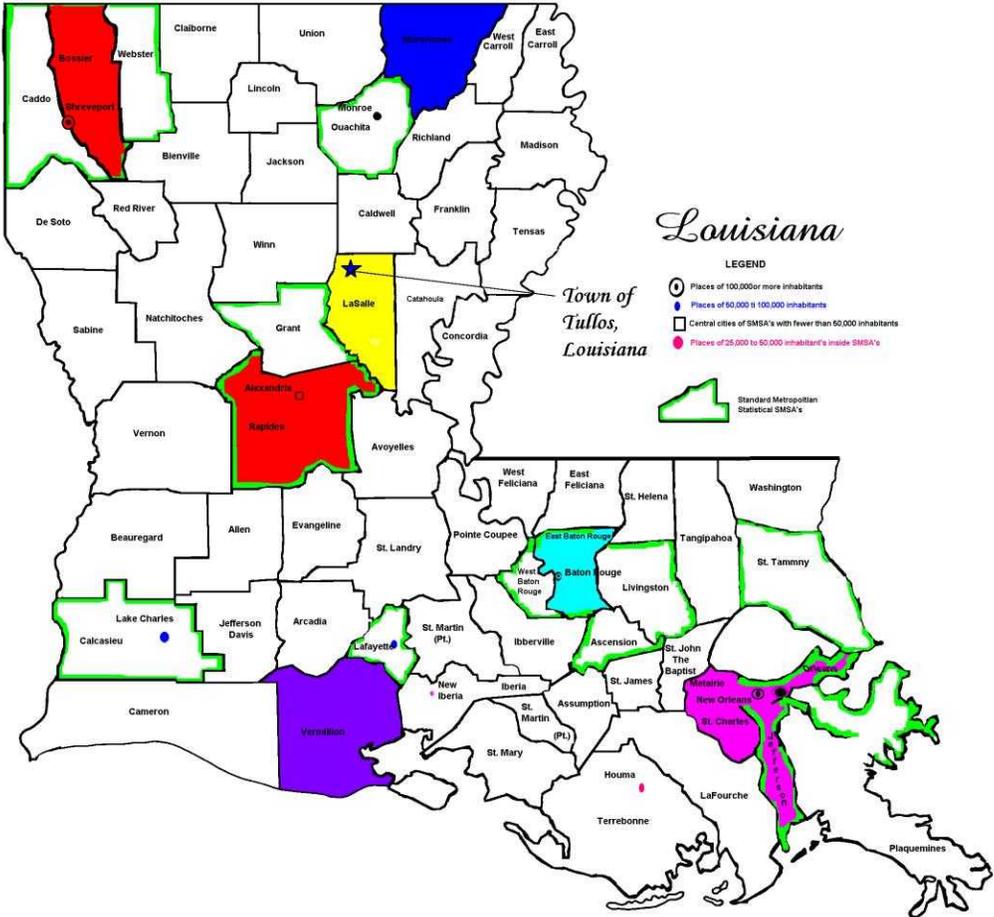


TOWN OF TULLOS, LOUISIANA

Annual Financial Statements

June 30, 2019

TOWN OF TULLOS, LOUISIANA



✓ The Town of Tullos was incorporated under the Lawrason Act, and operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

TOWN OF TULLOS, LOUISIANA
Table of Contents
June 30, 2019

	Statement	Page No.
Independent Auditor’s Report.....		1-3
Management’s Discussion & Analysis.....		4-10
Basic Financial Statements		
Statement of Net Position.....	A	12
Statement of Activities.....	B	13
Balance Sheet, Governmental Funds.....	C	14
Reconciliation of the Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	15
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	E	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	17
Statement of Net Position, Proprietary Funds.....	G	18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	H	19
Statement of Cash Flows-Proprietary Funds.....	I	20
Statement of Net Position-Fiduciary Fund.....	J	21
Notes to the Basic Financial Statements.....		22-33
Required Supplemental Information		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....		35
Other Information		
Schedule of Compensation and Other Payments to Agency Head or Chief Executive Officer.....		37
Other Reports		
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 <i>Government Auditing Standards</i>		39-40
Schedule of Findings and Questioned Cost.....		41-44
Management’s Corrective Action.....		45-46
Management Letter Comments.....		47
Management’s Summary of Prior Year Findings.....		48-49
Louisiana State-Wide Agreed Upon Procedures.....		50-60

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Association of
Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

Honorable Karla Cockerham, Mayor
Town of Tullos
PO Box 749
Tullos, LA 71479

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Town of Tullos, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. 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, and the aggregate remaining fund information of the Town of Tullos, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Tullos's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and relate 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 Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2019, on our consideration of the Town of Tullos's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tullos's internal control over financial reporting and compliance.

The Vercher Group

December 3, 2019
Jena, Louisiana

Town of Tullos

PO Box 749
Tullos, Louisiana 71479
Tel: (318) 534-6499

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Tullos's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$808,620 (*net position*). This is a \$50,298 decrease from last year.
- The Town had total revenue of \$344,635 in which \$269,238 came from fines. This is a \$23,430 decrease from last year's revenues, mainly due to a decrease in capital contributions in the amount of \$15,382.
- The Town had total expenditures of \$337,066, which is an \$8,649 decrease from last years. This decrease is due mainly to a decrease in police expense in the amount of \$21,916.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$2,037,583 (*net position*). This is an \$171,923 decrease from last year.
- The Town had total revenue of \$279,953, including operating revenues of \$279,928, non-operating revenues of \$25, and capital contributions of \$-0-. This is a \$42,083 decrease from last year. This decrease is due mainly to a decrease in charges for services in the amount of \$25,770 and a decrease in capital contributions in the amount of \$20,500.
- The Town had total expenses of \$473,128. This is an \$123,793 increase from last year. An increase in the cost of sales and services in the amount of \$109,202 is the main cause of this increase.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

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

USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our accountant has provided assurance in his independent accountant's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the accountant regarding the other information included in this report. A user of this report should read the independent accountant's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
ASSETS			
Cash & Investments	\$ 164,985	\$ 145,632	-11.7
Receivables	26,795	25,465	-5.0
Restricted Assets	-0-	-0-	0.0
Capital Assets, Net of Accumulated Depreciation	722,332	670,651	-7.2
TOTAL ASSETS	<u>914,112</u>	<u>841,748</u>	-7.9
LIABILITIES & NET POSITION			
Accounts, Salaries, & Other Payables	9,897	2,897	-70.7
Notes Payable – Current	14,977	14,555	-2.8
Notes Payable – Non Current	30,320	15,676	-48.3
TOTAL LIABILITIES	<u>55,194</u>	<u>33,128</u>	-40.0
NET POSITION			
Net Investment in Capital Assets	677,035	640,420	-5.4
Restricted	5,420	7,310	34.9
Unrestricted	176,463	160,890	-8.8
TOTAL NET POSITION	<u>\$ 858,918</u>	<u>\$ 808,620</u>	-5.9

MD&A

GOVERNMENTAL FUNDS

Comparative Changes in Fund Balances

The following table reflects the Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
REVENUES			
Fees & Charges	\$ 44,908	\$ 50,142	11.7
Taxes	18,350	16,471	-10.2
Fines	275,804	269,238	-2.4
Intergovernmental – Capital Grants	15,382	-0-	-100.0
Donations	5,481	-0-	-100.0
Other	8,140	8,784	7.9
TOTAL REVENUES	<u>368,065</u>	<u>344,635</u>	-6.4
EXPENDITURES			
Administrative	43,062	49,111	14.1
Operations	100,972	133,917	32.6
Police Expense	158,953	137,037	-13.8
Debt Service	18,418	-0-	-100.0
Capital Outlay	24,310	17,001	-30.1
TOTAL EXPENDITURES	<u>345,715</u>	<u>337,066</u>	-2.5
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>22,350</u>	<u>7,569</u>	-66.1
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(45,778)</u>	<u>(21,252)</u>	-53.6
TOTAL OTHER FINANCING SOURCES (USES)	<u>(45,778)</u>	<u>(21,252)</u>	-53.6
NET CHANGE IN FUND BALANCE	(23,428)	(13,683)	-41.6
FUND BALANCES--BEGINNING	205,311	181,883	-11.4
FUND BALANCES--ENDING	<u>\$ 181,883</u>	<u>\$ 168,200</u>	-7.5

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
ASSETS			
Cash	\$ 177,004	\$ 101,526	-42.7
Receivables	24,948	25,378	-15.3
Restricted Assets	21,840	23,050	5.5
Capital Assets, Net of Accumulated Depreciation	<u>2,465,783</u>	<u>2,361,817</u>	-4.2
TOTAL ASSETS	<u><u>2,689,575</u></u>	<u><u>2,511,771</u></u>	-6.6
LIABILITIES AND NET POSITION			
Accounts, Salaries, & Other Payables	102,903	95,812	-6.9
Customer Deposits	21,840	23,050	5.5
URAF Funding	<u>355,326</u>	<u>355,326</u>	0.0
TOTAL LIABILITIES	<u><u>480,069</u></u>	<u><u>474,188</u></u>	-1.2
NET POSITION			
Net Investment in Capital Assets	2,110,457	2,006,491	-4.9
Restricted	-0-	-0-	0.0
Unrestricted	<u>99,049</u>	<u>31,092</u>	-68.6
TOTAL NET POSITION	<u><u>\$ 2,209,506</u></u>	<u><u>\$ 2,037,583</u></u>	-7.8

MD&A

ENTERPRISE FUNDS

Comparative Changes in Net Position

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2019:

	<u>2018</u>	<u>2019</u>	<u>% Change</u>
OPERATING REVENUES			
Charges for Services	\$ 301,168	\$ 275,398	-8.6
Other	319	4,530	1,320.1
TOTAL OPERATING REVENUES	<u>301,487</u>	<u>279,928</u>	-7.2
OPERATING EXPENSES			
Cost of Sales & Services	199,894	309,096	54.6
Administration	45,205	60,067	32.9
Depreciation	104,236	103,965	-0.3
TOTAL OPERATING EXPENSES	<u>349,335</u>	<u>473,128</u>	35.4
OPERATING INCOME (LOSS)	<u>(47,848)</u>	<u>(193,200)</u>	303.8
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	49	25	-49.0
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>49</u>	<u>25</u>	-49.0
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	<u>(47,799)</u>	<u>(193,175)</u>	304.1
Transfers In/(Out)	45,778	21,252	-53.6
Capital Contributions	20,500	-0-	-100.0
CHANGE IN NET POSITION	18,479	(171,923)	-1,030.4
TOTAL NET POSITION – BEGINNING	<u>2,191,027</u>	<u>2,209,506</u>	0.9
TOTAL NET POSITION – ENDING	<u>\$ 2,209,506</u>	<u>\$ 2,037,583</u>	-7.8

MD&A

CAPITAL ASSETS & LONG-TERM DEBT

Capital Assets – Governmental Fund

At June 30, 2019, the Town had \$670,651 invested in capital assets, including the following:

Capital Assets at Year-End

	2018	2019
Buildings	\$ 446,956	\$ 446,956
Machinery & Equipment	956,826	956,826
Accumulated Depreciation	(680,945)	(733,131)
Total	\$ 722,837	\$ 670,651

Capital Assets – Enterprise Fund

At June 30, 2019, the Town had \$2,361,817 invested in capital assets, including the following:

Capital Assets at Year-End

	2018	2019
Water Assets *	\$ 3,197,854	\$ 3,197,854
Sewer Assets	1,422,958	1,422,958
Accumulated Depreciation	(2,155,030)	(2,258,995)
Total	\$ 2,465,782	\$ 2,361,817

* Included in this amount is land in the amount of \$8,429, which is not being depreciated.

Long-Term Obligations (Governmental Funds)

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

New Fire Truck	
Balance 06/30/2018	\$ 45,297
Additions	-0-
Deductions	(15,066)
Balance 06/30/2019	\$ 30,231

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Karla Cockerham, Mayor, at the Town of Tullos, phone (318) 534-6499.

BASIC FINANCIAL STATEMENTS

TOWN OF TULLOS, LOUISIANA
Statement of Net Position
June 30, 2019

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
CURRENT ASSETS			
Cash	\$ 145,591	\$ 101,526	\$ 247,117
Receivables (Net of Allowances for Uncollectible)	25,465	25,378	50,843
Due from Agency Fund	41	-0-	41
TOTAL CURRENT ASSETS	<u>171,097</u>	<u>126,904</u>	<u>298,001</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	23,050	23,050
Capital Assets (Net of Accumulated Depreciation)	670,651	2,361,817	3,032,468
TOTAL NON-CURRENT ASSETS	<u>670,651</u>	<u>2,384,867</u>	<u>3,055,518</u>
TOTAL ASSETS	<u>841,748</u>	<u>2,511,771</u>	<u>3,353,519</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	2,897	95,812	98,709
Notes Payable, Current	14,555	-0-	14,555
TOTAL CURRENT LIABILITIES	<u>17,452</u>	<u>95,812</u>	<u>113,264</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	23,050	23,050
URAF Funding	-0-	355,326	355,326
Notes Payable, Non-current	15,676	-0-	15,676
TOTAL NON-CURRENT LIABILITIES	<u>15,676</u>	<u>378,376</u>	<u>394,052</u>
TOTAL LIABILITIES	<u>33,128</u>	<u>474,188</u>	<u>507,316</u>
NET POSITION			
Net Investment in Capital Assets	640,420	2,006,491	2,646,911
Restricted	7,310	-0-	7,310
Unrestricted	160,890	31,092	191,982
TOTAL NET POSITION	<u>\$ 808,620</u>	<u>\$ 2,037,583</u>	<u>\$ 2,846,203</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FIRE FUND</u>	<u>TOTAL</u>
ASSETS			
Cash & Cash Equivalents	\$ 141,517	\$ 4,074	\$ 145,591
Due From Agency Fund	41	-0-	41
Receivables (Net of Allowances For Uncollectable)	22,229	3,236	25,465
TOTAL ASSETS	<u>163,787</u>	<u>7,310</u>	<u>171,097</u>
LIABILITIES			
Accounts, Salaries, and Other Payables	2,897	-0-	2,897
TOTAL LIABILITIES	<u>2,897</u>	<u>-0-</u>	<u>2,897</u>
FUND BALANCES			
Restricted	-0-	7,310	7,310
Unassigned	160,890	-0-	160,890
TOTAL FUND BALANCES	<u>160,890</u>	<u>7,310</u>	<u>168,200</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 163,787</u>	<u>\$ 7,310</u>	<u>\$ 171,097</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2019

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

Fund Balance, Total Governmental Funds (Statement C)		\$ 168,200
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets	\$ 1,403,782	
Less Accumulated Depreciation	<u>(733,131)</u>	
		670,651
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
		<u>(30,231)</u>
Net Position of Governmental Activities (Statement A)		\$ <u>808,620</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>GENERAL</u>	<u>SPECIAL REVENUE FIRE FUND</u>	<u>TOTAL</u>
REVENUES			
Fees & Charges	\$ 26,158	\$ 23,984	\$ 50,142
Ad Valorem Taxes	16,471	-0-	16,471
Fines	269,238	-0-	269,238
Intergovernmental – Capital Grants	-0-	-0-	-0-
Other	5,289	3,495	8,784
TOTAL REVENUES	<u>317,156</u>	<u>27,479</u>	<u>344,635</u>
EXPENDITURES			
Administrative	49,111	-0-	49,111
Operations	122,383	11,534	133,917
Police Expense	137,037	-0-	137,037
Capital Outlay	-0-	-0-	-0-
Debt Service	-0-	17,001	17,001
TOTAL EXPENDITURES	<u>308,531</u>	<u>28,535</u>	<u>337,066</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,625</u>	<u>(1,056)</u>	<u>7,569</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(24,198)</u>	<u>2,946</u>	<u>(21,252)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,198)</u>	<u>2,946</u>	<u>(21,252)</u>
NET CHANGE IN FUND BALANCE	(15,573)	1,890	(13,683)
FUND BALANCES--BEGINNING	176,463	5,420	181,883
FUND BALANCES--ENDING	<u>\$ 160,890</u>	<u>\$ 7,310</u>	<u>\$ 168,200</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ (13,683)

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	\$	-0-	
Depreciation Expense		(52,186)	(52,186)

The issuance of long-term debt (bonds, leases, etc.) 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. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Paid	\$	15,571	
Additions to Interest		-0-	15,571

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.

-0-

Changes in Net Position of Governmental Activities, Statement B \$ (50,298)

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2019

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUNDS		
	(MAJOR ENTERPRISE FUNDS)		
	SEWER FUND	WATER FUND	TOTAL
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 1,996	\$ 99,530	\$ 101,526
Receivables (Net of Allowances for Uncollectible)	12,586	12,792	25,378
TOTAL CURRENT ASSETS	<u>14,582</u>	<u>112,322</u>	<u>126,904</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	23,050	23,050
Capital Assets (Net of Accumulated Depreciation)	817,403	1,544,414	2,361,817
TOTAL NON-CURRENT ASSETS	<u>817,403</u>	<u>1,567,464</u>	<u>2,384,867</u>
TOTAL ASSETS	<u>831,985</u>	<u>1,679,786</u>	<u>2,511,771</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	-0-	95,812	95,812
TOTAL CURRENT LIABILITIES	<u>-0-</u>	<u>95,812</u>	<u>95,812</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	23,050	23,050
URAF Funding	177,663	177,663	355,326
TOTAL NON-CURRENT LIABILITIES	<u>177,663</u>	<u>200,713</u>	<u>378,376</u>
TOTAL LIABILITIES	<u>177,663</u>	<u>296,525</u>	<u>474,188</u>
NET POSITION			
Net Investment in Capital Assets	639,740	1,366,751	2,006,491
Restricted	-0-	-0-	-0-
Unrestricted	14,582	16,510	31,092
TOTAL NET POSITION	<u>\$ 654,322</u>	<u>\$ 1,383,261</u>	<u>\$ 2,037,583</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2019

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS (MAJOR ENTERPRISE FUNDS)		
	SEWER FUND	WATER FUND	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 74,782	\$ 200,616	\$ 275,398
Other	-0-	4,530	4,530
TOTAL OPERATING REVENUES	<u>74,782</u>	<u>205,146</u>	<u>279,928</u>
OPERATING EXPENSES			
Cost of Sales & Services	76,470	232,626	309,096
Administration	28,316	31,751	60,067
Depreciation	34,559	69,406	103,965
TOTAL OPERATING EXPENSES	<u>139,345</u>	<u>333,783</u>	<u>473,128</u>
OPERATING INCOME (LOSS)	<u>(64,563)</u>	<u>(128,637)</u>	<u>(193,200)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	-0-	25	25
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-0-</u>	<u>25</u>	<u>25</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(64,563)	(128,612)	(193,175)
Transfers In/(Out)	37,605	(16,353)	21,252
Capital Contributions	-0-	-0-	-0-
CHANGE IN NET POSITION	(26,958)	(144,965)	(171,923)
TOTAL NET POSITION – BEGINNING	<u>681,280</u>	<u>1,528,226</u>	<u>2,209,506</u>
TOTAL NET POSITION – ENDING	<u>\$ 654,322</u>	<u>\$ 1,383,261</u>	<u>\$ 2,037,583</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2019

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(MAJOR ENTERPRISE FUNDS)		
	SEWER FUND	WATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers & Users	\$ 66,694	\$ 214,014	\$ 280,708
Payments to Employees	(28,316)	(31,751)	(60,067)
Payments to Suppliers	(80,336)	(235,851)	(316,187)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(41,958)</u>	<u>(53,588)</u>	<u>(95,546)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	37,605	(16,353)	21,252
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>37,605</u>	<u>(16,353)</u>	<u>21,252</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Contributions & Grants	-0-	-0-	-0-
Construction of Capital Assets	-0-	-0-	-0-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments & Restricted Funds	-0-	(1,209)	(1,209)
Interest & Dividends Received	-0-	25	25
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-0-</u>	<u>(1,184)</u>	<u>(1,184)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(4,353)	(71,125)	(75,478)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	6,349	170,655	177,004
CASH & CASH EQUIVALENTS, END OF YEAR	<u>1,996</u>	<u>99,530</u>	<u>101,526</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	(64,563)	(128,637)	(193,200)
Depreciation Expense	34,559	69,406	103,965
(Increase) Decrease in Accounts Receivable	(8,088)	7,658	(430)
Increase (Decrease) in Accounts Payables	(3,866)	(3,225)	(7,091)
Increase (Decrease) Customer Deposits	-0-	1,210	1,210
TOTAL ADJUSTMENTS	<u>22,605</u>	<u>75,049</u>	<u>97,654</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (41,958)</u>	<u>\$ (53,588)</u>	<u>\$ (95,546)</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Net Position
Fiduciary Funds
June 30, 2019

		<u>PAYROLL AGENCY FUND</u>
ASSETS		
Cash & Cash Equivalents	\$	41
TOTAL ASSETS		<u>41</u>
 LIABILITIES		
Due to General Fund		41
Payroll & Payroll Taxes Payable		<u>-0-</u>
TOTAL LIABILITIES		<u>41</u>
 NET POSITION		
Held in Trust	\$	<u>-0-</u>

The accompanying notes are an integral part of this statement.

**NOTES
TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Tullos was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services), and general administrative functions, including coordination of related services with parish, state, and federal governing bodies.

The accounting and reporting policies of the Town of Tullos conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, 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 segments are 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 recognized as 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 expenditures related to compensated absences and 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 municipality reports the following major governmental funds:

- The General Fund is the municipality's primary operating fund. It accounts for all financial resources and expenditures of the general government, except those required to be accounted for in another fund.
- The Special Revenue Fund is used to account for all financial resources and expenditures of the Town's Fire Department.

The municipality reports the following major proprietary funds:

- Water Fund
- Sewer Fund

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town has a policy of applying expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. 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;
- c. 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;
- d. 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;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

D. CASH & CASH EQUIVALENTS

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality’s investments policy allow the municipality to invest in collateralized certificate of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds 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”.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

F. AD VALOREM TAXES

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following shows the amount of authorized and levied ad valorem taxes on property with assessed valuations totaling \$2,014,220.

General purposes	7.97 mills
Total taxes levied	\$16,054

G. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

H. RESTRICTED ASSETS

Restricted assets include cash and cash investments in the proprietary funds which are restricted.

- Restricted assets were applicable to the following at June 30, 2019:

	Business	Governmental
Customer Deposits	\$ 23,050	\$ -0-
Total	<u>\$ 23,050</u>	<u>\$ -0-</u>

I. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if the historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town of Tullos maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

For the year ended June 30, 2019, no interest costs were capitalized for construction of fixed assets.

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Water System	20-40
Sewer System	20-40
Buildings & Improvements	15-40
Equipment	5-10
Vehicles	5-7
Furniture & Fixtures	5

J. COMPENSATED ABSENCES

The Town has no compensated absence policy.

K. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

L. FUND EQUITY

In the fund equity statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plan that are subject to change.

M. USE OF ESTIMATES

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

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(2) CASH & CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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 Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- ***Category 3*** – Uncollateralized.

	Southern Heritage	Concordia Bank & Trust	Total
Bank Balances	\$ 230,390	\$ 42,016	\$ 272,406
<i>Secured As Follows</i>			
FDIC (<i>Category 1</i>)	230,390	42,016	272,406
Securities (<i>Category 2</i>)	-0-	-0-	-0-
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-
Total	\$ 230,390	\$ 42,016	\$ 272,406

All deposits were secured as of June 30, 2019.

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(3) RECEIVABLES

The receivables of \$50,843 at June 30, 2019, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Fire Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Fire Fees	\$ -0-	\$ 3,236	\$ -0-	\$ -0-	\$ 3,236
Fines	22,229	-0-	-0-	-0-	22,229
Accounts	-0-	-0-	12,792	12,586	25,378
Allowance for Doubtful Accounts	-0-	-0-	-0-	-0-	-0-
Total	<u>\$ 22,229</u>	<u>\$ 3,236</u>	<u>\$ 12,792</u>	<u>\$ 12,586</u>	<u>\$ 50,843</u>

The Town's policy for bad debt accounting and write-offs is to send a letter to the occupant and owner after the due date. After 60 days, the utility line is sealed close. Reconnection fees must be paid to have service resumed. For deceased accounts, the clerk requests permission from the board to adjust the accounts to close.

(4) TRANSFERS

<u>Transfers From/To Other Funds</u>	
<u>Transfers In/(Out)</u>	<u>Amount</u>
General	\$ (24,198)
Fire	2,946
Sewer	37,605
Water	(16,353)
Total	<u>\$ -0-</u>

The transfers were made to pay other fund expenses.

(5) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019, is as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Buildings	\$ 446,956	\$ -0-	\$ -0-	\$ 446,956
Machinery & Equipment	956,826	-0-	-0-	956,826
Total Fixed Assets	<u>1,403,782</u>	<u>-0-</u>	<u>-0-</u>	<u>1,403,782</u>
Less Accumulated Depreciation	(680,945)	(52,186)	-0-	(733,131)
Net Capital Assets	<u>\$ 722,837</u>	<u>\$ (52,186)</u>	<u>\$ -0-</u>	<u>\$ 670,651</u>

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water *	\$ 3,197,854	\$ -0-	\$ -0-	\$ 3,197,854
Sewer	1,422,958	-0-	-0-	1,422,958
Total	4,620,812	-0-	-0-	4,620,812
Water Accumulated Depreciation	(1,584,034)	(69,406)	-0-	(1,653,440)
Sewer Accumulated Depreciation	(570,996)	(34,559)	-0-	(605,555)
Total Accumulated Depreciation	(2,155,030)	(103,965)	-0-	(2,258,995)
Net Capital Assets	\$ 2,465,782	\$ (103,965)	\$ -0-	\$ 2,361,817

* Included in this amount is land in the amount of \$8,429, which is not being depreciated.

(6) LONG-TERM OBLIGATIONS (GOVERNMENTAL FUNDS)

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

New Fire Truck	
Balance 06/30/2018	\$ 45,297
Additions	-0-
Deductions	(15,066)
Balance 06/30/2019	\$ 30,231

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2019:

	Lease Payable
Current Portion	\$ 14,555

The annual requirements to amortize all debt outstanding as of June 30, 2019, including interest (5%) payments are as follows:

Year Ending June 30,	Lease Payable
2020	\$ 17,001
2021	17,001
Total	\$ 34,002

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(7) UTILITY RELOCATION ASSISTANCE FUNDING (URAF)

The Town entered into two separate utility relocation agreements with DOTD (On February 21, 2005, and again on April 19, 2007) to use Utility Relocation Assistance Funding as provided for by state law and Title 70 of the Administrative Code. Pursuant to these agreements, DOTD relocated the Town’s utility lines and invoiced the Town for \$260,861 and \$94,465 (for a total of \$355,326).

Chapter 3 § 301(c) of the Louisiana Administrative Code states that “URAF funding is neither a loan nor a grant and there is no interest charged on this money. However, the utility must repay this money eventually, or it will not be allowed to locate its facilities within highway right-of-way”.

An Investigative Audit by the Legislative Auditor has determined this funding to be a liability.

(8) RESTRICTED NET POSITION

- **Special Revenue Fund (Fire Fund)**

- The Town’s special revenue fund had restricted net position of \$7,310 for fire activities.

(9) ELECTED OFFICIALS

The following is a list of elected officials and their salary for the year ending June 30, 2019:

<u>Name</u>	<u>Title</u>	<u>Annualized Salary</u>
Karla Cockerham	Mayor	\$ 2,400
Scott Cockerham	Police Chief & Dog Catcher	24,000
Kathi Volentine	Council	300
Dustin Jones	Council	300
Mary Catherin Lasiter	Council	300
Tine Murphrey Tullos	Council	300
Sonya Johnson	Council	\$ 300

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(10) PAYROLL AGENCY FUND TRANSACTIONS

	Payroll Agency Fund
Additions	\$ 223,771
Deductions	<u>(223,771)</u>
Change in Net Position	-0-
Net Position – Beginning	<u>-0-</u>
Net Position – Ending	<u><u>\$ -0-</u></u>

(11) EXPENDITURES IN EXCESS OF APPROPRIATIONS

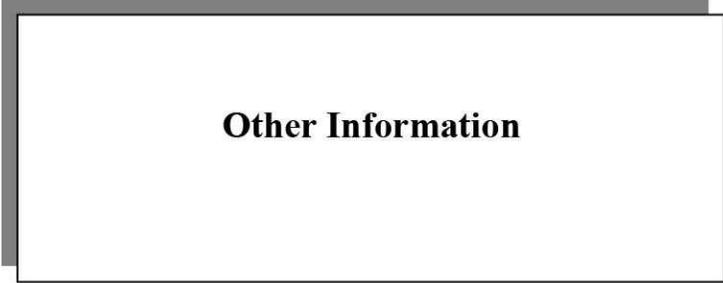
The Town overspent its budget by \$27,466 or 8.8% during the fiscal year.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General & Fire Funds
For the Year Ended June 30, 2019

	<u>BUDGET AMOUNTS</u>		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	<u>Original</u>	<u>Final</u>	Budgetary Basis	
REVENUES				
General Fund	\$ 336,000	\$ 303,800	\$ 317,156	\$ 13,356
Fire Fund	30,000	19,200	27,479	8,279
Intergovernmental-Capital Grants	35,000	-0-	-0-	-0-
TOTAL REVENUES	<u>401,000</u>	<u>323,000</u>	<u>344,635</u>	<u>21,635</u>
EXPENDITURES				
General Fund	415,000	285,800	308,531	(22,731)
Fire Fund	38,000	23,800	28,535	(4,735)
TOTAL EXPENDITURES	<u>453,000</u>	<u>309,600</u>	<u>337,066</u>	<u>(27,466)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(52,000)</u>	<u>13,400</u>	<u>7,569</u>	<u>(5,831)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In/(Out) - General Fund	-0-	-0-	(24,198)	(24,198)
Transfers In/(Out) - Fire Fund	-0-	-0-	2,946	2,946
TOTAL OTHER FINANCING SOURCES (USES)	<u>-0-</u>	<u>-0-</u>	<u>(21,252)</u>	<u>(21,252)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (52,000)</u>	<u>\$ 13,400</u>	<u>(13,683)</u>	<u>\$ (27,083)</u>
FUND BALANCE - BEGINNING			<u>181,883</u>	
FUND BALANCE - ENDING			<u>\$ 168,200</u>	

See independent auditor's report.



Other Information

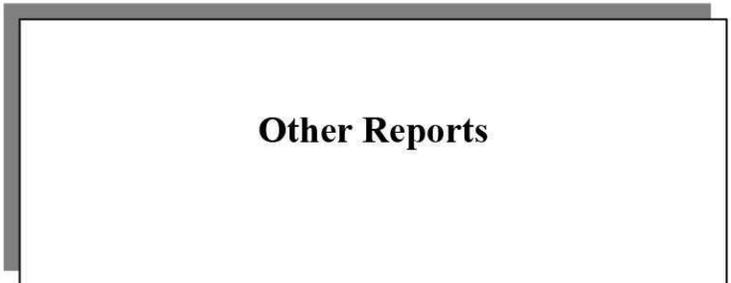
TOWN OF TULLOS, LOUISIANA
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2019

Honorable Karla Cockerham, Mayor

Purpose	Amount	
Salary	\$	1,200
Benefits-Insurance		-0-
Benefits-Retirement		-0-
Benefits (Expense Allowance)		-0-
Car Allowance		-0-
Vehicle Provided by Government		-0-
Per Diem		-0-
Reimbursements		-0-
Travel		-0-
Registration Fees		-0-
Conference Travel		-0-
Continuing Professional Education Fees		-0-
Housing		-0-
Un-vouchered Expenses*		-0-
Special Meals	\$	-0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.



Other Reports

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

Honorable Karla Cockerham, Mayor
Town of Tullos
PO Box 749
Tullos, La. 71479

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and aggregate remaining fund information of the Town of Tullos, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Tullos’s basic financial statements and have issued our report thereon dated December 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Tullos’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 Tullos’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Tullos’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies (**2019-1 Small Size of Entity and 2019-2 Reconciling Ticket Revenue with Collection Reports**).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tullos's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item: **2019-3 Noncompliance with Louisiana Department of Health, 2019-4 Budget Variance, and 2019-5 Documentation of Expenditures and Record Retention**.

The Town of Tullos's Response to Findings

The Town of Tullos's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town of Tullos's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a public document and its distribution is not limited.

The Vercher Group

December 3, 2019
Jena, Louisiana

TOWN OF TULLOS
TOWN OF TULLOS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2019

We have audited the basic financial statements of the Town of Tullus, Louisiana, as of and for the year ended June 30, 2019, and have issued our report thereon dated December 3, 2019. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2019, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

TOWN OF TULLOS, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2019**

Section II – Financial Statement Findings

2019-1 Small Size of Entity (Internal Control)

Condition: Because of the small size of the Town and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town’s cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in areas of cash receipts, collection receipts activities, recordation of those receipts, depositing of funds collected, and review of checks written.

2019-2 Reconciling Ticket Revenue with Collection Reports (Internal Control)

Condition: While performing audit procedures on the Town’s revenue, we were unable to reconcile the Town’s ticket revenue per the collection reports to revenue on the Town’s financial statements.

Criteria: Good internal controls allow for a reconciliation of revenue collected and posted to the Town’s financial statements and revenue per the Town’s collection reports generated by the collection software.

Cause of Condition: Management is not printing monthly collection reports and reconciling with monthly financial reports.

Effect of Condition: Incorrect reporting of collection reports.

Recommendation: We recommend management print monthly collection reports and reconcile with monthly financial reports.

Client Response: Management will print monthly collection reports and reconcile with monthly financial reports.

TOWN OF TULLOS, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2019**

Section II – Financial Statement Findings (Continued)

2019-3 Noncompliance with Louisiana Department of Health (Compliance)

Condition: The Town is not in Compliance with Louisiana Department of Health for exceeding the maximum contaminant level (MCL) for the locational running annual average for Total Trihalomethanes (TTHMs), for failure to monitor the distribution for TTHMs and HAA5, for failure to submit Operational Evaluation Level (OEL) reports for TTHMs and HAA5, for failure to collect and submit the required number of samples for Lead and Copper Rule (LCR) monitoring, for failure to provide proof of public notifications for TTHMs and HAA5 monitoring and maximum contaminant level exceedances, for failure to have a cross connection control program or ordinance, and for other violations of the Sanitary Code.

Criteria: The Municipality should comply with all Louisiana Sanitary Codes required by Louisiana Department of Health.

Cause of Condition: Not having available funds to address all Sanitary issues.

Effect of the Condition: Compliance violation and civil penalty of \$91,344.

Recommendation: The Town should comply with all Louisiana Sanitary Codes required by Louisiana Department of Health.

Client Response: The Town passed a 1.5% sales tax and is currently working with an engineer for plans to implement water system improvements to correct deficiencies with Louisiana Department of Health.

2019-4 Budget Variance (Compliance)

Condition: The Town had an unfavorable expenditure variance of \$27,466 or 8.8% in its general fund budget for the year ended June 30, 2019.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: Under budgeting expenditures.

Effect of Condition: Violating the Budget Act.

Recommendation: The Town should amend its budget when there is an unfavorable variance in revenue or expenditures of more than 5%.

TOWN OF TULLOS, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2019**

Section II – Financial Statement Findings (Continued)

Client Response: The Town will amend its budget when there is an unfavorable variance in revenue or expenditures of more than 5%.

2019-5 Documentation of Expenditures and Record Retention (Compliance)

Condition: During the test of a sample of expenditures and other tests of details, the auditor found that receipts and proper documentation for expenditures and payroll could not be located.

Criteria: Good accounting practices require that all expenditures be documented as to the description of the expenditure and the business purpose, unless readily determinable from the documentation and be retained for a minimum of 3 years.

Cause of Condition: Not adequately documenting expenditure at time of purchase and/or record retention.

Effect of Condition: Inadequate documentation of expenditures and record retention requirements.

Recommendation: All expenditures should be documented as to the description and the business purpose of the expenditure, unless readily determinable from the documentation and retained for a minimum of 3 years.

Client Response: All expenditures will be documented as to the description and the business purpose of the expenditure, unless readily determinable from the documentation and retained for a minimum of 3 years.

Section III Federal Awards Findings and Questioned Costs

Not applicable.

TOWN OF TULLOS, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS:

2019-1 SMALL SIZE ENTITY

Finding: Because of the small size of the Town and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town's cash.

Corrective Action: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Contact Person: Karla Cockerham, Mayor

Anticipated Completion Date: N/A

2019-2 RECONCILING TICKET REVENUE WITH COLLECTION REPORTS

Finding: While performing audit procedures on the Town's revenue, we were unable to reconcile the Town's ticket revenue per the collection reports to revenue on the Town's financial statements. Good internal controls allow for a reconciliation of revenue collected and posted to the Town's financial statements and revenue per the Town's collection reports generated by the collection software.

Correction Action: Management will print monthly collection reports and reconcile with monthly financial reports.

Contact Person: Karla Cockerham, Mayor

Anticipated Completion Date: June 30, 2020

2019-3 NONCOMPLIANCE WITH LOUISIANA DEPARTMENT OF HEALTH

Finding: The Town is not in Compliance with Louisiana Department of Health for exceeding the maximum contaminant level (MCL) for the locational running annual average for Total Trihalomethanes (TTHMs), for failure to monitor the distribution for TTHMs and HAA5, for failure to submit Operational Evaluation Level (OEL) reports for TTHMs and HAA5, for failure to collect and submit the required number of samples for Lead and Copper Rule (LCR) monitoring, for failure to provide proof of public notifications for TTHMs and HAA5 monitoring and maximum contaminant level exceedances, for failure to have a cross connection control program or ordinance, and for other violations of the Sanitary Code. The Municipality should comply with all Louisiana Sanitary Codes required by Louisiana Department of Health.

TOWN OF TULLOS, LOUISIANA

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS (CONTINUED):

Corrective Action: The town passed a 1.5% sales tax and is currently working with an engineer for plans to implement water system improvements to correct deficiencies with Louisiana Department of Health.

Contact Person: Karla Cockerham, Mayor

Anticipated Completion Date: N/A

2019-4 BUDGET VARIANCE

Finding: The Town had an unfavorable expenditure variance of \$27,466 or 8.8% in its general fund budget for the year ended June 30, 2019. The Budget Act requires that budgets be amended when the variance exceeds 5%.

Corrective Action: The Town will amend its budget when there is an unfavorable variance in revenue or expenditures of more than 5%.

Contact Person: Karla Cockerham, Mayor

Anticipated Completion Date: June 30, 2020

2019-5 DOCUMENTATION OF EXPENDITURES AND RECORD RETENTION

Finding: During the test of a sample of expenditures, the auditor found that receipts and proper documentation for expenditures could not be located.

Corrective Action: All expenditures will be documented as to the description and the business purpose of the expenditure, unless readily determinable from the documentation and retained for a minimum of 3 years.

Contact Person: Karla Cockerham, Mayor

Anticipated Completion Date: June 30, 2020

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MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Town's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2019-6 Utility Rate Study

Condition: The Town had a negative cash flow from operations.

Criteria: Negative cash flows in utility funds will cause a financial hardship on utility funds and other operations of the Town.

Cause of Condition: Revenue inadequate to meet expenses.

Effect of Condition: Poor financial condition of the Town.

Recommendation: The Town should have a rate study performed on the water and sewer funds.

Client Response: The Town will consider having a rate study performed on its utilities.

TOWN OF TULLOS, LOUISIANA
June 30, 2019

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Town of Tullos, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2018.

PRIOR YEAR FINDINGS

2018-1 Small Size of Entity (Unresolved)

Condition: Because of the small size of the Town and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in areas of cash receipts, collection receipts activities, recordation of those receipts, depositing of funds collected, and review of checks written.

2018-2 Reconciling Ticket Revenue with Collection Reports (Unresolved)

Condition: While performing audit procedures on the Town's revenue, we were unable to reconcile the Town's ticket revenue per the collection reports to revenue on the Town's financial statements.

Criteria: Good internal controls allow for a reconciliation of revenue collected and posted to the Town's financial statements and revenue per the Town's collection reports generated by the collection software.

Cause of Condition: Out-dated computer was not correctly installing updates to collection software.

TOWN OF TULLOS, LOUISIANA
June 30, 2019

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

PRIOR YEAR FINDINGS (CONTINUED):

Effect of Condition: Incorrect reporting of collection reports.

Recommendation: We recommend that management monitor its' software and update when necessary. We also recommend management print monthly collection reports and reconcile with monthly financial reports.

Client Response: Management purchased a new computer that is compatible with collection software and will monitor the technology, making upgrades when necessary. Management will also print monthly collection reports and reconcile with monthly financial reports.

2018-3 Noncompliance with Louisiana Department of Health (Unresolved)

Condition: The Town is not in Compliance with Louisiana Department of Health for exceeding the maximum contaminant level (MCL) for the locational running annual average for Total Trihalomethanes (TTHMs), for failure to monitor the distribution for TTHMs and HAA5, for failure to submit Operational Evaluation Level (OEL) reports for TTHMs and HAA5, for failure to collect and submit the required number of samples for Lead and Copper Rule (LCR) monitoring, for failure to provide proof of public notifications for TTHMs and HAA5 monitoring and maximum contaminant level exceedances, for failure to have a cross connection control program or ordinance, and for other violations of the Sanitary Code.

Criteria: The Municipality should comply with all Louisiana Sanitary Codes required by Louisiana Department of Health.

Cause of Condition: Not having available funds to address all Sanitary issues.

Effect of the Condition: Compliance violation and civil penalty of \$91,344.

Recommendation: The Town should comply with all Louisiana Sanitary Codes required by Louisiana Department of Health.

Client Response: The Town passed a resolution to fund water system improvements that would consist of a \$1,656,200 grant and a \$473,000 loan through USDA and the State of Louisiana. These improvements would resolve all violations with the Louisiana Department of Health. The Town citizens voted against the bond election which caused the Town to lose the Grant/Loan package. The Town is currently unable to correct all violations and are exploring other options.

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AGREED-UPON PROCEDURES REPORT

Town of Tullos, Louisiana

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of July 1, 2018- June 30, 2019

Town of Tullos
Tullos, Louisiana

We have performed the procedures enumerated below, which were agreed to by Town of Tullos (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Observation: We obtained a copy of the written policies and procedures manual and read it for 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.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Observation:

- A) We read the minutes of the council meetings and found the council meets monthly.**
- B) The minutes do not address monthly budget-to-actual comparisons.**

Exception: The minutes do not address monthly budget-to-actual comparisons.

Managements Response: Due to the small size of the Town and lack of funding/spending variations, budget-to-actual are only presented when a budget needs to be adopted or amended.

- C) Not applicable. Positive fund unrestricted fund balance.**

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

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

Observation:

A) Bank reconciliations included evidence that they were prepared within 2 months of statement closing date.

B) Mayor reviewed and initialed the front of the bank statements which had reconciliations attached.

C) Bank reconciliations had no transactions older than 12 months that have not been researched.

Collections (excluding EFTs)

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

Observation: We obtained the listing and management's representation that the listing is complete.

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Observation:

A) Employees that are responsible for collections do share cash drawer/register.

Exception: Employees that are responsible for collections do share drawer/register.

Management Response: The Town only has two office personnel and one register and implementing the above procedure would cause financial hardship to the Town. The Town adopted a non-cash policy to mitigate risk associated with a Small Size Entity.

B) Employees responsible for collections are responsible for preparing/making bank deposits.

Exception: Employees responsible for collections are responsible for preparing/making bank deposits.

Management Response: The Town only has two office personnel and implementing the above procedure would cause financial hardship to the Town. The Town adopted a non-cash policy to mitigate risk associated with a Small Size Entity.

C) Employees responsible for collections are responsible for posting collection entries.

Exception: Employees responsible for collections are responsible for posting collection entries.

Management Response: The Town only has two office personnel and implementing the above procedure would cause financial hardship to the Town. The Town adopted a non-cash policy to mitigate risk associated with a Small Size Entity.

D) Employees responsible for reconciling collections to the general ledger and subsidiary ledgers are responsible for collections.

Exception: Employees responsible for reconciling collections to the general ledger and subsidiary ledgers are responsible for collections.

Managements Response: The Town only has two office personnel and implementing the above procedure would cause financial hardship to the Town. The Town adopted a non-cash policy to mitigate risk associated with a Small Size Entity.

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

Observation: Employees are covered by surety bond.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Observation:

A) Receipts are sequentially pre-numbered, but a receipt was not written for all transactions.

Exception: Receipts should be written on all transactions.

Management's Response: Receipts will be written on all transactions.

B) Traced pre-numbered receipts and/or collection log to deposit slips with no exceptions.

C) Traced the deposit slip to actual deposit per the bank statement with no exceptions.

D) Several deposits were not made within one business day.

Exception: Deposits not made daily.

Managements Response: The Town's policy is to make deposits daily if more than \$100 is on hand. Management will enforce this policy going forward.

E) Traced the deposit per the bank statement to the general ledger with no exceptions.

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).

Observation: We obtained the listing and management's representation that the listing is complete.

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

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

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

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

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

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

Observation:

A) One employee is involved in initiating a purchase request with the Mayor and Board approving a purchase.

B) The Clerk is involved with processing payments to vendors with the Mayor approving the payment.

C) The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

Exception: The employee responsible for processing payments is not prohibited from adding/modifying vendor files

Management's Response: Due to small size of entity, proper internal controls are not always achievable. Mayor and board approve all purchases and dual signatures are required on all checks.

D) The Mayor gives checks to the employee to mail who is responsible for processing payments.

Exception: The employee who mails checks is responsible for processing payments.

Management's Response: Due to small size of entity, proper internal controls are not always achievable. Mayor and board approve all purchases and dual signatures are required on all checks.

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

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

Observation:

A) Selected 60 disbursements and matched to the related original invoice/billing statement with exceptions.

Exception: Documentation for disbursements could not be found to match the related original invoice/billing statement.

Management's Response: New administration took over during the year and not all documentation could be found.

B) Observed that disbursement documentation included evidence of segregation of duties that the Town is able to implement (Dual Signatures/Mayor Authority).

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.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

Travel and Travel-Related Expense Reimbursements (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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit 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.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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.
- 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.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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.

Observation: The Town had no exceptions on this category in prior year. Procedures will be rotated to next audit period.

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

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

The Vercher Group

December 3, 2019
Jena, Louisiana