

TOWN OF IOTA, LOUISIANA
FINANCIAL REPORT
JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Honorable Julia M. Granger, Mayor,
and the Board of Aldermen
Town of Iota, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iota, Louisiana, as of and for the year ended June 30, 2018, and the related notes to 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iota, Louisiana, as of June 30, 2018, 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

Management has omitted the 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iota, Louisiana's basic financial statements. The schedule of insurance in force, schedule of utility rates, schedule of customers, schedules of allocated assets, liabilities and net position, schedules of operating revenues and operating expenses by department, schedule of compensation, benefits and other payments to agency head, and schedule of aged accounts receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of insurance in force, schedule of utility rates, schedule of customers, schedules of allocated assets, liabilities and net position and schedules of operating revenues and operating expenses by department have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provided any assurance on it.

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

The prior year comparative information has been derived from the Town of Iota, Louisiana's 2017 financial statements and, in our report dated December 21, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of the Town of Iota, Louisiana's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Iota, Louisiana's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Brunsand Locher LLC".

Lafayette, Louisiana
December 18, 2018

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements (GWFS)

TOWN OF IOTA, LOUISIANA
STATEMENT OF NET POSITION
June 30, 2018

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash	\$ 1,111,928	\$ 109,305	\$ 1,221,233
Certificates of deposit	134,565	-	134,565
Taxes receivable	5,319	-	5,319
Franchise fees receivable	16,000	-	16,000
Due from other governmental agencies	38,527	-	38,527
Accounts receivable	-	36,322	36,322
Unbilled service receivable	-	7,160	7,160
Other receivables	1,105	-	1,105
Internal balances	(33,567)	33,567	-
Inventories, at cost	-	19,042	19,042
Restricted assets:			
Cash	372	158,963	159,335
Certificates of deposit	-	46,504	46,504
Capital assets:			
Non-depreciable	30,128	26,844	56,972
Depreciable, net	<u>1,403,226</u>	<u>1,478,986</u>	<u>2,882,212</u>
Total assets	<u>\$ 2,707,603</u>	<u>\$ 1,916,693</u>	<u>\$ 4,624,296</u>

See Notes to Financial Statements.

LIABILITIES AND NET POSITION	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts payable	\$ 10,215	\$ 31,837	\$ 42,052
Accrued liabilities	5,805	1,553	7,358
Customers' deposits	-	108,041	108,041
Other liabilities	-	2,208	2,208
Long-term liabilities:			
Portion due or payable within one year –			
Bonds payable	-	16,124	16,124
Portion due or payable after one year –			
Bonds payable	<u>-</u>	<u>480,970</u>	<u>480,970</u>
Total liabilities	<u>\$ 16,020</u>	<u>\$ 640,733</u>	<u>\$ 656,753</u>
NET POSITION			
Net investment in capital assets	\$ 1,433,354	\$ 1,008,737	\$2,442,091
Restricted for:			
Debt service	-	97,425	97,425
Tax dedications	1,189,268	-	1,189,268
Veteran's pavilion	372	-	372
Unrestricted	<u>68,589</u>	<u>169,798</u>	<u>238,387</u>
Total net position	<u>\$ 2,691,583</u>	<u>\$ 1,275,960</u>	<u>\$3,967,543</u>
Total liabilities and net position	<u>\$ 2,707,603</u>	<u>\$ 1,916,693</u>	<u>\$4,624,296</u>

TOWN OF IOTA, LOUISIANA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 115,820	\$ 10,679	\$ 30,535
Public safety	180,199	8,441	-
Public works	83,019	-	-
Culture and recreation	<u>7,170</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 386,208</u>	<u>\$ 19,120</u>	<u>\$ 30,535</u>
Business-type activities:			
Gas, water and sewer	<u>\$ 774,371</u>	<u>\$ 563,049</u>	<u>\$ -</u>
Total	<u>\$1,160,579</u>	<u>\$ 582,169</u>	<u>\$ 30,535</u>
		General revenues:	
		Taxes –	
		Property	
		Sales and use	
		Franchise	
		Licenses and permits	
		Intergovernmental	
		Investment income	
		Miscellaneous	
		Transfers	
		Total general revenues and transfers	
		Change in net position	
		Net position, beginning	
		Net position, ending	

See Notes to Financial Statements.

Net (Expense) Revenue and Change in Net Assets		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (74,606)	\$ -	\$ (74,606)
(171,758)	-	(171,758)
(83,019)	-	(83,019)
<u>(7,170)</u>	<u>-</u>	<u>(7,170)</u>
<u>\$ (336,553)</u>	<u>\$ -</u>	<u>\$ (336,553)</u>
<u>\$ -</u>	<u>\$ (211,322)</u>	<u>\$ (211,322)</u>
<u>\$ (336,553)</u>	<u>\$ (211,322)</u>	<u>\$ (547,875)</u>
\$ 122,836	\$ -	\$ 122,836
212,358	-	212,358
71,107	-	71,107
63,673	-	63,673
10,863	-	10,863
455	103	558
1,211	-	1,211
<u>(143,827)</u>	<u>143,827</u>	<u>-</u>
<u>\$ 338,676</u>	<u>\$ 143,930</u>	<u>\$ 482,606</u>
\$ 2,123	\$ (67,392)	\$ (65,269)
<u>2,689,460</u>	<u>1,343,352</u>	<u>4,032,812</u>
<u>\$ 2,691,583</u>	<u>\$ 1,275,960</u>	<u>\$3,967,543</u>

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements (FFS)

TOWN OF IOTA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2018

ASSETS	General Fund	Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
Cash	\$ 351,726	\$ 760,102	\$ 100	\$ 1,111,928
Restricted cash	372	-	-	372
Certificates of deposit	-	134,565	-	134,565
Taxes receivable	5,319	-	-	5,319
Franchise fees receivable	16,000	-	-	16,000
Due from other governmental agencies	2,149	17,849	-	19,998
Other receivables	<u>1,105</u>	<u>-</u>	<u>-</u>	<u>1,105</u>
Total assets	<u>\$ 376,671</u>	<u>\$ 912,516</u>	<u>\$ 100</u>	<u>\$ 1,289,287</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 9,909	\$ 306	\$ -	\$ 10,215
Accrued liabilities	5,805	-	-	5,805
Due to other funds	<u>33,467</u>	<u>-</u>	<u>100</u>	<u>33,567</u>
Total liabilities	<u>\$ 49,181</u>	<u>\$ 306</u>	<u>\$ 100</u>	<u>\$ 49,587</u>
FUND BALANCES				
Restricted for:				
Tax dedications	\$ 258,529	\$ 912,210	\$ -	\$ 1,170,739
Veteran's pavilion	372	-	-	372
Unassigned	<u>68,589</u>	<u>-</u>	<u>-</u>	<u>68,589</u>
Total fund balances	<u>\$ 327,490</u>	<u>\$ 912,210</u>	<u>\$ -</u>	<u>\$ 1,239,700</u>
Total liabilities and fund balances	<u>\$ 376,671</u>	<u>\$ 912,516</u>	<u>\$ 100</u>	<u>\$ 1,289,287</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances – governmental funds	\$ 1,239,700
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 are therefore not reported in the funds.	
Capital assets, net	1,433,354
Some revenues were not considered measureable at year end and therefore not available soon enough to pay for current period expenditures.	
Sales taxes	<u>18,529</u>
Total net position of governmental activities	<u>\$ 2,691,583</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2018

	General Fund	Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 193,943	\$ 213,293	\$ -	\$ 407,236
Licenses and permits	63,673	-	-	63,673
Intergovernmental	41,398	-	-	41,398
Charges for services	10,679	-	-	10,679
Fines and forfeits	8,441	-	-	8,441
Investment income	52	403	-	455
Miscellaneous	<u>1,211</u>	<u>-</u>	<u>-</u>	<u>1,211</u>
Total revenues	<u>\$ 319,397</u>	<u>\$ 213,696</u>	<u>\$ -</u>	<u>\$ 533,093</u>
Expenditures:				
Current –				
General government	\$ 77,319	\$ 10,569	\$ -	\$ 87,888
Public safety	176,933	-	-	176,933
Public works	57,554	-	-	57,554
Culture and recreation	1,744	-	-	1,744
Capital outlay	<u>16,481</u>	<u>-</u>	<u>-</u>	<u>16,481</u>
Total expenditures	<u>\$ 330,031</u>	<u>\$ 10,569</u>	<u>\$ -</u>	<u>\$ 340,600</u>
Excess of revenues over expenditures	<u>\$ (10,634)</u>	<u>\$ 203,127</u>	<u>\$ -</u>	<u>\$ 192,493</u>
Other financing sources (uses):				
Transfers in	\$ 23,061	\$ -	\$ -	\$ 23,061
Transfers out	<u>(1,399)</u>	<u>(165,489)</u>	<u>-</u>	<u>(166,888)</u>
Total other financing sources (uses)	<u>\$ 21,662</u>	<u>\$ (165,489)</u>	<u>\$ -</u>	<u>\$ (143,827)</u>
Net change in fund balance	\$ 11,028	\$ 37,638	\$ -	\$ 48,666
Fund balance, beginning	<u>316,462</u>	<u>874,572</u>	<u>-</u>	<u>1,191,034</u>
Fund balance, ending	<u>\$ 327,490</u>	<u>\$ 912,210</u>	<u>\$ -</u>	<u>\$ 1,239,700</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2018

Net change in fund balances – total governmental funds		\$ 48,666
The change in net position reported for governmental activities in the statement of activities is different because:		
<p>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.</p>		
Capital outlay	\$ 16,481	
Depreciation expense	<u>(62,089)</u>	(45,608)
<p>Because some revenues are not measurable at year-end, they are not considered available revenues in the governmental funds.</p>		
Sales taxes		<u>(935)</u>
Change in net position of governmental activities		<u>\$ 2,123</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA
 STATEMENTS OF NET POSITION
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
 June 30, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	\$ 109,305	\$ 80,498
Accounts receivable	36,322	37,437
Unbilled service receivable	7,160	8,799
Due from other funds	33,567	10,175
Due from other governmental agencies	-	15,326
Inventories, at cost	<u>19,042</u>	<u>18,180</u>
Total current assets	<u>\$ 205,396</u>	<u>\$ 170,415</u>
RESTRICTED ASSETS		
Cash	\$ 158,963	\$ 154,409
Certificates of deposit	<u>46,504</u>	<u>46,411</u>
Total restricted assets	<u>\$ 205,467</u>	<u>\$ 200,820</u>
CAPITAL ASSETS		
Non-depreciable	\$ 26,844	\$ 26,844
Depreciable, net	<u>1,478,986</u>	<u>1,592,357</u>
Total capital assets	<u>\$ 1,505,830</u>	<u>\$ 1,619,201</u>
Total assets	<u>\$ 1,916,693</u>	<u>\$ 1,990,436</u>

See Notes to Financial Statements.

LIABILITIES AND NET POSITION	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES (payable from current assets)		
Accounts payable	\$ 31,837	\$ 24,175
Accrued liabilities	1,553	1,534
Other liabilities	<u>2,208</u>	<u>1,366</u>
Total current liabilities (payable from current assets)	<u>\$ 35,598</u>	<u>\$ 27,075</u>
CURRENT LIABILITIES (payable from restricted assets)		
Revenue bonds payable	\$ 16,124	\$ 15,377
Customers' deposits	<u>108,041</u>	<u>107,438</u>
Total current liabilities (payable from restricted assets)	<u>\$ 124,165</u>	<u>\$ 122,815</u>
NONCURRENT LIABILITIES		
Revenue bonds payable	<u>\$ 480,970</u>	<u>\$ 497,194</u>
Total liabilities	<u>\$ 640,733</u>	<u>\$ 647,084</u>
NET POSITION		
Net investment in capital assets	\$ 1,008,737	\$ 1,106,630
Restricted for debt service	97,425	91,847
Unrestricted	<u>169,798</u>	<u>144,875</u>
Total net position	<u>\$ 1,275,960</u>	<u>\$ 1,343,352</u>
Total liabilities and net position	<u>\$ 1,916,693</u>	<u>\$ 1,990,436</u>

TOWN OF IOTA, LOUISIANA

STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Charges for services	\$ 544,873	\$ 524,015
Operating grant	-	15,326
Miscellaneous	<u>18,176</u>	<u>19,212</u>
Total operating revenues	<u>\$ 563,049</u>	<u>\$ 558,553</u>
Operating expenses:		
Salaries and wages	\$ 233,624	\$ 242,456
Payroll taxes	17,429	16,280
Gas purchases	78,263	68,181
Materials and supplies	48,385	40,221
Fuel	10,928	9,280
Telephone and utilities	25,941	26,871
Depreciation	142,910	141,044
Repairs and maintenance	77,489	78,750
Printing, postage, and supplies	4,459	4,463
Insurance	75,404	80,515
Truck expenses	3,603	3,033
Professional services	7,378	11,051
Travel and training	3,965	4,248
Uniforms	7,929	7,590
Other	<u>12,631</u>	<u>11,994</u>
Total operating expenses	<u>\$ 750,338</u>	<u>\$ 745,977</u>
Operating loss	<u>\$ (187,289)</u>	<u>\$ (187,424)</u>
Non-operating revenues (expenses):		
Investment income	\$ 103	\$ 111
Interest expense	<u>(24,033)</u>	<u>(24,618)</u>
Total non-operating revenues (expenses)	<u>\$ (23,930)</u>	<u>\$ (24,507)</u>
Loss before contributed capital and transfers	\$ (211,219)	\$ (211,931)
Transfers in	145,207	153,634
Transfers out	<u>(1,380)</u>	<u>(12,596)</u>
Change in net position	\$ (67,392)	\$ (70,893)
Net position, beginning	<u>1,343,352</u>	<u>1,414,245</u>
Net position, ending	<u>\$ 1,275,960</u>	<u>\$ 1,343,352</u>

See Notes to Financial Statements.

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TOWN OF IOTA, LOUISIANA
 STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
 Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 548,469	\$ 535,091
Payments to suppliers for goods and services	(357,641)	(345,215)
Payments to employees and for employee related costs	(251,053)	(258,736)
Other receipts	<u>18,176</u>	<u>19,212</u>
Net cash used in operating activities	<u>\$ (42,049)</u>	<u>\$ (49,648)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ 145,207	\$ 153,634
Transfers to other funds	(1,380)	(12,596)
Increase (decrease) in customers' deposits, net	<u>603</u>	<u>(192)</u>
Net cash provided by noncapital financing activities	<u>\$ 144,430</u>	<u>\$ 140,846</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid	\$ (24,014)	\$ (24,731)
Principal payments	(15,477)	(14,761)
Purchase of capital assets	<u>(29,539)</u>	<u>(13,963)</u>
Net cash used in capital and related financing activities	<u>\$ (69,030)</u>	<u>\$ (53,455)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of investments	\$ 46,411	\$ 46,317
Purchase of investments	(46,504)	(46,411)
Investment earnings	<u>103</u>	<u>111</u>
Net cash provided by investing activities	<u>\$ 10</u>	<u>\$ 17</u>
Net increase in cash	\$ 33,361	\$ 37,760
Cash, beginning of year	<u>234,907</u>	<u>197,147</u>
Cash, end of year	<u>\$ 268,268</u>	<u>\$ 234,907</u>

(continued)

TOWN OF IOTA, LOUISIANA

STATEMENTS OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
 Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (187,289)	\$ (187,424)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	142,910	141,044
Changes in assets and liabilities –		
Decrease in receivables	2,753	10,608
(Increase) decrease in due from other governments	15,326	(15,326)
(Increase) decrease in due from other funds	(23,392)	1,175
(Increase) decrease in inventories	(862)	351
Increase (decrease) in accounts payable	7,662	(544)
Increase in accrued and other liabilities	<u>843</u>	<u>468</u>
Net cash used in operating activities	<u>\$ (42,049)</u>	<u>\$ (49,648)</u>
CASH REPORTED ON THE STATEMENT OF NET POSITION AS:		
Current	\$ 109,305	\$ 80,498
Restricted	<u>158,963</u>	<u>154,409</u>
Total cash	<u>\$ 268,268</u>	<u>\$ 234,907</u>

See Notes to Financial Statements.

TOWN OF IOTA, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Iota, Louisiana (the "Town") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Town are described below.

Reporting entity:

A financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but 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.

Primary government –

The Town was incorporated in 1901, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services to its residents as authorized by its charter: public safety, public works, culture and recreation, and general administrative services. The Town also operates an enterprise activity, a combined utilities fund, which provides gas, sewer, and water services.

Component units –

The basic criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes, are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Board of Aldermen or Mayor) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on the above criteria, there are no organizations or agencies which should be included in the basic financial statements as component units.

NOTES TO FINANCIAL STATEMENTS

Basis of presentation:

The Town's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the government and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements –

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business type activities are financed in whole or in part by fees charged to external parties.

In the government-wide statement of net position, both the governmental and business-type activities columns (1) are presented on a consolidated basis by column, and (2) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, investment income, etc.).

The Town does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Fund financial statements –

The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each reported in a separate column. Non-major funds by category are summarized into a single column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

NOTES TO FINANCIAL STATEMENTS

The Town reports the following major governmental funds:

General Fund – used to account for all financial resources traditionally associated with governments that are not required to be accounted for in another fund.

Sales Tax Fund – used to account for the collection and disbursement of the Town’s 1% sales and use tax levies. These taxes are dedicated as described in Note 8.

The Town reports the following major proprietary fund:

Combined Utilities Fund – used to account the provision of gas, sewer, and water services to the residents of the Town.

The emphasis in the fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of either fund category or the governmental and proprietary funds combined) for the determination of major funds.

Basis of accounting:

Government-wide and proprietary fund financial statements –

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements –

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered “measurable” when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

NOTES TO FINANCIAL STATEMENTS

Use of estimates:

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

Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Town considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Town had no cash equivalents at June 30, 2018.

Investments:

Under State law, the Town may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Town may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The Town's investments at June 30, 2018 consisted of time certificates of deposit purchased from local financial institutions. These certificates of deposit are stated at cost. It is the Town's policy to only invest in certificates of deposit.

Receivables:

Uncollectible amounts due from customers for utility services are recognized as bad debts by use of the direct write-off method at the time information becomes available which would indicate the uncollectibility of the particular receivable. The results of using this method as opposed to the allowance method are not materially different.

Interfund receivables and payables:

Short-term cash borrowings between funds are considered temporary in nature. These amounts are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories:

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in the governmental fund operations or the proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide financial statements –

The Town's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost or estimated historical cost for assets where actual historical cost is not available

NOTES TO FINANCIAL STATEMENTS

and reported in the government-wide financial statements as capital assets. The Town maintains a threshold level of \$500 for capitalizing capital assets. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset useful lives are not capitalized. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings and improvements	20 – 40
Machinery and equipment	5 – 15
Infrastructure	10 - 40
Utilities systems	5 – 25

Fund financial statements –

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

Long-term debt:

The accounting treatment of long-term debt depends on whether the debt relates to governmental or proprietary fund obligations and whether it is reported in the government-wide or fund financial statements.

Government-wide financial statements –

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt consists of revenue bonds and certificates of indebtedness.

Fund financial statements –

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

Equity classifications:

Government-wide financial statements –

Equity is classified as net position and displayed in three components: (1) net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, (2) restricted net position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or

NOTES TO FINANCIAL STATEMENTS

enabling legislation, and (3) unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The government-wide statement of net position reports \$1,171,111 of restricted net position, \$1,170,739 of which is restricted by enabling legislation.

Fund financial statements –

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. The following describes the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Alderman establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Alderman through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

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

Use of restricted resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

NOTES TO FINANCIAL STATEMENTS

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds and individual proprietary funds have been eliminated.

Compensated absences:

Employees earn a set amount of annual vacation leave depending on years of service. Vacation cannot be accumulated and compensation in lieu of vacation is not paid. Employees earn five days of sick leave each year. Sick leave can be accumulated without limitation. Employees who resign or retire or who are dismissed from employment are not paid for any unused sick leave. Therefore, no provision for compensated absences has been made in the financial statements.

Note 2. Property Taxes

Government-wide financial statements –

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund financial statements –

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable by December 31. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended June 30, 2018, property taxes of 27 mills were levied on assessed valuations totaling \$4,585,950. Total taxes levied were \$123,821. Taxes receivable at June 30, 2018 totaled \$5,819. An allowance of \$500 has been recorded as of June 30, 2018 for uncollectible taxes. A summary of tax millage dedication is as follows:

Corporate tax	8.00 mills
Street maintenance tax	5.00 mills
Drainage and public buildings tax	5.00 mills
Bridge tax	<u>9.00 mills</u>
Total tax mills	<u>27.00 mills</u>

NOTES TO FINANCIAL STATEMENTS

Note 3. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2018 consist of the following:

Fund financial statements:

Governmental funds –

Federal:

FEMA Public Assistance

\$ 2,149

Acadia Parish School Board:

Sales taxes

17,849

Total governmental funds

\$ 19,998

Government-wide financial statements:

Total amount reported in the fund financial statements
from above

\$ 19,998

Additional sales and use taxes due from the Acadia
Parish School Board

18,529

\$ 38,527

Note 4. Interfund Balances

Interfund balances at June 30, 2018 consist of the following:

	Due From		
	Other		
	General	Governmental	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Due to:			
Combined Utilities Fund	<u>\$ 33,467</u>	<u>\$ 100</u>	<u>\$ 33,567</u>

These balances resulted from the time lag between the dates that (1) reimbursable expenditures or expenses, as appropriate, occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated –				
Land	\$ 30,128	\$ -	\$ -	\$ 30,128
Total capital assets not being depreciated	<u>\$ 30,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,128</u>
Capital assets being depreciated –				
Buildings and improvements	\$ 1,113,199	\$ -	\$ -	\$ 1,113,199
Machinery and equipment	311,764	6,081	-	317,845
Infrastructure	<u>819,998</u>	<u>10,400</u>	<u>-</u>	<u>830,398</u>
Total capital assets being depreciated	<u>\$ 2,244,961</u>	<u>\$ 16,481</u>	<u>\$ -</u>	<u>\$ 2,261,442</u>
Less accumulated depreciation for –				
Buildings and improvements	\$ (238,132)	\$ (34,165)	\$ -	\$ (272,297)
Machinery and equipment	(275,078)	(9,596)	-	(284,674)
Infrastructure	<u>(282,917)</u>	<u>(18,328)</u>	<u>-</u>	<u>(301,245)</u>
Total accumulated depreciation	<u>\$ (796,127)</u>	<u>\$ (62,089)</u>	<u>\$ -</u>	<u>\$ (858,216)</u>
Total capital assets being depreciated, net	<u>\$ 1,448,834</u>	<u>\$ (45,608)</u>	<u>\$ -</u>	<u>\$ 1,403,226</u>
Governmental activities capital assets, net	<u>\$ 1,478,962</u>	<u>\$ (45,608)</u>	<u>\$ -</u>	<u>\$ 1,433,354</u>

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated –				
Land	\$ 26,844	\$ -	\$ -	\$ 26,844
Capital assets being depreciated –				
Buildings and improvements	\$ 59,578	\$ -	\$ -	\$ 59,578
Machinery and equipment	141,714	6,081	-	147,795
Gas and sewer distribution systems	1,910,231	21,318	-	1,931,549
Infrastructure	<u>2,598,810</u>	<u>2,140</u>	<u>-</u>	<u>2,600,950</u>
Total capital assets being depreciated	<u>\$ 4,710,333</u>	<u>\$ 29,539</u>	<u>\$ -</u>	<u>\$ 4,739,872</u>
Less accumulated depreciation for –				
Buildings and improvements	\$ (41,629)	\$ (2,288)	\$ -	\$ (43,917)
Machinery and equipment	(121,123)	(6,605)	-	(127,728)
Gas and sewer distribution systems	(1,439,871)	(59,363)	-	(1,499,234)
Water treatment systems	<u>(1,515,353)</u>	<u>(74,654)</u>	<u>-</u>	<u>(1,590,007)</u>
Total accumulated depreciation	<u>\$ (3,117,976)</u>	<u>\$ (142,910)</u>	<u>\$ -</u>	<u>\$ (3,260,886)</u>
Total capital assets being depreciated, net	<u>\$ 1,592,357</u>	<u>\$ (113,371)</u>	<u>\$ -</u>	<u>\$ 1,478,986</u>
Business-type activities capital assets, net	<u>\$ 1,619,201</u>	<u>\$ (113,371)</u>	<u>\$ -</u>	<u>\$ 1,505,830</u>

Depreciation expense for the year ended June 30, 2018 was charged as follows:

Governmental activities:	
General government	\$ 27,932
Public safety	3,266
Public works	25,465
Culture and recreation	<u>5,426</u>
Total governmental activities depreciation expense	<u>\$ 62,089</u>
Business-type activities:	
Gas, water and sewer	<u>\$ 142,910</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

Revenue Bonds: The Town has issued bonds which are payable from a specific revenue source, income derived from the proprietary fund. Proceeds were used to construct and acquire additions, extensions, and improvements to the sewerage system. These bonds, expected to be paid from the Combined Utility Fund (enterprise fund), are reported in that fund.

Long-term debt outstanding at June 30, 2018 is as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>	<u>Due Within One Year</u>
Business-type activities:					
Sewer Revenue Bonds –					
Series 1997A	04/06/98	04/06/38	4.75%	\$ 428,196	\$ 13,891
Series 1997B	04/06/98	04/06/38	4.75%	<u>68,898</u>	<u>2,233</u>
				<u>\$ 497,094</u>	<u>\$ 16,124</u>

The annual debt service requirements to maturity of all long-term debt outstanding at June 30, 2018 follow:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	16,124	23,369	39,493
2020	16,906	22,586	39,492
2021	17,727	21,765	39,492
2022	18,588	20,904	39,492
2023	19,490	20,002	39,492
2024-2028	112,597	84,863	197,460
2029-2033	142,714	54,746	197,460
2034-2038	<u>152,948</u>	<u>16,914</u>	<u>169,862</u>
	<u>\$ 497,094</u>	<u>\$ 265,149</u>	<u>\$ 762,243</u>

A summary of changes in long-term debt reported in the government-wide financial statements for the year ended June 30, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-type activities:				
Sewer Revenue Bonds -				
Series 1997A	\$ 441,530	\$ -	\$ (13,334)	\$ 428,196
Series 1997B	<u>71,042</u>	<u>-</u>	<u>(2,144)</u>	<u>68,898</u>
	<u>\$ 512,572</u>	<u>\$ -</u>	<u>\$ (15,478)</u>	<u>\$ 497,094</u>

NOTES TO FINANCIAL STATEMENTS

Interest costs incurred and charged to expense for the year ended June 30, 2018 totaled \$24,033, all of which is reported as a direct expense of the applicable activity for the business-type activities.

Note 7. Flow of Funds; Restrictions on Use

Sewer Revenues:

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated April 6, 1998, all income and revenues (hereinafter referred to as revenue) earned from the operation of the sewer system are to be deposited into an account designated as the Sewer Revenue Account and said account is to be maintained and administered in the following order of priority and for the following express purposes:

- a) The payment of all reasonable and necessary expenses of administering, operating, and maintaining the sewer system from an account designated as the Maintenance and Operation Account.
- b) Each month there will be set aside into a Sewer Revenue Bond and Interest Sinking Account \$2,835 for payment on the Sewer Revenue Bonds, Series 1997A and \$456 for payment on the Sewer Revenue Bonds, Series 1997B. Such transfers shall be made on or before the 6th day of each month, beginning May 6, 1999, to assure the prompt payment of principal and interest installments as they become due. The balance as of June 30, 2018 was \$20,589 in the Sewer Revenue Bond and Interest Sinking Account.
- c) Each month, there shall be set aside into a Sewer Revenue Bond Reserve Account an amount constituting 5% of the amounts required to be paid into the aforesaid Sewer Revenue Bond and Interest Sinking Account until such time as there has been accumulated in the account an amount equal to the highest annual debt service payable in any future year (\$39,492). The amount transferred into the Sewer Revenue Bond Reserve Account for the year ended June 30, 2018 was \$1,980. The balance as of June 30, 2018 was \$38,280 in the Sewer Revenue Bond Reserve Account.
- d) Funds will be set aside into a Sewer Revenue Bond Depreciation and Contingency Account to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the utilities system. Transfers of \$172 shall be made monthly into this fund. Payments will continue as long as bonds are outstanding and the balance in this fund shall not be reduced without the permission of the U.S. Department of Rural Development. The balance as of June 30, 2018 was \$39,904 in the Sewer Revenue Bond Depreciation and Contingency Account.

All required transfers were made for the year ended June 30, 2018.

Note 8. Dedication of Sales and Use Tax Proceeds

The proceeds of the 1967 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining sewers and sewage disposal works, a natural gas transmission and distribution system, drainage facilities, streets, waterworks, recreational facilities, public parks, public buildings, and fire department stations and equipment, including fire engines, garbage collection, and disposal facilities.

NOTES TO FINANCIAL STATEMENTS

The proceeds of the 1991 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

- a) Constructing, acquiring, improving, maintaining, and operating sewers and sewage disposal works, including the acquisition of land and equipment for such purpose.
- b) Constructing, acquiring, improving, maintaining, and operating any work of permanent public improvement.

Sales taxes recognized in the governmental fund financial statements under the modified accrued basis of accounting totaled \$213,293, while the amount recognized in the government-wide financial statements under the full accrual basis of accounting totaled \$212,358.

Note 9. Interfund Transfers

Interfund transfers for the year ended June 30, 2018 consist of the following:

	Transfers From			Total
	Sales Tax Fund	Combined Utilities Fund	General Fund	
Transfers to:				
General Fund	\$ 21,681	\$ 1,380	\$ -	\$ 23,061
Combined Utilities Fund	<u>143,808</u>	<u>-</u>	<u>1,399</u>	<u>145,207</u>
Total	<u>\$ 165,489</u>	<u>\$ 1,380</u>	<u>\$ 1,399</u>	<u>\$168,268</u>

Transfers are used to (1) 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 (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town purchases commercial insurance to cover any claims related to these risks.

Note 11. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Town's name. As of June 30, 2018 and 2017, the Town had \$1,127,661 and \$1,025,258, respectively, of deposits with financial institutions for which securities were pledged to cover the excess over Federal Depository Insurance Coverage.

NOTES TO FINANCIAL STATEMENTS

Note 12. Contingencies

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

Note 13. Compensation of Elected Officials

A detail of compensation paid to individual elected officials for the year ended June 30, 2018 follows:

Julia Granger, Mayor	\$11,400
James Bertrand	3,300
Cody Leckelt	3,300
Troy Lantz	3,300
Warren Pousson	3,300
Brenda Prather	<u>3,300</u>
Total	<u>\$27,900</u>

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

TOWN OF IOTA, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes –				
Property	\$ 119,150	\$ 121,385	\$ 122,836	\$ 1,451
Electric franchise	70,000	70,000	56,500	(13,500)
Telephone franchise	1,500	1,500	1,415	(85)
Cable TV franchise	<u>13,000</u>	<u>13,800</u>	<u>13,192</u>	<u>(608)</u>
Total taxes	<u>\$ 203,650</u>	<u>\$ 206,685</u>	<u>\$ 193,943</u>	<u>\$ (12,742)</u>
Licenses and permits –				
Occupational licenses	\$ 15,000	\$ 15,000	\$ 13,584	\$ (1,416)
Insurance licenses	40,000	45,000	45,899	899
Liquor licenses	500	1,300	1,281	(19)
Building permits	<u>1,500</u>	<u>3,000</u>	<u>2,909</u>	<u>(91)</u>
Total licenses and permits	<u>\$ 57,000</u>	<u>\$ 64,300</u>	<u>\$ 63,673</u>	<u>\$ (627)</u>
Intergovernmental –				
Alcoholic beverage tax	\$ 2,400	\$ 2,100	\$ 2,079	\$ (21)
State highway maintenance fees	5,050	5,050	5,050	-
Video poker machine fees	2,700	4,000	3,734	(266)
Grants:				
Federal	41,500	36,000	-	(36,000)
State	<u>-</u>	<u>30,000</u>	<u>30,535</u>	<u>535</u>
Total intergovernmental	<u>\$ 51,650</u>	<u>\$ 77,150</u>	<u>\$ 41,398</u>	<u>\$ (35,752)</u>
Charges for services	<u>\$ 20,000</u>	<u>\$ 11,500</u>	<u>\$ 10,679</u>	<u>\$ (821)</u>
Fines and forfeits	<u>\$ 21,000</u>	<u>\$ 9,385</u>	<u>\$ 8,441</u>	<u>\$ (944)</u>
Investment income	<u>\$ 20</u>	<u>\$ 50</u>	<u>\$ 52</u>	<u>\$ 2</u>
Miscellaneous	<u>\$ 1,000</u>	<u>\$ 650</u>	<u>\$ 1,211</u>	<u>\$ 561</u>
Total revenues	<u>\$ 354,320</u>	<u>\$ 369,720</u>	<u>\$ 319,397</u>	<u>\$ (50,323)</u>

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures:				
Current –				
General government:				
Salaries and wages	\$ 28,000	\$ 28,000	\$ 27,900	\$ 100
Payroll taxes	2,300	2,600	2,134	466
Telephone and utilities	9,985	9,050	8,167	883
Repairs and maintenance	2,500	4,400	4,461	(61)
Printing and postage	3,800	3,800	3,700	100
Insurance	15,000	14,000	12,186	1,814
Professional services	6,500	7,800	10,971	(3,171)
Travel and training	2,500	4,100	4,669	(569)
Collection fees	1,000	700	1,377	(677)
Miscellaneous	<u>700</u>	<u>1,751</u>	<u>1,754</u>	<u>(3)</u>
Total general government	<u>\$ 72,285</u>	<u>\$ 76,201</u>	<u>\$ 77,319</u>	<u>\$ (1,118)</u>
Public safety:				
Salaries and wages	\$ 105,000	\$ 120,000	\$ 111,281	\$ 8,719
Payroll taxes	8,000	12,300	9,983	2,317
Auto lease	8,000	8,000	7,088	912
Materials and supplies	4,350	3,400	3,211	189
Telephone	2,500	3,200	2,971	229
Insurance	20,000	15,700	16,502	(802)
Auto expenses	12,000	16,000	12,846	3,154
Travel and training	800	200	815	(615)
Auxiliary police expenses	1,500	700	691	9
Uniforms	600	3,000	2,962	38
Professional	-	500	501	(1)
Miscellaneous	<u>8,400</u>	<u>7,925</u>	<u>8,082</u>	<u>(157)</u>
Total public safety	<u>\$ 171,150</u>	<u>\$ 190,925</u>	<u>\$ 176,933</u>	<u>\$ 13,992</u>
Public works:				
Materials and supplies	\$ 39,000	\$ 39,500	\$ 28,001	\$ 11,499
Telephone and utilities	20,750	21,000	19,088	1,912
Repairs and maintenance	8,800	3,500	3,525	(25)
Insurance	10,000	6,500	6,599	(99)
Miscellaneous	<u>50</u>	<u>350</u>	<u>341</u>	<u>9</u>
Total public works	<u>\$ 78,600</u>	<u>\$ 70,850</u>	<u>\$ 57,554</u>	<u>\$ 13,296</u>

(continued)

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Culture and recreation:				
Utilities	\$ 2,200	\$ 1,800	\$ 1,744	\$ 56
Capital outlay	\$ -	\$ -	\$ 16,481	\$ (16,481)
Total expenditures	\$ 324,235	\$ 339,776	\$ 330,031	\$ 9,745
Excess (deficiency) of revenues over expenditures	\$ 30,085	\$ 29,944	\$ (10,634)	\$ (40,578)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 23,061	\$ 23,061
Transfers out	-	-	(1,399)	(1,399)
Total financing sources (uses)	\$ -	\$ -	\$ 21,662	\$ 21,662
Net change in fund balance	\$ 30,085	\$ 29,944	\$ 11,028	\$ (18,916)
Fund balance, beginning	316,603	316,462	316,462	-
Fund balance, ending	\$ 346,688	\$ 346,406	\$ 327,490	\$ (18,916)

See Notes to Budgetary Comparison Schedules.

TOWN OF IOTA, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes –				
Sales taxes	\$ 250,000	\$ 210,000	\$ 213,293	\$ 3,293
Investment income	<u>300</u>	<u>200</u>	<u>403</u>	<u>203</u>
Total revenues	<u>\$ 250,300</u>	<u>\$ 210,200</u>	<u>\$ 213,696</u>	<u>\$ 3,496</u>
Expenditures:				
Current –				
General government:				
Collection fees	\$ 3,800	\$ 3,350	\$ 3,684	\$ (52)
Professional services	6,500	7,000	6,167	(167)
Registration and membership fees	<u>1,750</u>	<u>1,850</u>	<u>-</u>	<u>1,850</u>
Total general government	<u>\$ 12,050</u>	<u>\$ 12,200</u>	<u>\$ 9,851</u>	<u>\$ 1,631</u>
Public works:				
Professional services	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ -</u>	<u>\$ 210</u>
Capital outlay	<u>250</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Total expenditures	<u>\$ 12,300</u>	<u>\$ 24,410</u>	<u>\$ 10,569</u>	<u>\$ 13,631</u>
Excess of revenues over expenditures	<u>\$ 238,000</u>	<u>\$ 185,790</u>	<u>\$ 203,127</u>	<u>\$ 17,127</u>
Other financing uses:				
Transfers out	<u>\$ (145,000)</u>	<u>\$ (151,000)</u>	<u>\$ (165,489)</u>	<u>\$ (14,489)</u>
Net change in fund balance	\$ 93,000	\$ 34,790	\$ 37,638	\$ 2,638
Fund balance, beginning	<u>932,782</u>	<u>874,572</u>	<u>874,572</u>	<u>-</u>
Fund balance, ending	<u>\$1,025,782</u>	<u>\$ 909,362</u>	<u>\$ 912,210</u>	<u>\$ 2,638</u>

See Notes to Budgetary Comparison Schedules.

TOWN OF IOTA, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES

Note 1. Budgets and Budgetary Accounting

The Town of Iota, Louisiana uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The department heads submit a proposed operating budget for the ensuing year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of a resolution.
4. An amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Board of Aldermen.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final budget.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures over Appropriations. None of the individual funds had actual expenditures in excess of appropriations for the year ended June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF IOTA, LOUISIANA
 SCHEDULE OF INSURANCE IN FORCE
 June 30, 2018

<u>Insurer</u>	<u>Assets Covered</u>
Liberty Mutual Insurance	Town Hall and improvements
Liberty Mutual Insurance	Water system and improvements
Liberty Mutual Insurance	Equipment warehouses
Liberty Mutual Insurance	Sewer system and improvements
Louisiana Municipal Risk Management Agency	Law enforcement officers' and public officials' liability
Louisiana Municipal Risk Management Agency	Municipal employees
Louisiana Municipal Risk Management Agency	Automobile liability
Louisiana Municipal Risk Management Agency	General liability
Williams Insurance	Mayor, Clerk, Tax Collector, and Secretary
Williams Insurance	Mayor
Williams Insurance	Clerk
Williams Insurance	Secretary
Lloyd's/Lane & Associates	Automobiles

<u>Risk Covered</u>	<u>Limits Coverage</u>	<u>Co-Insurance Clause</u>	<u>Expiration Date</u>
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 767,371	80%	04-12-19
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 1,349,244	80%	04-12-19
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 114,271	80%	04-12-19
Fire, lightning, extended coverage, vandalism, and malicious mischief	\$ 828,188	80%	04-12-19
Bond	\$ 500,000 each	-	05-01-19
Worker's compensation and employer's liability	Statutory	-	05-01-19
Comprehensive collision	\$ 500,000	-	05-01-19
Fire, medical payments, property damage	\$ 500,000	-	05-01-19
Bond	\$ 120,000 (Aggregate Total)	-	10-16-18
Bond	\$ 20,000	-	12-09-18
Bond	\$ 20,000	-	10-28-18
Bond	\$ 20,000	-	11-18-18
Commercial automotive physical damage	Total loss endorsement	-	07-23-18

TOWN OF IOTA, LOUISIANA
 SCHEDULE OF UTILITY RATES
 PROPRIETARY FUND
 COMBINED UTILITIES FUND
 June 30, 2018

<u>Gas (Effective June 26, 2008)</u>		<u>Residential and Commercial</u>
0-200 cubic feet		\$ 8.50/month
Over 200 cubic feet		\$.80 per 100 cubic feet or part thereof
		<u>Industrial</u>
	Water Well/Drier	\$ 8.50/month \$.58 per 100 cubic feet or part thereof
	Water Well-15 oz.	\$ 8.50/month \$.80 per 100 cubic feet or part thereof
<u>Sewer (Effective February 26, 2013)</u>	<u>Residential</u>	<u>Commercial</u>
Based on water sold:		
First 2,000 gallons	\$ 12.50/month	\$ 13.00/month
Over 2,000 gallons	\$ 3.00 per 1,000 gallons or each part thereof	\$ 3.25 per 1,000 gallons or each part thereof
<u>Water (Effective February 26, 2013)</u>		<u>In Town</u>
First 2,000 gallons	\$ 14.00/month	\$ 15.00/month
Over 2,000 gallons	\$ 3.50 per 1,000 gallons or each part thereof	\$ 5.00 per 1,000 gallons or each part thereof
		<u>Out of Town</u>
	\$ 17.50/month	\$ 15.00/month
	\$ 4.00 per 1,000 gallons or each part thereof	\$ 5.00 per 1,000 gallons or each part thereof

TOWN OF IOTA, LOUISIANA
SCHEDULE OF CUSTOMERS
PROPRIETARY FUND
COMBINED UTILITIES FUND
June 30, 2018

<u>Type of Customer</u>	<u>Gas</u>	<u>Sewer</u>	<u>Water</u>
Residential	275	495	543
Commercial	32	80	100
Schools	<u>6</u>	<u>8</u>	<u>3</u>
Total customers	<u>313</u>	<u>583</u>	<u>646</u>

TOWN OF IOTA, LOUISIANA

SCHEDULES OF ALLOCATED ASSETS, LIABILITIES AND NET POSITION
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
 June 30, 2018 and 2017

ASSETS	2018				2017			
	Total	Gas	Water	Sewer	Total	Gas	Water	Sewer
CURRENT ASSETS								
Cash	\$ 109,305	\$ 32,347	\$ 46,295	\$ 30,663	\$ 80,498	\$ 20,264	\$ 36,451	\$ 23,783
Accounts receivable	36,322	11,623	14,166	10,533	37,437	10,482	15,350	11,605
Unbilled service receivable	7,160	2,291	2,793	2,076	8,799	2,464	3,607	2,728
Due from other funds	33,567	10,741	13,092	9,734	10,175	2,849	4,172	3,154
Due from other governmental agencies	-	-	-	-	15,326	-	15,326	-
Inventories, at cost	19,042	6,093	7,427	5,522	18,180	5,090	7,454	5,636
Total current assets	\$ 205,396	\$ 63,095	\$ 83,773	\$ 58,528	\$ 170,415	\$ 41,149	\$ 82,360	\$ 46,906
RESTRICTED ASSETS								
Cash	\$ 158,963	\$ -	\$ 61,538	\$ 97,425	\$ 154,409	\$ -	\$ 61,028	\$ 93,381
Certificates of deposit	46,504	-	46,504	-	46,411	-	46,411	-
Total restricted assets	\$ 205,467	\$ -	\$ 108,042	\$ 97,425	\$ 200,820	\$ -	\$ 107,439	\$ 93,381
CAPITAL ASSETS								
Non-depreciable	\$ 26,844	\$ 8,590	\$ 10,469	\$ 7,785	\$ 26,844	\$ 7,516	\$ 11,006	\$ 8,322
Depreciable, net	1,478,986	227,590	1,024,877	226,519	1,592,357	245,972	1,099,258	247,127
Total capital assets	\$1,505,830	\$236,180	\$1,035,346	\$234,304	\$1,619,201	\$253,488	\$1,110,264	\$255,449
Total assets	\$1,916,693	\$299,275	\$1,227,161	\$390,257	\$1,990,436	\$294,637	\$1,300,063	\$395,736

TOWN OF IOTA, LOUISIANA

SCHEDULES OF ALLOCATED ASSETS, LIABILITIES AND NET POSITION - CONTINUED
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 June 30, 2018 and 2017

LIABILITIES AND NET POSITION	2018				2017			
	Total	Gas	Water	Sewer	Total	Gas	Water	Sewer
CURRENT LIABILITIES								
Accounts payable	\$ 31,837	\$ 10,188	\$ 12,416	\$ 9,233	\$ 24,175	\$ 6,769	\$ 9,912	\$ 7,494
Accrued liabilities	1,553	-	-	1,553	1,534	-	-	1,534
Other liabilities	2,208	707	861	640	1,366	382	561	423
Total current liabilities (payable from current assets)	<u>\$ 35,598</u>	<u>\$ 10,895</u>	<u>\$ 13,277</u>	<u>\$ 11,426</u>	<u>\$ 27,075</u>	<u>\$ 7,151</u>	<u>\$ 10,473</u>	<u>\$ 9,451</u>
CURRENT LIABILITIES								
Revenue bonds payable	\$ 16,124	\$ -	\$ -	\$ 16,124	\$ 15,377	\$ -	\$ -	\$ 15,377
Customers' deposits	108,041	-	108,041	-	107,438	-	107,438	-
Total current liabilities (payable from restricted assets)	<u>\$ 124,165</u>	<u>\$ -</u>	<u>\$ 108,041</u>	<u>\$ 16,124</u>	<u>\$ 122,815</u>	<u>\$ -</u>	<u>\$ 107,438</u>	<u>\$ 15,377</u>
NONCURRENT LIABILITIES								
Revenue bonds payable	\$ 480,970	\$ -	\$ -	\$ 480,970	\$ 497,194	\$ -	\$ -	\$ 497,194
Total liabilities	<u>\$ 640,733</u>	<u>\$ 10,895</u>	<u>\$ 121,318</u>	<u>\$ 508,520</u>	<u>\$ 647,084</u>	<u>\$ 7,151</u>	<u>\$ 117,911</u>	<u>\$ 522,022</u>
NET POSITION								
Net investment in capital assets	\$1,008,737	\$ 236,180	\$1,035,346	\$(262,789)	\$1,106,630	\$253,488	\$1,110,264	\$(257,122)
Restricted for debt service	97,425	-	-	97,425	91,847	-	-	91,847
Unrestricted	171,350	52,200	70,497	47,101	144,875	33,998	71,888	38,989
Total net position	<u>\$1,275,960</u>	<u>\$ 288,380</u>	<u>\$1,105,843</u>	<u>\$(118,263)</u>	<u>\$1,343,352</u>	<u>\$287,486</u>	<u>\$1,182,152</u>	<u>\$(126,286)</u>
Total liabilities and net position	<u>\$1,916,693</u>	<u>\$ 299,275</u>	<u>\$1,227,161</u>	<u>\$ 390,257</u>	<u>\$1,990,436</u>	<u>\$294,637</u>	<u>\$1,300,063</u>	<u>\$ 395,736</u>

TOWN OF IOTA, LOUISIANA

SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES
 BY DEPARTMENT
 COMBINED UTILITIES FUND
 Year Ended June 30, 2018

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:				
Sales	\$ 176,168	\$ 212,340	\$ 156,365	\$ 544,873
Miscellaneous	<u>5,816</u>	<u>7,089</u>	<u>5,271</u>	<u>18,176</u>
Total operating revenues	<u>\$ 181,984</u>	<u>\$ 219,429</u>	<u>\$ 161,636</u>	<u>\$ 563,049</u>
Operating expenses:				
Salaries and wages	\$ 74,760	\$ 91,113	\$ 67,751	\$ 233,624
Payroll taxes	5,577	6,798	5,054	17,429
Gas purchases	78,263	-	-	78,263
Material and supplies	4,093	33,343	10,949	48,385
Fuel	3,497	4,262	3,169	10,928
Telephone and utilities	1,474	13,952	10,515	25,941
Depreciation	2,846	78,122	61,942	142,910
Repairs and maintenance	14,442	8,218	54,829	77,489
Printing, postage and supplies	1,427	1,739	1,293	4,459
Insurance	24,129	29,408	21,867	75,404
Truck expenses	1,153	1,405	1,045	3,603
Professional services	2,361	2,877	2,140	7,378
Traveling and training	1,269	1,546	1,150	3,965
Uniforms	2,537	3,093	2,299	7,929
Other	<u>4,042</u>	<u>4,926</u>	<u>3,663</u>	<u>12,631</u>
Total operating expenses	<u>\$ 221,870</u>	<u>\$ 280,802</u>	<u>\$ 247,666</u>	<u>\$ 750,338</u>
Operating loss	<u>\$ (39,886)</u>	<u>\$ (61,373)</u>	<u>\$ (86,030)</u>	<u>\$ (187,289)</u>

TOWN OF IOTA, LOUISIANA

SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES
BY DEPARTMENT
COMBINED UTILITIES FUND
Year Ended June 30, 2017

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:				
Sales	\$ 147,728	\$ 216,661	\$ 159,626	\$ 524,015
Operating grant	-	-	15,326	15,326
Miscellaneous	<u>5,379</u>	<u>7,877</u>	<u>5,956</u>	<u>19,212</u>
Total operating revenues	<u>\$ 153,107</u>	<u>\$ 224,538</u>	<u>\$ 180,908</u>	<u>\$ 558,553</u>
Operating expenses:				
Salaries and wages	\$ 67,888	\$ 99,407	\$ 75,161	\$ 242,456
Payroll taxes	4,558	6,675	5,047	16,280
Gas purchases	68,181	-	-	68,181
Material and supplies	6,689	22,637	10,895	40,221
Fuel	2,598	3,805	2,877	9,280
Telephone and utilities	1,506	14,646	10,719	26,871
Depreciation	2,613	77,984	60,447	141,044
Repairs and maintenance	14,420	10,838	53,492	78,750
Printing, postage and supplies	1,250	1,829	1,384	4,463
Insurance	22,544	33,011	24,960	80,515
Truck expenses	849	1,244	940	3,033
Professional services	3,094	4,531	3,426	11,051
Travel and training	1,189	1,742	1,317	4,248
Uniforms	2,125	3,112	2,353	7,590
Other	<u>3,358</u>	<u>4,918</u>	<u>3,718</u>	<u>11,994</u>
Total operating expenses	<u>\$ 202,862</u>	<u>\$ 286,379</u>	<u>\$ 256,736</u>	<u>\$ 745,977</u>
Operating loss	<u>\$ (49,755)</u>	<u>\$ (61,841)</u>	<u>\$ (75,828)</u>	<u>\$ (187,424)</u>

TOWN OF IOTA, LOUISIANA

SCHEDULE OF AGED ACCOUNTS RECEIVABLE
PROPRIETARY FUND
COMBINED UTILITIES FUND
Year Ended June 30, 2018

0 - 30 days	\$ 33,101
31 - 60 days	1,940
61 - 90 days	379
91 - 120 days	1,458
Over 120 days	<u>(556)</u>
	<u>\$ 36,322</u>

TOWN OF IOTA, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
Year Ended June 30, 2018

Agency Head: Julia M. Granger, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 11,400
Travel	<u>135</u>
	<u>\$ 11,535</u>

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

To the Honorable Julia M. Granger, Mayor,
and the Board of Aldermen
Town of Iota, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iota, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Iota, Louisiana's basic financial statements and have issued our report thereon dated December 18, 2018.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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 Town of Iota, Louisiana's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs at #2018-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Iota, Louisiana'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 an instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs at #2018-002.

Town of Iota, Louisiana's Response to Findings

The Town of Iota, Louisiana's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's responses were 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 Town of Iota, Louisiana'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose, however, this report is a matter of public record and its distribution is not limited.



Lafayette, Louisiana
December 18, 2018

TOWN OF IOTA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- | | | |
|---|---|--|
| • Material weakness identified | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Significant deficiencies identified
that are not considered to be
material weaknesses | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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Section II. Financial Statement Findings

#2018-001 Segregation of Duties

Condition: The Town does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. This condition was also included in the 2017 audit as item #2017-1.

Criteria: An effective system of internal control requires a proper segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The Town has a limited number of employees within the accounting department.

Effect: Ineffective system of internal controls over financial reporting.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response: We have segregated duties as much as possible with the resources available. We will continue to monitor the situation.

#2018-002 Budget Violation

Condition: For the year ended June 30, 2018, actual revenues fell short of the final budgeted revenues in the General Fund by 14%.

Criteria: LA R.S. 39:1301 – 1315 requires political subdivisions of the state with a general fund or special revenue fund to timely amend the budget when actual revenues are less than budgeted revenues by 5% or more or actual expenditures exceed budgeted expenditures by 5% or more.

Cause: The Town did not properly amend the budget.

Effect: Actual revenues in the General Fund were below budgeted revenues by more than 5%.

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance.

Response: The budget will be monitored to ensure compliance with State law.

Section III. Federal Award Findings and Questioned Costs

None reported.

TOWN OF IOTA, LOUISIANA
SCHEDULE OF PRIOR FINDINGS
Year Ended June 30, 2018

Section I. Internal Control and Compliance Material to the Financial Statements

#2017-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: This finding is repeated in the current year at #2018-001. The Town has provided as much segregation as possible with the resources available.

#2017-2 Budget Violation

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance.

Current Status: This finding is repeated in the current year at #2018-002.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2017.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Julia Mariette Granger, Mayor
and the Board of Aldermen
Town of Iota
Iota, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Town of Iota (Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Town's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

We obtained a copy of their budgeting policy effective for the fiscal year ended June 30, 2018. Items noted above are addressed by the policy.

- 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.

We obtained a copy of their purchasing policy effective for the fiscal year ended June 30, 2018. Items noted above are addressed by the policy, with the exception of how vendors are added to the vendor list.

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

We obtained a copy of their disbursements policy effective for the fiscal year ended June 30, 2018. Items noted above are addressed by the policy.

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

There was no written policy that addressed the above items.

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

There was no written policy that addressed the above items.

- 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.

We obtained a copy of their contracting policy effective for the fiscal year ended June 30, 2018. Items noted above are addressed by the policy.

- 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.

There was no written policy that addressed the above items.

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

We obtained a copy of their travel and expense reimbursement policy effective for the fiscal year ended June 30, 2018. Items noted above are addressed by the policy, with the exception of dollar thresholds by category of expense.

- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:111-1121, (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.

We obtained a copy of their ethics policy effective for the fiscal year ended June 30, 2018. Items noted above are addressed by the policy, with the exception of actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations, and a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

The client did not have a written policy that addressed the above items.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The managing board met at least once a month during fiscal year 2018.

- b. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Budget-to-actual comparisons were not done though out the year unless requested.

- c. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The prior year audit report's unrestricted fund balance for the General Fund was not negative.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

The client misplaced original bank reconciliations. We were able to view completed reconciliations in client's accounting software, although we were unable to tell when the reconciliation was completed. Per client, she prepares bank reconciliations within 2 months of related statement closing date.

- b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations did not include evidence that they were reviewed by a member of management/board member who does not handle cash, post ledger, or issue checks.

- c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

There is only one deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

There is only one collection location.

- a. Employees that are responsible for cash collections do not share cash drawers/registers.

Per inquiry with client, the employee (utility clerk) that is responsible for cash collections does not share cash drawers, except in instances where the utility clerk is out.

- b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The employee (utility clerk) responsible for collecting cash is not responsible for preparing/making bank deposits, except in instances where the utility clerk is out.

- c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employee (utility clerk) responsible for collecting cash is not responsible for posting collection entries to the general ledger, except in instances where the utility clerk is out.

- d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The employee (utility clerk) responsible for reconciling cash collections to the general ledger is not responsible for collecting cash, except in instances where the utility clerk is out.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Employees responsible for collecting cash are bonded.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a. Observe that receipts are sequentially pre-numbered.

Receipts are sequentially pre-numbered.

- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We traced the sequentially pre-numbered receipts, system reports & other related collection documentation to the deposit slips.

- c. Trace the deposit slip total to the actual deposit per the bank statement.

We traced the deposit slip to the actual deposit per the bank statement

- d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

The deposit was made within one business day of receipt at the collection location.

- e. Trace the actual deposit per the bank statement to the general ledger.

We traced the actual deposit per the bank statement to the general ledger.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The Town only has one location that processes payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Yes, at least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b. At least two employees are involved in processing and approving payments to vendors.

Yes, at least two employees are involved in processing and approving payments to vendors.

- c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Yes, the employee responsible for processing payments is prohibited from adding/modifying vendor files.

- d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee responsible for signing checks and the employee who processes payments both mail payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a. Observe that the disbursement matched the related original invoice/billing statement.

The disbursements selected for testing matched the related original invoice/billing statement.

- b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, 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.]

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

- b. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting

documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

- b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

- c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

- d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

- b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

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

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing of all employees and appointed officials during the fiscal year ending June 30, 2018. A representation was obtained from management that the listing was complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

All selected employees documented their daily attendance and leave by clocking in and out when they arrive and left each day.

- b. Observe that supervisors approved the attendance and leave of the selected employees/officials.

Attendance and leave is not approved by supervisors in writing. Leave is verbally approved by the Mayor.

- c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

All leave taken during the pay period was reflected in the entity's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Other than normal hourly wages, there were no other termination benefits paid out to any terminated employee during the fiscal period.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We obtained management's representation that employee and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid and associated forms have been filed by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

4 of the 5 employees selected completed one hour of ethics training during the fiscal period. The 1 employee that did not have documentation was a police officer.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

The Town does not issue an annual ethics policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted in Year 1 testing therefore testing excluded in Year 2.

Management's Response:

Management of the Town concurs with the exceptions identified above and are working to address them.

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 control and compliance 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 control and compliance 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.

A handwritten signature in black ink, appearing to read "Raymond P. P. P." with a stylized flourish at the end.

Lafayette, Louisiana
December 18, 2018