

VILLAGE OF RICHMOND, LOUISIANA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017
With
INDEPENDENT AUDITOR'S REPORT

VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA

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RICHMOND, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of
The Board of Aldermen
Village of Richmond
Richmond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Richmond, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

The Honorable Mayor, and Members of
The Board of Aldermen
Village of Richmond
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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 of the Village of Richmond, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 and the budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of 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 Village's basic financial statements. The supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements.

The Honorable Mayor, and Members of
The Board of Aldermen
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The other supplemental information listed in the table of contents is the responsibility of management and was 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 standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Richmond's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, benefits, and other payments to agency head on page 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated December 8, 2017, on our consideration of the Village of Richmond, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Richmond, Louisiana's internal control over financial reporting and compliance.

The Halford Firm, PLLC

Vicksburg, Mississippi
December 8, 2017

REQUIRED SUPPLEMENTARY INFORMATION

PART I

VILLAGE OF RICHMOND
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of Richmond, Louisiana's financial performance provides an overview of the Village's financial activities for the year ended June 30, 2017. Please review it in conjunction with the Village's basic financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The Village's net position increased \$314,370 as a result of this year's operations. This increase is due mainly to an increase in sales tax revenue and reduced expenses in general government and public works. The increase in sales tax revenue resulted from \$253,000 of sales tax collected in the Village that was remitted to the City of Tallulah in error and has now been recorded as revenue in the Village.

During the year, the Village had total expenditures of \$468,569 in governmental funds, most of which was for general government.

Total general fund revenue for the Village for the current year was \$788,112. This was an increase of \$260,990 from the previous year. This increase is primarily the result of the collection of sales tax remitted to the City of Tallulah in error being corrected.

Total general fund expenditures were \$405,309 or \$15,747 less than the prior year. The decrease in expenditures was primarily a decrease in general government.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the Village of Richmond's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and illustrate a longer-term view of the Village's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The government-wide financial statements provide short-term and long-term information about the Village's financial statements as a whole.

The Village of Richmond's government-wide financial statements include a Statement of Net position (page 8) and Statement of Activities (page 9), which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the Statement of Net Position is to report all of the assets held and liabilities owed by the Village using the full accrual basis of accounting. The Village reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred.

The difference between the Village's total assets and total liabilities is reported as net position and this difference is similar to the total owner's equity presented by a commercial enterprise. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating.

The purpose of the Statement of Activities is to present the revenues and expenses of the Village. Again, the items presented on the Statement of Activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the Village. Thus, revenues are reported even though they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Richmond, Louisiana, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village adopts an annual budget for all funds. A budgetary comparison statement is provided to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's performance.

REPORTING ON THE VILLAGE OF RICHMOND AS A WHOLE

The table on the following page reflects a condensed statement of the Village's net position as of June 30, 2017, and 2016.

Management's Discussion and Analysis
Page Three

CONDENSED STATEMENT OF NET POSITION
Years Ended June 30, 2017, and 2016

	2017	2016
Assets		
Current and other assets	\$ 986,026	\$ 805,775
Capital assets, net of accumulated depreciation	425,912	474,078
Total Assets	<u>1,411,938</u>	<u>1,279,853</u>
Liabilities		
Current and other liabilities	93,555	236,840
Long-term debt	636,000	675,000
Total Liabilities	<u>729,555</u>	<u>911,840</u>
Net Position		
Invested in capital assets, net of related debt	425,912	474,078
Unrestricted	256,471	(106,065)
Total Net Position	<u>\$ 682,383</u>	<u>\$ 368,013</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Richmond, assets exceed liabilities at the close of the fiscal year, by \$682,383 in 2017, and \$368,013 in 2016. Of these amounts \$425,912, or 62%, and \$474,078, or 100% of the total net position, represent the investment of the Village in capital assets net of related debt. Net position of \$256,471 for 2017, and \$(106,065) for 2016, which are technically unrestricted, need to be viewed in light of information in the fund financial statements.

The following table reflects the condensed Statement of Activities:

CONDENSED STATEMENT OF ACTIVITIES
Years Ended June 30, 2017, and 2016

	2017	2016
Revenues		
Taxes	\$ 674,530	\$ 413,545
Recreation	17,893	31,238
License & permits	45,040	26,295
Interest income	1,378	1,690
Public works	42,377	32,850
Other	10,705	23,199
Total	<u>791,923</u>	<u>528,817</u>
Expenses		
General government	265,066	302,542
Public safety	60,447	56,402
Public works	116,554	180,141
Recreation	35,486	35,956
Total	<u>477,553</u>	<u>575,041</u>
Change in Net Position	314,370	(46,224)
Net Position - beginning	<u>368,013</u>	<u>414,237</u>
Net Position - ending	<u>\$ 682,383</u>	<u>\$ 368,013</u>

As reported in the Statement of Activities, the cost of governmental activities for 2017 and 2016 was \$477,553 and \$575,041, respectively.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2017, combined governmental fund balances of \$930,930 showed an increase of \$319,550 from June 30, 2016.

Budgetary Highlights

The Village's budget is prepared according to Louisiana law.

A budgetary comparison schedule showing the Village of Richmond's budget compared with actual operating results is provided in the report that follows.

Economic Factors and Next Year's Budgets

The Village considered many factors when setting the 2018 budget.

Revenues and expenditures of the Village's funds are expected to remain fairly consistent with the 2017 fiscal year except for a reduction in sales tax revenue and a small increase in sewer fees.

Capital Assets and Debt Administration

Capital assets. The Village's capital assets for its governmental activities as of June 30, 2017, amounts to \$425,912 (net of accumulated depreciation). This investment includes land, buildings, sewer plant, furniture, equipment, and automobiles. The decrease in capital assets for the year was \$48,166.

CONTACTING THE VILLAGE'S MANAGEMENT

This financial report is designed to provide a general overview of the Village of Richmond's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact the Village's Office at 598 Wood Street, Richmond, Louisiana 71282.

BASIC FINANCIAL STATEMENTS

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Funds</u>
Assets	
Cash and cash equivalents	\$ 601,882
Investments	317,202
Accounts receivable	66,693
Interest receivable	174
Other assets	75
Capital assets - net	425,912
Total Assets	<u>1,411,938</u>
Liabilities	
Accounts payable	43,098
Payroll taxes payable	3,574
Accrued interest payable	7,883
Noncurrent Liabilities:	
Due within one year	39,000
Due in more than one year	636,000
Total Liabilities	<u>729,555</u>
Net Position	
Invested in capital assets, net of related debt	425,912
Unrestricted	256,471
Total Net Position	<u>\$ 682,383</u>

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

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expenses) Governmental Activities
		Charges for Services	Capital Grants	Operating Grants	
General government	\$ 265,066	\$ -	\$ -	\$ -	\$ (265,066)
Public safety	60,447	-	-	-	(60,447)
Public works	116,554	42,377	-	-	(74,177)
Recreation	35,486	17,893	-	-	(17,593)
Total Government Activities	\$ 477,553	\$ 60,270	\$ -	\$ -	(417,283)

General Revenues:

Sales tax and video poker	548,700
Property taxes	104,224
Franchise taxes	21,606
License & permits	45,040
Building rent	10,442
Interest income	1,378
Other revenue	263
Total General Revenues	731,653
 Change in Net Position	 314,370
 Net Position, beginning	 368,013
 Net Position, ending	 \$ 682,383

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

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017**

ASSETS	Governmental Fund Types		Total Governmental Funds
	General	Capital Projects Fund	
Assets			
Cash & cash equivalents	\$598,775	\$ 3,107	\$ 601,882
Investments	317,202	-	317,202
Accounts receivable	58,269	-	58,269
Interest receivable	174	-	174
Other assets	75	-	75
Total Assets	974,495	3,107	977,602
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	43,098	-	43,098
Payroll tax payable	3,574	-	3,574
Total Liabilities	46,672	-	46,672
Fund Balance			
Assigned fund balance	-	3,107	3,107
Unassigned fund balance	927,823	-	927,823
Total Fund Balance	927,823	3,107	930,930
Total Liabilities & Fund Equity	\$974,495	\$ 3,107	\$ 977,602

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

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds		\$ 930,930
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		425,912
Receivables collected more than 60 days after year end are not recorded on governmental funds.		8,424
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	(7,883)	
Bond payable	<u>(675,000)</u>	
		<u>(682,883)</u>
Net Position of Governmental Activities		<u><u>\$ 682,383</u></u>

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

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals</u>
Revenue			
Taxes:			
Property	\$ 104,224	\$ -	\$ 104,224
Sales tax and video poker	548,700	-	548,700
Franchise	21,606	-	21,606
Sewer fees	38,573	-	38,573
Licenses & permits	45,040	-	45,040
Rent	10,442	-	10,442
Interest	1,376	2	1,378
Other revenue	18,151	5	18,156
Total revenue	<u>788,112</u>	<u>7</u>	<u>788,119</u>
Expenditures			
Current:			
General government	257,666	-	257,666
Public safety	48,558	-	48,558
Public works	75,983	-	75,983
Recreation	23,102	-	23,102
General Obligation Bond:			
Principal payment	-	39,000	39,000
Interest expense	-	24,260	24,260
Total expenditures	<u>405,309</u>	<u>63,260</u>	<u>468,569</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>382,803</u>	<u>(63,253)</u>	<u>319,550</u>
Other Financing Sources (Uses)			
Transfers in	-	63,260	63,260
Transfers out	<u>(63,260)</u>	<u>-</u>	<u>(63,260)</u>
Total Other Financing Sources (Uses)	<u>(63,260)</u>	<u>63,260</u>	<u>-</u>
Net Change in Fund Balance	319,543	7	319,550
Fund Balance - Beginning	<u>608,280</u>	<u>3,100</u>	<u>611,380</u>
Fund Balance - Ending	<u>\$ 927,823</u>	<u>\$ 3,107</u>	<u>\$ 930,930</u>

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

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

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

Net Change in Fund Balances, Total Governmental Funds	\$ 319,550
Governmental funds report capital outlay 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. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(48,166)
Receivables collected more than 60 days from the Balance Sheet date are not recorded as income on governmental funds financial statements, but are on the Statement of Activities.	
Net change in amount	3,804
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Bond principal payments	39,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in accrued interest payable	182
Change in Net Position of Governmental Activities	\$ 314,370

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

NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

INTRODUCTION

The Village of Richmond, Louisiana (hereafter referred to as the Village) was created under the provisions of the Lawrason Act, Louisiana Revised Statute 33:321, August 28, 1973. Therefore, it operates under a Mayor - Board of Aldermen form of government.

The Mayor and three Alderpersons are elected at large every four years by the citizens of the Village.

The purpose of the municipality is to promote the general welfare, safety, health, peace, good order, comfort, convenience, and morals of its inhabitants.

The Village is situated in the northwest part of Madison Parish with a population of 604 persons. Within the boundaries are approximately 16 miles of roads maintained by the Village. It is currently servicing 165 sewer customers and employs 6 people.

GASB Statement No.14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No.14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Village does not have oversight of any other component units and therefore, no other government unit is included in the Village's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Capital Projects Fund** accounts for grants and bonds that are designated for capital projects.

C. Cash and Cash Equivalents

Cash includes amounts in demand deposits. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principle offices in Louisiana. Certificates of deposit with maturities of 90 days or less are classified as cash equivalents, and those maturities exceeding 90 days are classified as investments,

D. Investments

Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Village are certificates of deposit held at local banks and the fair value is determined by the face value of the certificate.

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**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Capital Assets

Under GASB Statement No. 34, capital assets, which include buildings, other improvements, machinery and equipment, vehicles, and furniture and fixtures, are reported and depreciated in the applicable governmental or business-type activities column of the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund statements.

As permitted by GASB Statement No. 34, the Village has elected not to capitalize infrastructure assets retroactively such as streets, sidewalks, drainage, and street lighting.

All purchased capital assets are recorded at cost. Donated capital assets are valued at fair market value at date of gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Interest is capitalized on funds used during construction of projects acquired with bonds.

Capital assets are depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Sewerage System	40 years
Office Equipment	5 to 10 years
Equipment	5 to 20 years
Vehicles	5 years

F. Fund Equity

Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance - amounts that are not in 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 provision, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Mayor/Board of Aldermen). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - amounts the Village intends to use for a specific purpose. Intent is expressed by the Mayor/Board of Aldermen.

-continued

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. Fund Equity - continued

Unassigned Fund Balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Village 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 Mayor/Board of Aldermen 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).

G. Property Taxes

Ad valorem taxes were levied for 2017 at 5.80 mills for property tax and 14.70 mills for street improvements. These taxes, which attach as enforceable liens on property as of January 1, are levied in October, become due on receipt and until December 31, and become delinquent on January 1 of the following year. The taxes are generally collected in December of the current year and January and February of the following year.

H. Compensated Absences

Employees of the Village do not accrue or "carry forward" vacation or sick pay from year to year. As such, there is no liability for compensated absences.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. The estimates are the responsibility of management. Actual results can differ from those estimates.

J. Retirement Plan

The Village is not a participant in a retirement plan.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017 – continued**

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2017, the Village had cash and cash equivalents totaling \$601,882 as follows:

Petty cash	\$	100
Demand deposits		18,176
Interest bearing demand deposits		583,606
Total		<u>\$ 601,882</u>

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

Although the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district attorney that the fiscal agent has failed to pay deposited funds upon demand.

As of June 30, 2017, the book balance of the Village's deposits was \$601,882, and the bank balance was \$602,494. Of the bank balance, \$274,359 was covered by federal deposit insurance and \$328,135 by pledged securities.

NOTE 3 – INVESTMENTS

At June 30, 2017, the Village's investments were as follows:

	Carrying Amount	Market Value
Guaranty Bank and Trust Certificate of Deposit	\$ 134,561	\$ 134,561
Capital One Certificate of Deposit	<u>182,641</u>	<u>182,641</u>
Total	<u>\$ 317,202</u>	<u>\$ 317,202</u>

Of the \$317,202 of certificates of deposit, \$182,641 was secured from risk by federal deposit insurance and \$134,561 by pledged securities.

-continued

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017 – continued**

NOTE 4 – FIXED ASSETS

The changes in capital assets are as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities:				
Land	\$ 66,086	\$ -	\$ -	\$ 66,086
Building and improvements	172,174	-	-	172,174
Police equipment	61,043	-	-	61,043
Tractors	45,666	-	-	45,666
Mosquito equipment	44,742	-	-	44,742
Sewer plant and improvements	621,039	-	-	621,039
Equipment-Sewer	51,659	-	-	51,659
Ball park	105,437	-	-	105,437
Other equipment	131,448	-	-	131,448
	<u>1,299,294</u>	-	-	<u>1,299,294</u>
Total Capital Assets	1,299,294	-	-	1,299,294
Less: Accumulated depreciation	<u>(825,216)</u>	<u>(48,166)</u>	-	<u>(873,382)</u>
Net Capital Assets - governmental activities	<u>\$ 474,078</u>	<u>\$ (48,166)</u>	<u>\$ -</u>	<u>\$ 425,912</u>

NOTE 5 – LITIGATION AND CLAIMS

The Village of Richmond is not a defendant in any litigation or aware of any claims at June 30, 2017. However, the Village has filed a lawsuit against the Town of Tallulah in an attempt to recover \$253,000 of sale tax revenue was collected Tallulah in error. Currently, the Village of Richmond (on legal council's advice) is holding \$274,575 of sales tax and video from business in the corporate limits of the Village of Richmond but remitted to the Town of poker revenue collected from the Love's Truck Stop that's under normal conditions suit would be owed to the Town of Tallulah. These funds are reported on the Village's financial statements as follows:

Cash	\$ 274,575
Accounts payable	<u>(21,575)</u>
Net	<u>\$ 253,000</u>

Also, (on legal counsel's advice) the Village has included the \$253,000 in current year revenue.

-continued

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017 – continued**

NOTE 6 – GENERAL LONG-TERM OBLIGATION

The Village issued \$790,000 of General Obligation Bonds, dated March 11, 2014, for the purpose of overlaying and improving public streets. The bonds bear interest at 3.42799%, and are payable in semi-annual installments on March 1 and September 1 until maturity on March 1, 2031. The Village passed an ad valorem tax increase which is restricted for repayment of the bonds

The debt service requirement to amortize the bonds outstanding at June 30, 2017 is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	39,000	23,714	62,714
2019	40,000	23,070	63,070
2020	41,000	22,271	63,271
2021	42,000	21,348	63,348
2022	43,000	20,298	63,298
2023-2027	237,000	80,577	317,577
2028-2031	233,000	28,313	261,313
Total	\$ 675,000	\$ 219,591	\$ 894,591

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 8, 2017, the date the financial statements were available to be issued, and has determined that no additional disclosures are necessary.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budget Original	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes- general	\$ 22,000	\$ 25,859	\$ 3,859
Property taxes- fire protection	11,000	12,923	1,923
Street improvement tax	60,000	65,442	5,442
Franchise tax	19,900	21,606	1,706
Occupational licenses	25,000	45,040	20,040
Sewer fees	30,000	38,573	8,573
Building rent	1,500	3,000	1,500
Civic Center rent	8,500	7,442	(1,058)
Interest	253	1,376	1,123
Other	31,500	18,151	(13,349)
Sales tax & video poker	270,000	548,700	278,700
Total Revenues	479,653	788,112	308,459
Expenditures			
Current - General Government			
Salaries	165,000	180,028	(15,028)
Advertising	3,300	1,212	2,088
Bank, bond & court fees	575	445	130
Contract labor	11,000	8,425	2,575
Fire protection service	6,000	6,000	-
Dues & subscriptions	7,000	2,091	4,909
Fuel & oil	11,000	5,525	5,475
Police car expense	2,100	285	1,815
Insurance	30,000	29,025	975
Legal & accounting	18,000	11,961	6,039
Office expense	11,500	5,214	6,286
Postage	600	585	15
Repairs & maintenance	79,500	43,424	36,076
Police supplies	1,500	2,152	(652)
Supplies	10,500	20,322	(9,822)
Supplies - mosquito control	3,000	3,452	(452)
Richmond Sports Complex	25,000	23,102	1,898
Miscellaneous	4,000	81	3,919
Payroll taxes	30,000	13,750	16,250
Telephone	8,100	7,502	598
Travel	1,050	2,640	(1,590)
Utilities	38,000	38,088	(88)
Capital outlay	26,500	-	26,500
Total expenditures	493,225	405,309	87,916
Excess (Deficiency) of Revenue Over Expenditures	(13,572)	382,803	396,375
Other Financing Sources (Uses)			
Operating transfers out	(73,358)	(63,260)	10,098
Total other financing sources (uses)	(73,358)	(63,260)	10,098
Net Change in Fund Balance	(86,930)	319,543	406,473
Fund Balance - beginning	608,280	608,280	-
Fund Balance - ending	\$ 521,350	\$ 927,823	\$ 406,473

OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
FOR THE YEAR ENDED JUNE 30, 2017**

The following information is provided in compliance with House Concurrent Resolution No. 54 of the Louisiana Legislature.

<u>Name</u>	<u>Amount</u>
Mayor Olga Butler	\$ 34,012
Alderman Lamar Walters	4,500
Alderwoman Margaret Leoty	4,500
Alderman Lester McIntyre	<u>4,500</u>
Total	<u>\$ 47,512</u>

VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS,
OTHER PAYMENTS TO AGENCY HEAD
JUNE 30, 2017

Olga Butler, Mayor

Salary & expense	\$ 36,614
Reimbursement	<u>124</u>
Total	<u><u>\$ 36,738</u></u>

**COMPLIANCE REPORTING AND OTHER SCHEDULES REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members
American Institute of
Certified Public Accountants

Mississippi Society of
Certified Public Accountants

Louisiana Society of
Certified Public Accountants

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

Honorable Mayor and Members
Of the Board of Aldermen
Village of Richmond, Louisiana

We have audited the financial statements of the Village of Richmond as of and for the year ended June 30, 2017, and have issued our report thereon dated December 8, 2017. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Richmond's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 17-01 that we consider to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Richmond'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 no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Village of Richmond, management, others within the organization, and applicable State Auditors and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

The Halford Firm, PLLC

December 8, 2017

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the annual financial statements of the Village of Richmond, Louisiana.
2. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.
3. One significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

FINDINGS - FINANCIAL STATEMENTS AUDIT

17-01- Segregation of Duties

Finding:

During our audit we noted that the size of the Village of Richmond and the limited number of employees does not permit an adequate segregation of employee duties for effective internal control. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Recommendation:

To the extent that it is practical to do so, management should segregate employee duties and perform supervisory reviews.

Response: Based on the size of the office staff, it is not feasible to add additional personnel to achieve complete segregation of duties.

**VILLAGE OF RICHMOND, LOUISIANA
RICHMOND, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

There were no prior findings.

**STATEWIDE
AGREED-UPON PROCEDURES**

THE HALFORD FIRM, PLLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of The Village of Richmond
and the Louisiana Legislative Auditor,

We have performed the procedures enumerated below, which were agreed to by the Village of Richmond and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016, through June 30, 2017. The Village of Richmond's management is responsible for those C/C areas identified in the SAUPs.

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

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a.) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
There were no written policies and procedures.
 - 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.
There were no written policies and procedures.

- c) **Disbursements**, including processing, reviewing, and approving
There were no written policies and procedures.
- d) **Receipts**, including receiving, recording, and preparing deposits
There were no written policies and procedures.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
There were no written policies and procedures.
- 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
There were no written policies and procedures.
- g) **Credit Cards (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 were no written policies and procedures.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
There were no written policies and procedures.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-11121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirements that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
Note: Ethics requirements are not applicable to nonprofits.
There were no written policies and procedures.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
There were no written policies and procedures.

Board (or Finance Committee, if applicable)

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

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

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly with a quorum present.

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

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not reference monthly budget-to-actual comparisons for the major funds.

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

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not reference monthly budget-to-actual comparisons for the major funds.

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

Obtained and reviewed the minutes of the managing board for the fiscal period noting that there were approvals of contracts/disbursements for at least one meeting during the year.

Bank Reconciliations

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

Obtained is listing of client bank accounts from management and management's representation that listing is complete.

4. Using the listing provided by management, select all of the entity's bank account (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
The bank reconciliations prepared for all accounts examined did not have evidence of management review.
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.
Obtained bank statements and reconciliations for all months in the fiscal period. There were no reconciling items that have been outstanding more than 6 months.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
Obtained listing of cash collection locations and management's representation that listing is complete.
- 6. Using the listing provided by management, select all of the entity's cash collection locations (if 5 locations or less) or one third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.*
For each cash collection location selected:
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
The person responsible for collecting cash is bonded and is not responsible for depositing cash in the bank, recording the transaction, reconciling the bank account and does not share a drawer with another person. There was not any written documentation.

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

There is no formal process to reconcile cash collections to the general ledger by revenue source by a person who is not responsible for cash collections.

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

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

Collection documentation was obtained and does not address the functions noted above.

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

Collection documentation was obtained and does not address the functions noted above.

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

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

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

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursements population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursements population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens;/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
The entity does not have requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
The entity does not have requisition/purchase order system.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
All items were approved by the Mayor, but the entity does not have purchase order system.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
The entity does not have an approved vendor list.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
The person with signatory authority is responsible for initiating purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
The supply of unused checks is stored in an unlocked location and persons with signatory have access to those checks.

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

No signature stamp or machine is utilized.

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

Listing of active credit cards, bank debit cards, fuel cards and name of persons who maintain possession of cards and management's representation that the listing is complete was obtained.

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

Listing was obtained and only included one card.

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

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

There was no evidence or indication that monthly statements or supporting documentation were reviewed or approved.

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

No finance charges or late fees were noted.

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

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

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

Monthly statements were obtained and address the functions noted above.

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

Monthly statements were obtained and do not address the functions noted above.

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

No written policies were available. Purchase orders were not utilized.

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

No written purchasing/disbursement policies available. Transactions examined did not require solicitation of bids or quotes.

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

No exceptions noted.

Travel and Expense Reimbursement

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

Acquired general ledger of travel reimbursements and obtained management's representation that the general ledger was complete.

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

No written policies were noted.

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

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

Expenses did not exceed GSA rates.

- b) Report whether each expense is supported by:

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

No exceptions noted.

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

No exceptions noted.

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

No written policy noted.

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

No exceptions noted.

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

Transactions were not approved in writing by someone other than the person receiving the reimbursement.

Contracts

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

There were no contracts in effect during the fiscal period per representation of management.

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

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

Not applicable.

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

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

Not applicable

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

Payroll and Personnel

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

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

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

No employment contract or pay rate schedules were available.

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

No changes were made to hourly pay rates/salaries during the fiscal period.

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

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

Documentation of daily attendance and leave was available for only hourly employees.

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

Employee's leave examined did not have written approval for the one employee selected.

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

No exceptions noted.

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

No terminations noted.

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

No exceptions noted.

Ethics (excluding nonprofits)

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

No exceptions noted.

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

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

Debt Service (excluding nonprofits)

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

No debt issued during the fiscal period.

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

No exceptions noted.

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

Millage collections did not exceed debt service payment by 10%

Other

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

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

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

Required notice was posted on the entity's premises. Entity does not maintain a website.

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

No exceptions noted.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and 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.

The Halford Firm, PLLC

Vicksburg, Mississippi
December 8, 2017