to address the functions noted above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*The Town did not have written policies and procedures to address the functions noted above.*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The Town did not have written policies and procedures to address the functions noted above.*

**Board (or Finance Committee, if applicable)**

---

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*There were no exceptions noted as a result of applying this procedure.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*The minutes did not include or reference monthly budget-to-actual comparisons on the major funds except for the month of May 2017.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*The budget-to-actual comparisons did not disclose deficit spending during the fiscal period.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*The minutes did reference non-budgeting financial information during the fiscal period.*

## ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*A listing of client bank accounts and management's representation that listing is complete were obtained.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Bank statements and reconciliations for all months in the fiscal period were obtained for the selected accounts noting that management or a board member's review was not documented on the reconciliations for all months on each of the 4 accounts selected.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Bank statements and reconciliations for all months in the fiscal period were obtained for the selected accounts noting that there was no review of items outstanding greater than 6 months for 2 of the bank accounts.*

## ***Collections***

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*A listing of cash collection locations and management's representation that the listing is complete were obtained.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*In the 2 locations selected, the person responsible for collecting cash is bonded, is responsible for depositing cash in the bank, recording transactions, and reconciling the bank account. As a compensating control, the Town's contract CPA reviews the transactions for both locations. In both locations the person responsible for collecting cash is required to share a cash drawer.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*The Town does not have a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers by a person who is not responsible for cash collections for both locations selected.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*The highest (dollar) week of cash collections for the location was obtained along with collection documentation, deposit slips, and bank statements.*

*The selection had the following exceptions noted in the week of collections selected for testing: 7 days of cash collections was held between 8 and 16 days prior to making a bank deposit; 1 day of cash collections was held for 6 days prior to making a bank deposit; 1 day of collections was held for 3 days prior to making a bank deposit; and 4 days of cash collections was held for 2 days prior to making a bank deposit.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*All cash receipts had a receipt except for some collections of checks for sewer payments that came in the mail.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*In the cash locations selected, there is not a written process defined to determine the completeness of collections by a person who is not responsible for collections.*

#### **Disbursements – General (excluding credit card/debit card/fuel card/P-card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*A listing of disbursements and management's representation that the listing is complete were obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*The Town does not utilize a purchase order system.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*The Town does not utilize a purchase order system. All purchases require the Mayor's authorization.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Examined supporting documentation for each of the 25 disbursements noting that the payments were processed with an approved invoice.*

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*The Town does not have written documentation that prohibits the person responsible for processing payments from adding vendors to the Town's purchasing/disbursement system.*

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*The Town does not have written documentation that prohibits the person with signatory authority or the person that makes the final authorization for disbursements from initiating or recording purchases.*

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Inquiry of management indicated that unused check stock is maintained in a locked location. It was noted that persons with signatory authority have access to the checks. All checks require two original signatures.*

- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*There were no exceptions noted upon inquiry of authorized signers.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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- 14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

*A listing of active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of the cards and management's representation that the listing is complete were obtained.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

*There were 3 active cards during the fiscal year, 1 card was randomly selected.*

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

*The card did have evidence that the monthly statement was reviewed and approved, in writing, by someone other than the cardholder.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*The card selected for testing did not have finance charges and/or late fees assessed.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*There were no exceptions noted as a result of applying this procedure.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*There were no exceptions noted as a result of applying this procedure.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*The Town does not have written policies related to credit cards.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*The Town does not have written purchasing/department policies. There were no transactions noted that would have been subject to Louisiana Public Bid Law.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*There were no exceptions noted as a result of the testing of credit card transactions.*

## ***Travel and Expense Reimbursement***

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*There were no travel and related expense reimbursements paid to employees during the fiscal year.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*The Town does not have written policies related to travel.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*Not applicable.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*Not applicable.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*Not applicable.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*Not applicable.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*Not applicable.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Not applicable.*

## ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*A listing of all contracts in effect during the fiscal period and management's representation that the listing is complete were obtained.*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*Of the vendors selected 2 did not have a formal contract with the Town.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*There were no instances of noncompliance noted as a result of applying this procedure.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*The Town did not solicit bids or equivalent for all 4 of the vendors that were not subject to the bid law.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*The contract for garbage collection provided for a rate increase consistent with the Consumer Price Index rate increase. The contract for construction services was amended 3 times to include a revision of construction to be performed at a total increase of \$199,084.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*There were no instances of noncompliance noted as a result of applying this procedure.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Proper board approval was noted for each contract amendment tested.*

## ***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*A listing of employees with their related salaries and management's representation that the listing is complete were obtained.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*Compensation for 1 of 5 employees/elected officials selected for testing could not be traced to a contract or salary schedule. However, a Board approved pay rate as of January 2018 was evidenced for the employee.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*There were no instances of noncompliance noted as a result of applying this procedure.*

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*There were no exceptions noted as a result of applying this procedure.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*There were no exceptions noted as a result of applying this procedure.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*The Town only maintains leave records of hours used.*

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*There were no termination payments made during the fiscal year.*

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*There were no exceptions noted as a result of applying this procedure.*

### ***Ethics (excluding nonprofits)***

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- 26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*There were no exceptions noted as a result of applying this procedure.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management asserted that they have received no allegations during the fiscal period.*

### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*There was no debt issued by the Town during the fiscal year.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*There were no exceptions noted as a result of applying this procedure.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*The Town does not have tax millages relating to debt service.*

### ***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The Town does not have the required notices posted on its premises and website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*There were no exceptions noted as a result of applying this procedure.*

### ***Management's Response:***

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*Management of the Town concurs with the exceptions and are working to address the deficiencies identified.*

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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
May 4, 2018