

Village Of Junction City, Louisiana

*Financial Statements
For The Year Ended June 30, 2018*



**Village Of Junction City, Louisiana
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For the Year Ended June 30, 2018**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of
Village of Junction City, Louisiana
Junction City, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Junction City, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Junction City, Louisiana, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Honorable Mayor and Board of Aldermen of
Village of Junction City, Louisiana
Junction City, Louisiana

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 on pages 3-10 and 29-30 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 Village of Junction City's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, reimbursements, benefits, and other payments to agency head on page 31 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standard's

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2019, on our consideration of the Village of Junction City, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Junction City, Louisiana's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
January 29, 2019

**Village Of Junction City, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Our discussion and analysis of the Village of Junction City, Louisiana provides an overview of the Village's activities for the year ended June 30, 2018. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the Village's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Junction City, on a government-wide basis, exceeded its liabilities at June 30, 2018 by \$2,265,717. Of this amount, \$611,631 is unrestricted. Assets exceeded liabilities by \$1,950,205 at June 30, 2017. Of this amount, \$640,205 was unrestricted.
- The Village's total net position increased by \$315,513 for the fiscal year ended June 30, 2018. This is a result of a \$25 decrease in governmental net position and a \$315,538 increase in business-type net position. The Village's total net position decreased by \$58,566 for the fiscal year ended June 30, 2017. This is a result of a \$3,504 increase in governmental net position and a \$62,070 decrease in business-type net position.
- The Village's governmental activities reported combined ending net position at June 30, 2018 of \$941,872. Unrestricted net position accounts for \$716,444. The Village's governmental activities reported combined ending net position at June 30, 2017 of \$941,898. Unrestricted net position accounts for \$691,650.
- The unassigned fund balance of the general fund was \$716,444 at June 30, 2018, or 545% of the total general fund expenditures. The unreserved fund balance of the general fund was \$691,650 at June 30, 2017, or 660% of the total general fund expenditures.
- The general fund reported a surplus of \$24,794 at June 30, 2018. The general fund reported a surplus of \$30,765 at June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Junction City's basic financial statements. The basic financial statements comprise three components:

- *Government-wide financial statements.*
- *Fund financial statements.*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Village:

**Village Of Junction City, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village's government, reporting operations in more detail than the government-wide statements.
- The governmental fund statement tells how general government services like public safety were financed in the short-term as well as what amounts remain for future spending.
- The proprietary fund statement offers short and long-term financial information about the activities the government operates like businesses, such as the public utilities (water, sewer, sewer treatment systems).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In the past, the primary focus of local government financial statements has been summarized fund type information on a current resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2005, the new focus is on both the Village as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Village's finances. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Village's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Village of Junction City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Village's net assets and how they have changed. Net position – the difference between the Village's assets and liabilities – are one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating.

In the statement of net position and the statement of activities, the Village is divided into two categories:

- Governmental activities – Most of the Village's basic services are included here, such as the activities of the police, garbage and trash collection, park, and general administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.

**Village Of Junction City, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

- Business-type activities – The Village charges fees to customers to cover the cost of the services it provides. Water, sewer and sewer treatment are included here. Grants have provided most of the capital assets required for these services.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Village's most significant funds – not the Village as a whole. Funds are accounting mechanisms that the Village uses to keep track of specific sources of funding and spending for particular purposes.

The Village has two kinds of funds:

- Governmental funds – Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- Proprietary funds – Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Village's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's combined net position for the 2017-2018 fiscal year increased by \$315,513. A condensed statement of position for the years ended June 30, 2018 and 2017 is shown below:

**Village Of Junction City, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

For The Year Ended June 30, 2018

	Governmental Activities	Business Type Activities	Total Primary Government
ASSETS:			
Current and Other Assets	\$ 718,888	\$ 42,776	\$ 761,664
Capital Assets	225,428	1,442,302	1,667,730
Total Assets	\$ 944,316	\$ 1,485,078	\$ 2,429,394
LIABILITIES:			
Long-term Debt Outstanding	\$ -	\$ 65,605	\$ 65,605
Other Liabilities	2,444	95,628	98,072
Total Liabilities	2,444	161,233	163,677
NET POSITION:			
Invested in Capital Assets Net of Debt	225,428	1,369,408	1,594,836
Restricted	-	59,250	59,250
Unrestricted	716,444	(104,813)	611,631
Total Net Position	\$ 941,872	\$ 1,323,845	\$ 2,265,717

For The Year Ended June 30, 2017

	Governmental Activities	Business Type Activities	Total Primary Government
ASSETS:			
Current and Other Assets	\$ 693,800	\$ 19,077	\$ 712,877
Capital Assets	250,248	1,108,609	1,358,857
Total Assets	\$ 944,048	\$ 1,127,686	\$ 2,071,734
LIABILITIES:			
Long-term Debt Outstanding	\$ -	\$ 87,473	\$ 87,473
Other Liabilities	2,150	31,906	34,056
Total Liabilities	2,150	119,379	121,529
NET POSITION:			
Invested in Capital Assets Net of Debt	250,248	1,011,417	1,261,665
Restricted	-	48,351	48,351
Unrestricted	691,650	(51,461)	640,189
Total Net Position	\$ 941,898	\$ 1,008,307	\$ 1,950,205

**Village Of Junction City, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Net Position (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Village of Junction City's assets exceeded liabilities by \$2,265,717 at the close of the fiscal year. The largest portion of the Village's net position (70.39%) reflects its investment in capital assets. The Village uses these assets to provide services to its citizens and those assets are not available for spending.

Government Activities

Net Position of the Village's governmental activities decreased by \$25 and increased by \$3,504 for the years ended June 30, 2018 and 2017.

Business-type Activities

Net Position of the Village's business-type activities increased \$315,538 for the fiscal year ended June 30, 2018 and decreased \$62,070 for the fiscal year ended June 30, 2017.

Statement of Activities

The following tables show the revenues and expenses of the governmental and business type activities for the fiscal years ended June 30, 2018 and 2017:

For The Year Ended June 30, 2018

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>
REVENUES:					
Program Revenues					
Charges for Services	\$ 17,426	\$	137,421	\$	154,847
Operating Grants and Contributions	8,400		-		8,400
Capital Grants and Contributions	-		352,955		352,955
General Revenues					
Property Taxes	5,769		-		5,769
Sales Taxes	34,369		-		34,369
Franchise Revenue	9,720		-		9,720
Occupational Licenses	54,540		-		54,540
Interest Earned	1,798		361		2,159
Miscellaneous	24,338		-		24,338
Total Revenues	<u>156,360</u>		<u>490,737</u>		<u>647,097</u>

**Village Of Junction City, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

EXPENSES:

General Government	97,722	-	97,722
Public Safety	58,663	-	58,663
Utilities	-	175,199	175,199
Total Expenses	<u>156,385</u>	<u>175,199</u>	<u>331,584</u>
Increase/Decrease in Net Position	(25)	315,538	315,513
Net Position Beginning	<u>941,897</u>	<u>1,008,307</u>	<u>1,950,204</u>
Net Position Ending	<u>\$ 941,872</u>	<u>\$ 1,323,845</u>	<u>\$ 2,265,717</u>

For The Year Ended June 30, 2017

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
REVENUES:			
Program Revenues			
Charges for Services	\$ 11,030	\$ 107,069	\$ 118,099
Operating Grants and Contributions	8,400	-	8,400
Capital Grants and Contributions	-	-	-
General Revenues			
Property Taxes	6,150	-	6,150
Sales Taxes	31,114	-	31,114
Franchise Revenue	9,214	-	9,214
Occupational Licenses	57,706	-	57,706
Interest Earned	1,763	351	2,114
Miscellaneous	10,183	-	10,183
Total Revenues	<u>135,560</u>	<u>107,420</u>	<u>242,980</u>
EXPENSES:			
General Government	78,957	-	78,957
Public Safety	53,099	-	53,099
Utilities	-	169,490	169,490
Total Expenses	<u>132,056</u>	<u>169,490</u>	<u>301,546</u>
Increase/Decrease in Net Position	3,504	(62,070)	(58,566)
Net Position Beginning	<u>938,393</u>	<u>1,070,377</u>	<u>2,008,770</u>
Net Position Ending	<u>\$ 941,897</u>	<u>\$ 1,008,307</u>	<u>\$ 1,950,204</u>

**Village Of Junction City, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

Governmental Activities

During the fiscal years ended June 30, 2018 and 2017, the major sources of income were:

	<u>2018</u>	<u>2017</u>
• Sales Tax	22%	23%
• Franchise Fees	6%	7%
• Occupational Licenses	35%	43%
• Fines & Forfeitures	11%	8%
• Investment Earnings	1%	1%

Business-type Activities

Total revenues from business-type activities were \$490,737 and \$107,420 for the fiscal years ended June 30, 2018 and 2017.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The Village of Junction City uses Fund accounting and demonstrates compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's combined ending fund balances were \$716,444 and \$691,650 at June 30, 2018 and 2017. The unassigned portions or the portion available for spending were \$716,444 and \$691,650.

Proprietary Funds

The Village's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net position of the Utilities Enterprise fund were \$1,323,845 and \$1,008,307 at June 30, 2018 and 2017. The fund had operating losses of \$37,778 and \$62,421, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Village of Junction City's investment in capital assets for its governmental and business-type activities as of June 30, 2018 and 2017 amounted to \$1,667,730 and \$1,358,856 and (net of depreciation). This investment includes land, buildings and improvements, equipment, vehicles, water and sewer facilities. The outstanding debt of \$72,894 and \$97,192 is to Louisiana Department of Transportation & Development for utility relocation assistance.

**Village Of Junction City, Louisiana
Management's Discussion and Analysis
For the Year Ended June 30, 2018**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village's management and elected officials considered many factors when preparing the 2018-2019 budget. Most revenue sources should remain fairly consistent with prior year collections.

REQUEST FOR INFORMATION

This financial report is to provide citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Village Clerk, Village of Junction City, Louisiana, P.O. Box, 142, Junction City, Louisiana 71749.

Village of Junction City, Louisiana
Statement of Net Position
June 30, 2018

Assets	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 192,935	\$ 27,086	\$ 220,021
Investments	331,687	129,404	461,091
Receivables	550	80,002	80,552
Internal Balances	193,716	(193,716)	-
Capital Assets			
Land, Improvements, and Construction in Progress	32,272	447,451	479,723
Other Capital Assets, Net of Depreciation	193,156	994,851	1,188,007
Total Assets	\$ 944,316	\$ 1,485,078	\$ 2,429,394
Liabilities and Net Position			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 2,444	\$ 66,994	\$ 69,438
Customer Deposits	-	21,345	21,345
Long-Term Liabilities			
Notes Payable - Due Within One Year	-	7,289	7,289
Notes Payable - Due In More Than One Year	-	65,605	65,605
Total Liabilities	2,444	161,233	163,677
Net Position			
Invested in Capital Assets, Net of Related Debt	225,428	1,369,408	1,594,836
Restricted For:			
Debt Service	-	59,250	59,250
Unrestricted	716,444	(104,813)	611,631
Total Net Position	941,872	1,323,845	2,265,717
Total Liabilities and Net Position	\$ 944,316	\$ 1,485,078	\$ 2,429,394

The accompanying notes are an integral part of this financial statement.

Village of Junction City, Louisiana
Statement of Activities
For The Year Ended June 30, 2018

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Primary Government:							
Governmental Activities:							
General Government	\$ 97,722	\$ -	\$ -	\$ -	\$ (97,722)	\$ -	\$ (97,722)
Public Safety	58,663	17,426	-	8,400	(32,837)	-	(32,837)
Total Governmental Activities	\$ 156,385	\$ 17,426	\$ -	\$ 8,400	\$ (130,559)	\$ -	\$ (130,559)
Business-Type Activities:							
Utilities	\$ 175,199	\$ 137,421	\$ 352,955	\$ -	\$ -	\$ 315,177	\$ 315,177
Total Business-Type Activities	\$ 175,199	\$ 137,421	\$ 352,955	\$ -	\$ -	\$ 315,177	\$ 315,177
Total Primary Government	\$ 331,584	\$ 154,847	\$ 352,955	\$ 8,400	\$ (130,559)	\$ 315,177	\$ 184,618

General Revenues:

Taxes:			
Property Taxes Levied for General Purposes	5,769	-	5,769
Sales Tax levied for General Purposes	34,369	-	34,369
Franchise Revenues	9,720	-	9,720
Occupational Licenses	54,540	-	54,540
Unrestricted Investment Earnings	1,798	361	2,159
Miscellaneous	24,338	-	24,338
Transfers	-	-	-
Total General Revenues and Transfers	130,534	361	130,895
Changes in Net Position	(25)	315,538	315,513
Net Position - Beginning	941,897	1,008,307	1,950,204
Net Position - Ending	\$ 941,872	\$ 1,323,845	\$ 2,265,717

The accompanying notes are an integral part of this financial statement.

Village of Junction City, Louisiana
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 192,935	\$ 192,935
Investments	331,687	331,687
Accounts Receivable	550	550
Due From Other Funds	193,716	193,716
Total Assets	\$ 718,888	\$ 718,888
Liabilities and Fund Balances		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 2,444	\$ 2,444
Total Liabilities	2,444	2,444
Fund Balances		
Unassigned	716,444	716,444
Total Fund Balances	716,444	716,444
Total Liabilities and Fund Balances	\$ 718,888	

Amounts reported for *Governmental Activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	225,428
Net Position of Governmental Activities	\$ 941,872

The accompanying notes are an integral part of this financial statement.

Village of Junction City, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2018

	General Fund	Total Governmental Funds
Revenues		
Taxes	\$ 40,138	\$ 40,138
Intergovernmental	8,400	8,400
Licenses and Permits	64,260	64,260
Fines and Forfeitures	17,426	17,426
Miscellaneous	26,136	26,136
Total Revenues	156,360	156,360
Expenditures		
General Government	81,924	81,924
Public Safety	49,642	49,642
Total Expenditures	131,566	131,566
Excess of Revenues over Expenditures	24,794	24,794
Other Financing Sources (Uses)		
Operating Transfers - In	-	-
Operating Transfers - Out	-	-
Total Other Financing Sources (Uses)	-	-
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	24,794	24,794
Fund Balances, Beginning of Year	691,650	
Fund Balances, End of Year	\$ 716,444	
Net Changes in Fund Balances - Total Governmental Funds		24,794
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital assets purchased capitalized		2,560
Depreciation expense		(27,379)
		(24,819)
Changes in Net Position in Governmental Activities		\$ (25)

The accompanying notes are an integral part of this financial statement.

Village of Junction City, Louisiana
Statement of Net Position
Proprietary Funds
June 30, 2018

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 27,086
Investments	70,154
Receivables	80,002
Total Current Assets	<u>177,242</u>
Noncurrent Assets:	
Restricted Cash and Investments	59,250
Capital Assets	
Land	1,400
Machinery & Equipment	86,038
Buildings & Improvements	19,468
Waterworks System and Treatment Facilities	1,920,377
Construction in Progress	446,051
Total Capital Assets	<u>2,473,334</u>
Less: Accumulated Depreciation	(1,031,032)
Net Capital Assets	<u>1,442,302</u>
Total Noncurrent Assets	<u>1,501,552</u>
Total Assets	<u>\$ 1,678,794</u>
Liabilities and Net Position	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 31,698
Retainage Payable	35,296
Customer Deposits	21,345
Due to Other Funds	193,716
Current Portion - URAF Payable	7,289
Total Current Liabilities	<u>289,344</u>
Noncurrent Liabilities	
URAF Payable - LA DOTD	\$ 65,605
Total Noncurrent Liabilities	<u>65,605</u>
Total Liabilities	<u>354,949</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	1,369,408
Restricted	59,250
Unrestricted	(104,813)
Total Net Position	<u>1,323,845</u>
Total Liabilities and Net Position	<u>\$ 1,678,794</u>

The accompanying notes are an integral part of this financial statement.

Village of Junction City, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund
<u>Operating Revenues</u>	
Charges for Services - Water Sales & Sewer Fees	\$ 137,421
Total Operating Revenues	<u>137,421</u>
<u>Operating Expenses</u>	
Depreciation	58,307
Insurance	4,871
Licenses & Permits	4,934
Materials, Repairs & Supplies	46,509
Office Supplies & Expenses	3,205
Payroll Taxes	2,768
Salaries & Wages	37,385
Sample Collections/Testing	2,275
Utilities	14,945
Total Operating Expenses	<u>175,199</u>
Total Operating Income /(Loss)	<u><u>(37,778)</u></u>
<u>Non Operating Revenues/(Expenses)</u>	
Interest Income	361
Grants	352,955
Total Non Operating Revenues/(Expenses)	<u>353,316</u>
Net Income Before Operating Transfers	315,538
<u>Operating Transfers</u>	
Operating Transfers - In/(Out)	<u>-</u>
Net Income	\$ 315,538
Net Position, Beginning of Year	1,008,307
Net Position, End of Year	<u><u>\$ 1,323,845</u></u>

The accompanying notes are an integral part of this financial statement.

Village of Junction City, Louisiana
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2018

	<u>Business-Type Activities Enterprise Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers	\$ 140,988
Receipts From Other Funds	14,383
Payments to Provide Services	(80,349)
Payments to Employees	(37,385)
Net Cash Provided (Used) by Operating Activities	<u>37,637</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Increase in Customer Deposits	-
Increase in Restricted Assets	(5,702)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(5,702)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(325,006)
Grant Funds Received	285,961
Principal Paid on URAF Agreement	(24,298)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(63,343)</u>
<u>Cash Flows From Investing Activities</u>	
Increase in Investments	(6,975)
Interest Earned	361
Net Cash Provided (Used) by Investing Activities	<u>(6,614)</u>
Net Increase/(Decrease) in Cash And Cash Equivalents	<u>(38,022)</u>
Cash And Cash Equivalents, Beginning of Year	65,108
Cash And Cash Equivalents, End of Year	<u>\$ 27,086</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Income/(Loss)	\$ (37,778)
<i>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</i>	
Depreciation	58,307
Increase in Accounts Receivable	(63,426)
Increase in Accounts Payable	30,856
Increase in Retainage Payable	35,296
Increase in Due from Other Funds	14,382
Net Cash Provided/(Used) by Operating Activities	<u>\$ 37,637</u>

The accompanying notes are an integral part of this financial statement.

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

INTRODUCTION

The Village of Junction City, Louisiana (the Village) consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of three aldermen. The Village's combined balance sheet includes the accounts of all the Village's operations. The Village's major operations include police protection, garbage and trash collection, culture/recreation, highways, streets, and administrative services. In addition, the Village operates a Utility Enterprise Fund to provide water and sewerage services.

The following is a summary of certain significant accounting policies and practices:

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued *Statement 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and *Statement 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that government should have presented in the past. Comparability with reports issued in years prior to 2004 is affected.

Other GASB Statements are required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the Village has implemented the following GASB Statements: *Statement 37 – Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and *Statement 38 – Certain Financial Statements Note Disclosures*.

The accompanying financial statements present the financial position of the Village and the various funds and fund types, the results of operations of the Village and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2016 and for the year then ended.

Financial Reporting Entity

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

GASB Statement 14 established criteria for determining which component units should be considered part of the Village of Junction City, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

voting majority of an organization's governing body and (1) the ability of the Village to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village; Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village; Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship. Based on the previous criteria, the Village has determined that there are no component units that are part of the reporting entity.

Government- Wide and Fund Financial Statements

The government-wide financial statements (the statements of net position and the statements of activities) report information of all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these government-wide 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as programs revenues. The Village does not allocate general government (indirect) expenses to other functions.

Net position are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

Government Fund Financial Statements – The 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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Village’s present appropriation system. These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Village.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modification to the accrual basis of accounting include: Employees’ vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2016 has been reported only in the government-wide financial statements. Interest on general long-term obligations is recognized when paid. Debt service expenditures are recorded only when payment is due.

Proprietary Funds – The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government’s enterprise fund has elected to not apply FASBs issued after the applicable date.

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. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Accounting

The financial activities of the Village are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Village uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

Major Governmental Funds

General Fund – This fund accounts for all activities of the Village not specifically required to be accounted for in other funds. Included are transactions for services such as general government, health services, public safety, regulatory services, and social services.

Proprietary Funds

Water and Sewer Funds – These funds are used to account for the provision of water and sewerage to residents of the Village of Junction City. These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Budgets

The Village uses the following budget practices:

1. In May of each year, the Village clerk submits to the board of alderman a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and expenses and the means of financing them.
2. In June of each year, the budget is legally enacted through passage of ordinance. The public is invited to attend all meetings.
3. The Village clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments.

Cash and Cash Equivalents

Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

For purposes of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Village's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

Short-Term Interest Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Bad Debts

Uncollectible amounts for ad valorem taxes and utility receivables are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible.

Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or fair market value at date of gift, if donated.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operation is charged as an expense against operations. Depreciation is computed using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Improvements	40-50 years
Equipment	5-10 years

Compensated Absences

The Village does not have a formal leave policy.

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The nonspendable fund balance classification

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village aldermen – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the Village’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Village aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operation, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 – Cash and Cash Equivalents

Custodial credit risk – deposits. The Village’s cash and certificates of deposit consist of deposits with financial institutions. State statutes govern the Village’s investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

The following is a schedule of the Village's cash and certificates of deposit at June 30, 2018. Differences between the Village's balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	<u>Book Balance</u>	<u>Bank Balance</u>	
Cash on Deposit	\$ 283,552	\$ 285,752	
Certificates of Deposit	<u>397,560</u>	<u>397,563</u>	
Total	<u>\$ 681,112</u>	<u>\$ 683,315</u>	

The Village's deposits are collateralized as follows:

FDIC Insured Deposits	\$ 462,343		
Uninsured Deposits:			
Uncollateralized	-		
Collateralized	<u>220,972</u>		
Total Deposits	<u>\$ 683,315</u>		

Credit risk. The Village's only investments are the certificates of deposit mentioned above, therefore the Village is exposed to no credit risk.

Concentration of credit risk. The Village does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The Village manages its exposure to declines in fair values by limiting the maturity of its investments to not longer than one year.

Note 3 – Investments

At June 30, 2018, the Village's investments consisted of certificates of deposit in the amounts of \$397,563 and restricted deposits in the amount of \$63,528. See Note 2.

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 4 – Ad Valorem Taxes

Property taxes are assessed and collected on a calendar year. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed in November each year and become delinquent after December 31, of that year.

The ad valorem tax millage is 4.71 mills. For the calendar year 2017, the 4.84 mills were levied on property with an assessed valuation totaling \$897,820 and were dedicated entirely for general purposes.

Note 5 – Receivables

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

	General Fund	Enterprise Fund	Total
Accounts Receivable - Customers	\$ 550	\$ 13,009	\$ 13,559
Due From Other Governments	-	66,993	66,993
Total	\$ 550	\$ 80,002	\$ 80,552

Note 6 – Restricted Assets

At June 30, 2018, restricted assets were either in the form of demand deposits or certificates of deposit. These assets represent amounts held as follows:

Utility Customer Deposits	\$ 21,345
Debt Service Reserve	37,905
Totals	\$ 59,250

Note 7 – Notes Payable

Long-term debt consists of the following at June 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business Type Activities:					
Notes Payable:					
URAF Payable – LA	\$ 97,192	\$ -	\$ 24,298	\$ 72,894	\$ 7,289
DOTD					
Totals	\$ 97,192	\$ -	\$ 24,298	\$ 72,894	\$ 7,289

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

The annual debt service requirements to maturity for long-term debt as of June 30 are as follows:

Year Ended June 30,	URAF Payable	
	Principal	Interest
2019	\$ 7,289	\$ -0-
2020	6,560	-0-
2021	5,904	-0-
2022	5,314	-0-
2023	4,783	-0-
Thereafter	43,044	-0-
Totals	\$ 72,894	\$ -0-

The Village entered into a Utilities Relocation Assistance Funding (URAF) agreement on May 10, 2006. This agreement is for the utility relocation along the U.S. Highway 167 expansion route. The agreement stipulates a minimum annual payment of ten percent (10%) of the principal balance.

Note 8 – Capital Assets

A summary of changes in capital assets follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 32,272	\$ -	\$ -	\$ 32,272
Total capital assets, not being depreciated:	32,272	-	-	32,272
Capital assets, being depreciated				
Buildings & Improvements	353,306	2,560	-	355,866
Vehicles	286,117	-	-	286,117
Equipment	112,676	-	-	112,676
Total capital assets, being depreciated:	752,099	2,560	-	754,659
Less accumulated depreciation for:				
Buildings & Improvements	162,505	-	14,818	177,323
Vehicles	266,779	-	11,581	278,360
Equipment	104,840	-	980	105,820
Total accumulated depreciation	534,124	-	27,379	561,503
Total capital assets, being depreciated, net	217,975	2,560	27,379	193,156
Governmental activities capital assets, net	\$ 250,247	\$ 2,560	\$ 27,379	\$ 225,428
Governmental activities depreciation for the fiscal year ended June 30, 2018 totaled \$27,739.				

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,400	\$ -	\$ -	\$ 1,400
Construction in Progress	53,990	392,061	-	446,051
Total capital assets, not being depreciated:	55,390	392,061	-	447,451
Capital assets, being depreciated:				
Buildings & Improvements	19,468	-	-	19,468
Waterworks System and Treatment Facilities	1,920,377	-	-	1,920,377
Machinery and Equipment	86,038	-	-	86,038
Total capital assets, being depreciated:	2,025,883	-	-	2,025,883
Less accumulated depreciation for:				
Buildings & Improvements	12,944	-	244	13,188
Waterworks System and Treatment Facilities	913,112	-	51,794	964,906
Machinery and Equipment	46,669	-	6,269	52,938
Total accumulated depreciation	972,725	-	58,307	1,031,032
Total capital assets, net	1,053,158	-	58,307	994,851
Business type activities capital assets, net	\$ 1,108,548	\$ 392,061	\$ 58,307	\$ 1,442,302

Depreciation expense on the proprietary fund totaled \$58,307 for the fiscal year.

Note 9 – Interfund Receivables and Payables

Individual fund interfund receivables and payables at June 30, 2018, were as follows:

Fund	Receivables	Payables
General Fund	\$ 193,716	\$ -
Enterprise Fund	-	193,716
Total	\$ 193,716	\$ 193,716

Village Of Junction City, Louisiana
Notes to Financial Statements
For the Year Ended June 30, 2018

Note 10 – Pension and Retirement Plans

At June 30, 2018, there were no Village employees participating in any of the State retirement systems.

Note 11– Post-employment Health Care Benefits

The Village does not provide medical coverage for its retirees; consequently there is no liability for post-employment health care benefits.

Note 12 – Compensation of Mayor and Alderman

The mayor and alderman of the Village of Junction City, Louisiana, were paid the following amounts during the fiscal year ended June 30, 2018:

Mr. Charles Hogue, Mayor	\$ 7,200
Mrs. Barbara Daniels	1,200
Mr. Arnold Jones	1,200
Mr. Toby Wilson	<u>1,200</u>
Total	<u>\$ 10,800</u>

Note 13 – Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through January 29, 2019, the date on which the financial statements were available to be issued.

Village of Junction City, Louisiana
Budgetary Comparison Schedule - General Fund
For The Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
Taxes	\$ 40,000	\$ 40,000	\$ 40,138	\$ 138
Intergovernmental	10,000	10,000	8,400	(1,600)
Licenses and Permits	65,000	65,000	64,260	(740)
Fines and Forfeitures	17,500	17,500	17,426	(74)
Miscellaneous	20,121	20,121	26,136	6,015
Total Revenues	<u>152,621</u>	<u>152,621</u>	<u>156,360</u>	<u>3,739</u>
Expenditures				
General Government	95,162	95,162	81,924	13,238
Public Safety	40,177	40,177	49,642	(9,465)
Total Expenditures	<u>135,339</u>	<u>135,339</u>	<u>131,566</u>	<u>3,773</u>
Excess of Revenues over Expenditures	<u>17,282</u>	<u>17,282</u>	<u>24,794</u>	<u>7,512</u>
Other Financing Sources (Uses)				
Operating Transfers - In	-	-	-	-
Operating Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>17,282</u>	<u>17,282</u>	<u>24,794</u>	<u>7,512</u>
Fund Balances, Beginning of Year	691,650	691,650	691,650	-
Fund Balances, End of Year	<u>\$ 708,932</u>	<u>\$ 708,932</u>	<u>\$ 716,444</u>	<u>\$ 7,512</u>

See accompanying notes and independent auditors' report.

Village Of Junction City, Louisiana
Notes To Budgetary Comparison Schedule
For The Year Ended June 30, 2018

The Town uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
3. Final adoption of the budget by the Board of Aldermen is in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. Any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.
6. All legally adopted budgets of the Village are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are adopted for the General Fund and the Utility Enterprise Fund.

Budget comparison statements included in the accompanying financial statements include the original adopted budget and all subsequent adopted amendments.

Village of Junction City, Louisiana
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Agency Head
For The Year Ended June 30, 2018

Schedule 2

Agency Head:

Mayor

Mayor
Charles
Hogue

Purpose:

Salary

\$ 7,200

Benefits - Payroll Taxes

601

Reimbursements

440

Total Compensation, Benefits and Other Payments

\$ 8,241

See independent auditors' report.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

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

To The Honorable Mayor and Board of Aldermen
Village of Junction City, Louisiana
Junction City, Louisiana:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Village of Junction City, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Junction City, Louisiana's basic financial statements, and have issued our report thereon dated January 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Junction City, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Junction City, Louisiana'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 have not been 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 a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency as item 2018-01.

CAMERON, HINES & COMPANY

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Certified Public Accountants

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

To The Honorable Mayor and Board of Aldermen
Village of Junction City, Louisiana
Junction City, Louisiana:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Village of Junction City, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Junction City, Louisiana's basic financial statements, and have issued our report thereon dated January 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Junction City, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Junction City, Louisiana'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 have not been 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 a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency as item 2018-01.

**Village of Junction City, Louisiana
Schedule of Findings and Responses
For The Year Ended June 30, 2018**

Honorable Mayor and Board of Aldermen of
Junction City, Louisiana

We have audited the financial statements of the Village of Junction City, Louisiana as of and for the year ended June 30, 2018, and have issued our report thereon dated January 29, 2019. 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. Our audit of the financial statements as of June 30, 2018, resulted in an unmodified opinion.

Section I- Summary of Auditors' Reports

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

	Yes	No
<u>Internal Control</u>		
Material Weaknesses		X
Significant Deficiencies	X	
<u>Compliance</u>		
Noncompliance Material to Financial Statements	X	

B. Federal Awards – N/A

C. Identification of Major Programs: N/A

Section II- Financial Statement Findings

2018-01 Segregation of Duties

Criteria: The Village of Junction City, Louisiana has too few personnel involved in the accounting system to have adequate segregation of duties for internal control.

Condition: It was noted that the Village Clerk is responsible for entering all transactions into the accounting system, including preparing deposits, writing checks, creating utility bills, entering utility payments into the system, and reconciling the bank statements.

**Village of Junction City, Louisiana
Schedule of Findings and Responses
For The Year Ended June 30, 2018**

Cause: The Village has a small staff size that does not allow for proper segregation of duties.

Effect: The Village does not have adequate segregation of duties and is at a greater risk of not preventing or identifying errors and inappropriate actions that may occur.

Recommendation to Prevent Future Occurrences: It is recommended that the Board of Aldermen become involved with oversight of the accounting function.

Management's Response: The Village will take into consideration this and any other recommendations that will improve internal controls.

2018-02 Noncompliance with State Law

Criteria: Louisiana Revised Statute 24:513 requires that the Village of Junction City, Louisiana submit its audited financial statements to the Louisiana Legislative Auditor no later than six months after the end of the most recent fiscal year.

Condition: The audited financial statements were not transmitted to the Louisiana Legislative Auditor within the time frame prescribed by law. Therefore the Village was not in compliance with state law.

Cause: The Village did not have proceeds from a LCDBG grant recorded in the general ledger. The grant funds increased the Village's total revenues over the threshold requiring an audit for the fiscal year ended June 30, 2018. By the time the new engagement was approved by all parties involved, the auditing firm was unable to begin the engagement before the deadline.

Effect: The Village is in noncompliance with state law.

Recommendation to Prevent Future Occurrences: The Village should make sure all activities are included in the general ledger in order to determine the type of engagement that is required each year.

Management's Response: The Village will make every effort to make its information available to the auditor in a timely manner in the future.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

**Village of Junction City, Louisiana
Schedule of Prior Year Findings
For the Year Ended June 30, 2018**

Internal Control and Compliance Material to the Financial Statements

2017-01 Segregation of Duties

Condition:

It was noted that the Town Clerk is responsible for entering all transactions into the accounting system, including preparing deposits, writing checks, creating utility bills, entering utility payments into the system, and reconciling the bank statements.

Recommendation:

It is recommended that the Mayor and Board of Alderman keep an active role in the accounting process by approving invoices before payment, reviewing the bank statements each month, and signing checks.

Status:

Not resolved. See 2018-01.

Management Letter

No management letter was issued.

**Village of Junction City, Louisiana
Management's Corrective Action Plan
For The Year Ended June 30, 2018**

Section II- Financial Statement Findings

2018-01 Segregation of Duties

Condition: It was noted that the Village Clerk is responsible for entering all transactions into the accounting system, including preparing deposits, writing checks, creating utility bills, entering utility payments into the system, and reconciling the bank statements.

Recommendation to Prevent Future Occurrences: It is recommended that the Board of Aldermen become involved with oversight of the accounting function.

Management's Response: The Village will take into consideration this and any other recommendations that will improve internal controls.

2018-02 Noncompliance with State Law

Condition: The audited financial statements were not transmitted to the Louisiana Legislative Auditor within the time frame prescribed by law. Therefore the Village was not in compliance with state law.

Recommendation to Prevent Future Occurrences: The Village should make sure all activities are included in the general ledger in order to determine the type of engagement that is required each year.

Management's Response: The Village will make every effort to make its information available to the auditor in a timely manner in the future.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Village of Junction City, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Junction City (Village) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Village'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):¹
 - 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.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

- 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) **Ethics²**, 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.

Findings: Thirty-six exceptions noted where the Village did not contain the detailed requirements of the Louisiana Legislative Auditor listed above, primarily because the Village does not have written policies or procedures.

Board or Finance Committee³

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:

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

- 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.⁴ *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 unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings: One exception noted where the Village did not include monthly budget to actual comparisons on any fund.

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 accounts⁵ (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.

Findings: Four exceptions noted where there was no evidence of management reviewing reconciliation. Noted one exception where bank reconciliation was not prepared.

⁴ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant entity operations, including proprietary operations that are not required to be budgeted under the LGBA.

⁵ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

Collections

4. Obtain a listing of deposit sites⁶ 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).

Findings: We obtained the listing and management's representation.

5. For each deposit site selected, obtain a listing of collection locations⁷ 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.

Findings: Two exceptions noted where the employee responsible for collecting cash was responsible for depositing the funds. Noted two exceptions where the employee that collected cash was responsible for posting collection entries to the general ledger.

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

Findings: Noted that all employees who have access to cash are covered by a bond or insurance policy for theft.

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)⁸. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a*

⁶ A deposit site is a physical location where a deposit is prepared and reconciled.

⁷ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

⁸ If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

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.

Findings: No exceptions noted.

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).

Findings: We obtained the listing and management's representation.

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.

Findings: One exception noted where the employee responsible for processing payments is not prohibited from adding/modifying vendor files. Noted one exception where the employee who mails the checks is also responsible for processing the payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain

management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

Findings: No exceptions noted.

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.

Findings: It was noted that the Village does not have any charge cards. This test is not applicable.

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

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

Findings: It was noted that the Village does not have any charge cards. This test is not applicable.

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).

Findings: It was noted that the Village does not have any charge cards. This test is not applicable.

Travel and Travel-Related Expense Reimbursements⁹ (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.

Findings: No exceptions noted.

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 Law¹⁰ (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.

⁹ Non-travel reimbursements are not required to be tested under this category.

¹⁰ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- 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.

Findings: No exceptions noted.

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.

Findings: We obtained a listing and management's representation of this.

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.

Findings: Five exceptions noted where there was no documentation to trace the wages paid back to employees/officials.

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

Findings: Noted that none of the employees of the Village received termination payments for the fiscal year. This test is not applicable.

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.

Findings: No exceptions noted.

*Ethics*¹¹

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above¹², 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.

Findings: One exception noted where each employee did not have documentation that shows that they completed one hour of ethics training. Five exceptions noted where each employee/official did not attest through signature verification that he or she has read the entity's policy during the fiscal period.

*Debt Service*¹³

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.

Findings: We obtained the listing and management's representation of this.

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.

Findings: No exceptions noted.

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.

Findings: The Village did not have any misappropriations of public funds and assets during the fiscal period. This testing is not applicable.

¹¹ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹² If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹³ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

24. Observe that the entity has posted on its premises¹⁴ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁵

Findings: One exception noted where the Village did not have posted on its premises the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

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.

West Monroe, Louisiana
January 23, 2019

Cameron Hines & Company (APAC)

¹⁴ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁵ This notice is available for download or print at www.la.la.gov/hotline.