

REISSUE

2232

69

TOWN OF CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2015



Mayor

Lori Ann Bell

Board of Aldermen

Johnny Beauchamp
George Kilbourne
Clovis Matthews, Sr.
Lisa Davis Washington
Kim Wilson Young

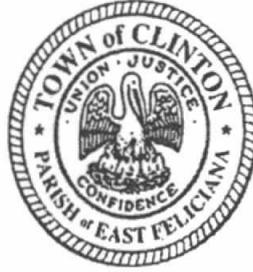
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 24 2018

MAYOR & STAFF

Lori Ann Bell, Mayor
Anjanetha Shropshire, Town Clerk
Fredrick G. Dunn, Chief of Police
Daryl Harrell, Maintenance Supervisor
Douglas Beauchamp, Jr., Fire Chief

Town of Clinton
11209 Bank Street
P.O. Box 513
Clinton, Louisiana 70722-0513
(225) 683-5531 Phone
(225) 683-6890 Facsimile



BOARD OF ALDERMEN

Johnny Beauchamp
Mary Dunaway
Mark Kemp
Darren Matthews
Kim Wilson Young

LEGAL ADVISOR
Charles E. Griffin, II

July 31, 2017

Louisiana Legislative Auditor
P O Box 94397
Baton Rouge, LA 70804-9397
Attn: Mr. Darryl Purpera

Dear Mr. Purpera,

It has been discovered that the Town of Clinton should had a single audit for the year ended December 31, 2015. This was discovered when Mr. Eddie Legnon with the Louisiana Office of Community Development Disaster Recovery Unit called regarding this matter. It was then discovered that an error had been made in calculating the amount of federal funds received, and when corrected made the single audit necessary.

Enclosed is the revised report and it is requested that it be reissued. If you need any additional information please feel free to call.

Sincerely,

Lori Ann Bell
Mayor

**TOWN OF CLINTON, LOUISIANA
 BASIC FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**

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**TOWN OF CLINTON, LOUISIANA
 BASIC FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**

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BASIC FINANCIAL STATEMENTS

WILLIAM P. GAINES, JR., CPA
A PROFESSIONAL ACCOUNTING CORPORATION
4257 CHURCH STREET, SUITE 105
ZACHARY, LOUISIANA 70791

INDEPENDENT AUDITOR'S REPORT

The Honorable Lori A. Bell, Mayor and the
Members of the Board of Aldermen
Town of Clinton, LA
P. O. Box 513
Clinton, Louisiana 70722

I have audited the accompanying financial statements of the governmental-type activities, business-type activities and the aggregate remaining fund information of the Town of Clinton, LA as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Clinton, LA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental-type activities, business-type activities and the aggregate remaining fund information of the Town of Clinton, LA as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule 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. I 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 my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters – Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clinton, LA's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedules of compensation paid to governing members, compensation, benefits and other payments to agency head and the comparative schedule of operating expenses – proprietary funds are presented for purposes of additional analysis and are also not a required part of the basic financial statements. This supplemental 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 statements of to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards, schedules of compensation paid to governing members, compensation, benefits and other payments to agency head and the comparative schedule of operating expenses – proprietary funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2016, on my consideration of the Town of Clinton, LA's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Clinton, LA's internal control over financial reporting and compliance.



William P. Gaines, Jr., CPA
A Professional Accounting Corporation
Zachary, LA
November 30, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
(PART 1 OF 2)**

**TOWN OF CLINTON, LOUISIANA
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

As management of the Town of Clinton, Louisiana (hereinafter referred to as the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the two years ended December 31, 2015. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

ACCOMPLISHMENTS OVER THE PAST YEAR

- ◆Assets and deferred outflows exceeded liabilities and deferred inflows by \$4,460,882 at December 31, 2015
- ◆Across all funds, the Town increased its net position by \$662,390 which is an increase over the prior year due primarily because of grant funding secured for capital improvements
- ◆Street improvements totaling \$71,310 were made
- ◆Sewer rehabilitation project began with \$818,967 expended during this first year

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. They are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changes during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works, economic development and culture and recreation. The business-type activities of the Town include water, gas and sewer services.

The government-wide financial statements can be found on pages 13-15 of this report.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the street and sidewalks fund, both of which are considered to be major funds.

The Town adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The governmental funds financial statements can be found on pages 17-22 of this report.

Proprietary funds. The Town maintains only one type of proprietary fund – enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its utilities (water, gas and sewer). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 23-27 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. An index to the notes can be found on page 29 with actual notes immediately following.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison schedules for its major governmental funds. This required supplementary information can be found immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following is a summary of the Town's net position:

| Summary of Net Position Governmental Activities | | |
|--|---------------------|---------------------|
| | <u>2015</u> | <u>2014</u> |
| ASSETS | | |
| Current and other assets | \$ 312,788.55 | \$ 358,645.36 |
| Restricted assets | 520,147.90 | 508,982.42 |
| Capital assets, net | <u>1,821,385.64</u> | <u>1,859,999.52</u> |
| Total Assets | 2,654,322.09 | 2,727,627.30 |
| DEFERRED OUTFLOWS | 280,209.00 | 328,192.00 |
| LIABILITIES | | |
| Current liabilities | 51,298.21 | 78,181.31 |
| Long-term liabilities | <u>1,073,503.00</u> | <u>906,081.00</u> |
| Total Liabilities | 1,124,801.21 | 984,262.31 |
| DEFERRED INFLOWS | <u>109,331.00</u> | <u>125,369.00</u> |
| NET POSITION | | |
| Net investment in capital assets | 1,821,385.64 | 1,172,999.52 |
| Restricted | 558,760.52 | 552,875.35 |
| Unrestricted | <u>(679,747.28)</u> | <u>220,313.12</u> |
| Total Net Position | <u>1,700,398.88</u> | <u>1,946,187.99</u> |

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

**Summary of Net Position
Business-type Activities**

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|---------------------|---------------------|
| ASSETS | | |
| Current and other assets | \$ 554,136.56 | \$ 339,414.70 |
| Restricted assets | 4,131.31 | 6,241.87 |
| Capital assets, net | <u>2,642,479.84</u> | <u>1,672,838.30</u> |
| Total Assets | 3,200,747.71 | 2,018,494.87 |
| DEFERRED OUTFLOWS | 44,930.00 | .00 |
| LIABILITIES | | |
| Current liabilities | 311,085.87 | 36,868.16 |
| Long-term liabilities | <u>144,846.00</u> | <u>82,031.00</u> |
| Total Liabilities | 455,931.87 | 118,899.16 |
| DEFERRED INFLOWS | <u>29,263.00</u> | <u>47,292.00</u> |
| NET POSITION | | |
| Net investment in capital assets | 2,403,261.30 | 1,672,838.30 |
| Restricted | 4,131.31 | 6,241.87 |
| Unrestricted | <u>353,090.23</u> | <u>173,223.54</u> |
| Total Net Position | <u>2,760,482.84</u> | <u>1,852,303.71</u> |

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, improvements, streets and bridges, equipment, vehicles, utility systems and furniture and fixtures), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. It is the remaining balance of net position, considered unrestricted, that may be used to meet the government's on-going obligations to citizens and creditors.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

A summary of changes in net position follows.

**Summary of Changes in Net Position
Governmental Activities**

| | <u>2015</u> | <u>2014</u> |
|-------------------------------------|---------------------|---------------------|
| REVENUES | | |
| Charges for services | \$ 309,576.65 | \$ 400,178.61 |
| Grants and Contributions: | | |
| Operating | .00 | 18,015.15 |
| Capital | 172,797.05 | 73,000.00 |
| General Revenues: | | |
| Licenses and permits | 112,494.36 | 110,896.71 |
| Franchise fees | 100,322.74 | 114,866.38 |
| Taxes | 475,752.07 | 619,143.94 |
| Interest earned | 943.13 | 3,548.94 |
| Other revenues | 19,658.69 | 8,871.74 |
| Transfers | <u>115,534.69</u> | <u>9,698.32</u> |
| Total Revenues | 1,307,079.38 | 1,358,219.79 |
| EXPENSES | | |
| General government | 315,212.28 | 547,198.07 |
| Public safety | 986,448.40 | 550,686.74 |
| Public works | 236,946.33 | 144,494.08 |
| Interest on long-term debt | <u>14,261.48</u> | <u>17,304.12</u> |
| Total Expenses | <u>1,552,868.49</u> | <u>1,259,683.01</u> |
| Change in Net Position | (245,789.11) | 98,536.78 |
| Net Position, beginning of year | <u>1,946,187.99</u> | <u>1,847,651.21</u> |
| Net Position, end of year | <u>1,700,398.88</u> | <u>1,946,187.99</u> |

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

**Summary of Changes in Net Position
Business-type Activities**

| | <u>2015</u> | <u>2014</u> |
|--|-----------------------------------|-----------------------------------|
| REVENUES | | |
| Charges for services | \$ 746,496.04 | \$ 830,770.25 |
| Grants and contributions | 1,092,371.77 | 35,900.00 |
| Other revenues/transfers, net | <u>(100,804.47)</u> | <u>(2,058.36)</u> |
| Total Revenues | 1,738,063.34 | 864,611.89 |
| EXPENSES | | |
| Gas services | 349,371.97 | 361,597.08 |
| Water services | 261,014.29 | 342,565.65 |
| Sewer services | <u>219,497.95</u> | <u>247,408.53</u> |
| Total Expenses | <u>829,884.21</u> | <u>951,571.26</u> |
| Change in Net Position | 908,179.13 | (86,959.37) |
| Net Position, beginning of year | <u>1,852,303.71</u> | <u>1,939,263.08</u> |
| Net Position, end of year | <u><u>2,760,482.84</u></u> | <u><u>1,852,303.71</u></u> |

BUDGETARY HIGHLIGHTS

Revenues for the general fund were less than anticipated by \$92,151 – property taxes were the primary reason for the shortfall. Revenues of the special revenue fund were \$1,614 more than expected. Expenditures of the general fund were \$8,472 less than budgeted amounts. Expenditures of the special revenue fund were \$27,902 less than was budgeted for the year. Overall, the general and fund ended the year with a decrease in fund balances of \$83,679 more than was planned and the special revenue fund increased its fund balances by \$29,516 more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounted to \$4,224,647 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, streets and sidewalks, equipment vehicles, utility systems and furniture and fixtures.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

Capital assets are detailed in the following table.

**Summary of Capital Assets
(net of depreciation)**

| | Governmental Activities | |
|------------------------|-----------------------------|---------------------|
| | <u>2015</u> | <u>2014</u> |
| Land | \$ 1,000.00 | \$ 1,000.00 |
| Buildings | 757,048.48 | 785,621.30 |
| Infrastructure | 969,387.16 | 962,554.88 |
| Equipment | 45,841.83 | 48,778.07 |
| Vehicles | 42,093.97 | 55,229.65 |
| Furniture and fixtures | <u>6,014.20</u> | <u>6,815.62</u> |
| Net Capital Assets | <u>1,821,385.64</u> | <u>1,859,999.52</u> |
| | Business-Type Activities | |
| | <u>2015</u> | <u>2014</u> |
| Land | \$ 11,970.00 | \$ 11,970.00 |
| Buildings | 74,903.57 | 79,386.47 |
| Equipment | 12,857.13 | 17,142.85 |
| Vehicles | 1,296.00 | 2,983.00 |
| Utilities | <u>2,541,453.14</u> | <u>1,561,365.97</u> |
| Net Capital Assets | <u>2,642,479.84</u> | <u>1,672,848.28</u> |

The Town acquired a police unit during 2015 costing \$26,060 and a lawnmower costing \$6,770. Additionally, there were street improvements made totaling \$64,540. In the utility fund, there were improvements to the sewer system totaling \$1,092,372. This is a sewer rehabilitation project that will extend into the subsequent year.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

Debt Administration. In October of 2012, the Town adopted an ordinance for the issuance of \$760,000 in Limited Tax Bonds, Series 2012 for the purchase of a fire station. Repayment of these bonds will be through the levy of a special tax of 6.65 mills. The bonds will mature over nine years, beginning in 2014, at an interest rate of 2.49%. Interest paid/accrued during the current year totaled \$14,261 while principal payments totaled \$76,000. There is a balance due on this long-term obligation at December 31, 2015, of \$611,000.

Also reported is the Town's proportionate share of pension liability totaling \$461,503 and \$144,846 for its governmental and business-type activities, respectively. This liability is being reported in accordance with GASB Statement No. 68.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town will continue to seek grants and other contributions to fund its capital improvements as well as enhance police protection to its citizens. Policies and procedures will be thoroughly reviewed to ensure that best practices are followed that will enhance internal controls and compliance with applicable laws and regulations.

The Town will continue to closely monitor its revenues and expenses to ensure that quality services are provided to its citizens at the most economical costs.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 11209 Bank Street, Clinton, La. 70722, (225) 683-5531.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2015**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|---------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 115,595.36 | \$ 199,614.01 | \$ 315,209.37 |
| Receivables, net | 60,356.36 | 95,092.30 | 155,448.66 |
| Due from other governmental agencies | 38,640.00 | 239,218.54 | 277,858.54 |
| Due from other funds | 53,396.69 | - | 53,396.69 |
| Prepaid expenses | 44,800.14 | 20,211.71 | 65,011.85 |
| Restricted assets: | | | |
| Cash and cash equivalents | 423,562.84 | 4,131.31 | 427,694.15 |
| Investments | 96,585.06 | - | 96,585.06 |
| Capital assets, net of depreciation | 1,821,385.64 | 2,642,479.84 | 4,463,865.48 |
| Total Assets | 2,654,322.09 | 3,200,747.71 | 5,855,069.80 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | 280,209.00 | 44,930.00 | 325,139.00 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 43,702.70 | 257,349.90 | 301,052.60 |
| Payroll related payables | - | - | - |
| Accrued interest payable | 3,803.48 | - | 3,803.48 |
| Due to other funds | 3,792.03 | 49,604.66 | 53,396.69 |
| Payables from restricted assets: | | | |
| Customer deposits | - | 4,131.31 | 4,131.31 |
| Bonds payable: | | | |
| Due within one year | 79,000.00 | - | 79,000.00 |
| Long-term portion | 532,000.00 | - | 532,000.00 |
| Net pension liability | 462,503.00 | 144,846.00 | 607,349.00 |
| Total Liabilities | 1,124,801.21 | 455,931.87 | 1,580,733.08 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | 109,331.00 | 29,263.00 | 138,594.00 |

Continued

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2015

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|----------------------------------|------------------------------------|-------------------------------------|---------------------|
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | \$ 1,821,385.64 | \$ 2,403,261.30 | \$ 4,224,646.94 |
| Retricted for: | | | |
| Customer deposits | - | 4,131.31 | 4,131.31 |
| Streets and sidewalks | 539,657.74 | - | 539,657.74 |
| Public safety | 19,102.78 | - | 19,102.78 |
| Unrestricted | <u>(679,747.28)</u> | <u>353,090.23</u> | <u>(326,657.05)</u> |
| Total Net Position | <u>1,700,398.88</u> | <u>2,760,482.84</u> | <u>4,460,881.72</u> |

See Accompanying Notes and Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

| Functions/Programs | Expenses | Program Revenues | | Net Revenues (Expenses) | | | |
|---------------------------------------|---------------|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|-----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities | | | | | | | |
| General government | \$ 315,212.28 | \$ 23,228.00 | \$ - | \$ 115,080.33 | \$ (176,903.95) | \$ - | \$ (176,903.95) |
| Public safety | 986,448.40 | 284,148.65 | - | - | (702,299.75) | - | (702,299.75) |
| Public works | 236,946.33 | 2,200.00 | - | 57,716.72 | (177,029.61) | - | (177,029.61) |
| Interest on long-term debt | 14,261.48 | - | - | - | (14,261.48) | - | (14,261.48) |
| Total Governmental Activities | 1,552,868.49 | 309,576.65 | - | 172,797.05 | (1,070,494.79) | - | (1,070,494.79) |
| Business-type Activities | | | | | | | |
| Gas services | 349,371.97 | 272,702.69 | - | - | - | (76,669.28) | (76,669.28) |
| Water services | 261,014.29 | 268,449.22 | - | - | - | 7,434.93 | 7,434.93 |
| Sewer services | 219,497.95 | 193,903.50 | - | 1,092,371.77 | - | 1,066,777.32 | 1,066,777.32 |
| Late fees/penalties | - | 11,440.63 | - | - | - | 11,440.63 | 11,440.63 |
| Total Business-type Activities | 829,884.21 | 746,496.04 | - | 1,092,371.77 | - | 1,008,983.60 | 1,008,983.60 |
| Total Primary Government | 2,382,752.70 | 1,056,072.69 | - | 1,265,168.82 | (1,070,494.79) | 1,008,983.60 | (61,511.19) |
| General Revenues and Transfers | | | | | | | |
| Licenses and permits | | | | | 112,494.36 | - | 112,494.36 |
| Franchise fees | | | | | 100,322.74 | - | 100,322.74 |
| Taxes | | | | | 475,752.07 | - | 475,752.07 |
| Interest earned | | | | | 943.13 | - | 943.13 |
| Other revenues | | | | | 19,658.69 | 14,730.22 | 34,388.91 |
| Transfers | | | | | 115,534.69 | (115,534.69) | - |
| Total General Revenues and Transfers | | | | | 824,705.68 | (100,804.47) | 723,901.21 |
| Change in Net Position | | | | | (245,789.11) | 908,179.13 | 662,390.02 |
| Net Position, beginning | | | | | 1,946,187.99 | 1,852,303.71 | 3,798,491.70 |
| Net Position, ending | | | | | 1,700,398.88 | 2,760,482.84 | 4,460,881.72 |

See Accompanying Notes and Independent Auditor's Report

FUND FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

| | <u>General</u> | <u>Streets and Sidewalks</u> | <u>Total Governmental Funds</u> |
|---|-------------------|----------------------------------|---|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 115,595.36 | \$ - | \$ 115,595.36 |
| Receivables, net: | | | |
| Franchise fees | 25,426.22 | - | 25,426.22 |
| Property taxes | 11,775.93 | - | 11,775.93 |
| Sales taxes | 9,090.96 | 13,817.02 | 22,907.98 |
| Other taxes | 246.23 | - | 246.23 |
| Due from other governmental agencies | - | 38,640.00 | 38,640.00 |
| Due from other funds | 34,319.97 | 19,076.72 | 53,396.69 |
| Prepaid expenses | 38,381.23 | 6,418.91 | 44,800.14 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 423,562.84 | 423,562.84 |
| Investments | - | 96,585.06 | 96,585.06 |
| TOTAL ASSETS | 234,835.90 | 598,100.55 | 832,936.45 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities | | | |
| Accounts payable | 3,600.22 | 40,102.48 | 43,702.70 |
| Accrued interest payable | 3,803.48 | - | 3,803.48 |
| Due to other funds | - | 3,792.03 | 3,792.03 |
| Total Liabilities | 7,403.70 | 43,894.51 | 51,298.21 |

Continued

**TOWN OF CLINTON, LOUISIANA
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

| | <u>General</u> | <u>Streets and Sidewalks</u> | <u>Total Governmental Funds</u> |
|--|----------------|----------------------------------|---|
| Fund Balances | | | |
| Restricted for: | | | |
| Streets and sidewalks | \$ - | \$ 554,206.04 | \$ 554,206.04 |
| Public safety | 19,102.78 | - | 19,102.78 |
| Unassigned | 208,329.42 | - | 208,329.42 |
| | | | |
| Total Fund Balances | 227,432.20 | 554,206.04 | 781,638.24 |
| | | | |
| TOTAL LIABILITIES AND FUND BALANCES | 234,835.90 | 598,100.55 | 832,936.45 |
| | | | |

See Accompanying Notes and Independent Auditors' Report

**TOWN OF CLINTON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2015**

| | | |
|--|----|------------|
| Total Fund Balances - Total Governmental Funds | \$ | 781,638.24 |
|--|----|------------|

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

| | | |
|--|--|--------------|
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheets. This is the capital assets, net of accumulated depreciation, reported on the Statements of Net Position. | | 1,821,385.64 |
|--|--|--------------|

| | | |
|--|--|--------------|
| Long-term liabilities of governmental activities do not require the use of current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. These are the long-term liabilities of the governmental activities: | | |
| Bonds | | (611,000.00) |
| Net pension liability | | (462,503.00) |

| | | |
|---|--|--------------|
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds. | | |
| Deferred outflows of resources related to pensions | | 280,209.00 |
| Deferred inflows of resources related to pensions | | (109,331.00) |

| | | |
|---|--|--------------|
| Total Net Position of Governmental Activities | | 1,700,398.88 |
|---|--|--------------|

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015**

| | <u>General</u> | <u>Streets and Sidewalks</u> | <u>Total Governmental Funds</u> |
|--|----------------|----------------------------------|---|
| <u>REVENUES</u> | | | |
| Fines and other court costs | \$ 284,148.65 | \$ - | \$ 284,148.65 |
| Franchise fees | 100,322.74 | - | 100,322.74 |
| Interest | 369.33 | 573.80 | 943.13 |
| Intergovernmental revenues | - | 2,200.00 | 2,200.00 |
| Licenses and permits | 112,494.36 | - | 112,494.36 |
| Motor vehicle fees | 23,228.00 | - | 23,228.00 |
| Other revenues | 19,658.69 | - | 19,658.69 |
| Taxes - beer | 2,446.98 | - | 2,446.98 |
| Taxes - property | 166,166.93 | - | 166,166.93 |
| Taxes - sales | 125,898.04 | 181,240.12 | 307,138.16 |
| | | | |
| Total Revenues | 834,733.72 | 184,013.92 | 1,018,747.64 |
| <u>EXPENDITURES</u> | | | |
| General government | 303,750.78 | - | 303,750.78 |
| Public safety: | | | |
| Police | 655,361.58 | - | 655,361.58 |
| Fire | 17,055.75 | - | 17,055.75 |
| Public works | - | 151,088.03 | 151,088.03 |
| Debt service: | | | |
| Principal | 76,000.00 | - | 76,000.00 |
| Interest | 14,261.48 | - | 14,261.48 |
| Capital outlay | 26,060.00 | 71,310.00 | 97,370.00 |
| | | | |
| Total Expenditures | 1,092,489.59 | 222,398.03 | 1,314,887.62 |
| Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses) | (257,755.87) | (38,384.11) | (296,139.98) |

Continued

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015**

| | <u>General</u> | <u>Streets and Sidewalks</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|----------------|----------------------------------|---|
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Grants and other contributions | \$ 115,080.33 | \$ 57,716.72 | \$ 172,797.05 |
| Operating transfers, net | 115,534.69 | - | 115,534.69 |
| | <hr/> | | |
| Net Other Financing Sources (Uses) | 230,615.02 | 57,716.72 | 288,331.74 |
| | <hr/> | | |
| Change in Fund Balances | (27,140.85) | 19,332.61 | (7,808.24) |
| | <hr/> | | |
| Fund Balances, beginning | 254,573.05 | 534,873.43 | 789,446.48 |
| | <hr/> | | |
| Fund Balances, ending | 227,432.20 | 554,206.04 | 781,638.24 |
| | <hr/> <hr/> | | |

See Accompanying Notes and Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

Net Change in Fund Balances - Total Governmental Funds \$ (7,808.24)

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

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which depreciation
charged differed from capital outlay in the current period. (38,613.87)

Governmental funds report pension contributions as expenditures.
However, in the Statement of Activities, the cost of pension
benefits earned net of employee contributions is reported as
pension expense. This is the amount by which pension contributions
charged differed from the actuarial cost of benefits. (275,367.00)

Governmental funds report payments on long-term obligations
as expenditures. However, in the Statement of Activities, these
payments are recognized as decreases in the long-term debt.
This is the change in long-term obligations during the year.

Bonds 76,000.00

Change in Net Position of Governmental Activities (245,789.11)

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015**

| | <u>Enterprise Funds</u> <u>Utility</u> |
|---------------------------------------|---|
| <u>ASSETS</u> | |
| Current Assets | |
| Cash and cash equivalents | \$ 199,614.01 |
| Receivables, net | 80,048.87 |
| Unbilled receivables | 15,043.43 |
| Prepaid expenses | 20,211.71 |
| Due from other governmental agencies | 239,218.54 |
| Total Current Assets | 554,136.56 |
| Restricted Assets | |
| Cash and cash equivalents | 4,131.31 |
| Total Restricted Assets | 4,131.31 |
| Capital Assets | |
| Land | 11,970.00 |
| Buildings | 150,545.70 |
| Equipment | 104,933.56 |
| Vehicles | 45,593.50 |
| Gas system | 1,629,985.52 |
| Water system | 1,083,547.26 |
| Sewer system | 3,330,110.45 |
| Less: Accumulated depreciation | (3,714,206.15) |
| Net Capital Assets | 2,642,479.84 |
| Total Assets | 3,200,747.71 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | 44,930.00 |

Continued

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
DECEMBER 31, 2015

| | <u>Enterprise Funds</u> <u>Utility</u> |
|---------------------------------|---|
| <u>LIABILITIES</u> | |
| Current Liabilities | |
| Payable from current assets: | |
| Accounts payable | \$ 257,349.90 |
| Due to other funds | 49,604.66 |
| | 306,954.56 |
| | |
| Payable from restricted assets: | |
| Customer deposits | 4,131.31 |
| | 4,131.31 |
| | |
| | 311,085.87 |
| Long-Term Liabilities | |
| Net pension liability | 144,846.00 |
| | 455,931.87 |
| | |
| | 29,263.00 |
| | 2,403,261.30 |
| | |
| | 4,131.31 |
| | 353,090.23 |
| | |
| | 2,760,482.84 |

See Accompanying Notes and Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

| | Enterprise Funds | |
|---|------------------|---------------|
| | <u>Utility</u> | |
| | <u>2015</u> | <u>2014</u> |
| <u>OPERATING REVENUES</u> | | |
| Gas sales and service | \$ 272,702.69 | \$ 334,905.44 |
| Water sales and service | 268,449.22 | 278,013.54 |
| Sewer sales and service | 193,903.50 | 201,868.82 |
| Late fees/penalties | 11,440.63 | 15,982.45 |
| | 746,496.04 | 830,770.25 |
| Total Operating Revenues | | |
| <u>OPERATING EXPENSES</u> | | |
| Personal services | 250,725.50 | 327,853.70 |
| Employee and related expenses | 330,207.06 | 280,843.31 |
| Occupancy | 81,228.00 | 65,319.26 |
| Administrative | 44,993.42 | 23,104.76 |
| Depreciation | 122,730.23 | 125,400.23 |
| | 829,884.21 | 822,521.26 |
| Total Operating Expenses | | |
| Operating Income (Loss) | (83,388.17) | 8,248.99 |
| <u>NON-OPERATING REVENUES (EXPENSES)</u> | | |
| Grants and other contributions | 1,092,371.77 | 35,900.00 |
| Other revenues | 14,730.22 | 7,639.96 |
| Operating transfers, net | (115,534.69) | (9,698.32) |
| | 991,567.30 | 33,841.64 |
| Total Non-Operating Revenues (Expenses) | | |
| Change in Net Position | 908,179.13 | 42,090.63 |
| Total Net Position, beginning | 1,852,303.71 | 1,939,263.08 |
| Total Net Position, ending | 2,760,482.84 | 1,981,353.71 |

See Accompanying Notes and Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

| | Enterprise Funds | |
|---|------------------|---------------|
| | Utility | |
| | <u>2015</u> | <u>2014</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 746,643.28 | \$ 791,136.98 |
| Cash paid to employees for services | (251,534.42) | (284,276.87) |
| Cash paid to suppliers for goods and services | (457,664.20) | (440,462.76) |
| Net Cash Provided by Operating Activities | 37,444.66 | 66,397.35 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Loans/repayments made to/from other funds | 45,598.62 | - |
| Miscellaneous revenues received | 14,730.22 | 7,639.96 |
| Operating transfers | (115,534.69) | (9,698.32) |
| Net Cash Used for Non-Capital Financing Activities | (55,205.85) | (2,058.36) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of capital assets | (853,153.23) | (38,060.00) |
| Cash received from grantors | 853,153.23 | 35,900.00 |
| Net Cash Used for Capital and Related Financing Activities | - | (2,160.00) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| | - | - |
| Increase (Decrease) in Cash and Cash Equivalents | (17,761.19) | 112,218.07 |
| Cash and Cash Equivalents, beginning | 221,506.51 | 109,288.44 |
| Cash and Cash Equivalents, ending | 203,745.32 | 221,506.51 |
| CASH PRESENTATION OF STATEMENT OF NET ASSETS: | | |
| Current Assets: Cash and cash equivalents | \$ 199,614.01 | 215,264.64 |
| Restricted Assets: Cash and cash equivalents | 4,131.31 | 6,241.87 |
| Cash and Cash Equivalents, end of year | 203,745.32 | 221,506.51 |

Continued

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2015 AND 2014

| | Enterprise Funds | |
|--|------------------|-------------|
| | <u>Utility</u> | |
| | <u>2015</u> | <u>2014</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ (83,388.17) | \$ 8,248.99 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Depreciation | 122,730.23 | 125,400.23 |
| (Increase) decrease in assets: | | |
| Accounts receivable | 2,257.80 | (44,562.72) |
| Prepaid expenses | 6,315.25 | (12,104.56) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (7,679.97) | (12,079.98) |
| Payroll related payables | (808.92) | (3,433.56) |
| Customer deposits | (2,110.56) | 4,929.45 |
| Net pension liability and related resources | 128.00 | 129,050.00 |
| Net Cash Provided by Operating Activities | 37,443.66 | 195,447.85 |

See Accompanying Notes and Independent Auditor's Report

NOTES TO FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

INTRODUCTION

The Town of Clinton, Louisiana (hereafter referred to as the Town) was incorporated on March 9, 1852, under the provisions of the Special Charter Act 120 of 1852. The Town operates under a Mayor-Board of Alderperson form of government. The charter was amended in 1996 to allow larger fines to be assessed by the Mayor's Court. It was also amended in 2003 to recognize duties and authority within the Police Department where the charter previously recognized a Town Marshal. This was done to be consistent with the creation of a Police Department in 1993.

The citizens of the Town elect the Mayor and five Alderpersons at large every four years. They are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants. The Town provides fire and police protection, street maintenance, gas, water and sewer services.

The Town is situated in the northwest part of East Feliciana Parish. It is approximately 2.0 square miles in size with a population of approximately 2,000 persons. Within the boundaries are approximately 15 miles of roads maintained by the Town. It is currently servicing about 892 customers through its utility department and employs 37 persons including reserve officers.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Town conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, and other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the Town.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Government-Wide Accounting: In accordance with Statement No. 63 of the Government Accounting Standards Board, the Town has presented a statement of net position and statement of activities for the Town as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Inter-fund receivables and payables are eliminated in the statement of net position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net position.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government, as its total annual revenues were less than \$10 million. Such governments were not required to report major general infrastructure assets retroactively back to 1982, during implementation of Statement No. 34. The Town opted not to retroactively report these types of capital assets.

Program Revenues

The statement of activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water, gas and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Restricted Net Position

Restricted net position are those for which a constraint has been imposed either externally or by law. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net position are used.

Fund Accounting: The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund – the general operating fund of the Town accounting for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Proprietary funds include:

1. Enterprise Funds – account for operations (a) 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.

Basis of Accounting/Measurement Focus: Its type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. Non-exchange transactions such as property taxes and grants are recognized in the year for which the taxes were levied or when the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The Town considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: The Town adopts an annual budget for all of its funds prepared in accordance with the basis of accounting utilized by that fund. The Board of Alderpersons must approve any revisions that alter the total expenditures and are passed on an as-needed basis. A balanced budget is required.

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**TOWN OF CLINTON, LOUISIANA
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Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Town has two certificates of deposit that were renewed in December with maturities of one year. The balances and interest rates are \$44,621 at .60% and \$51,964 at .55%.

Prepaid Expenses: Prepaid expenses include premiums paid on insurance policies for terms that extend beyond year-end and overpaid payroll taxes. The amount reported of \$65,011.85 represents the unexpired terms of the Town's liability insurance.

Restricted Assets: Certain cash and investments are classified as restricted because law or donor restriction limits their use. Components of these at December 31, 2015, are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-------------------------|------------------------------------|-------------------------------------|
| Demand deposits | | |
| Customer deposits | \$.00 | \$ 4,131.31 |
| Operations | 423,562.84 | .00 |
| Certificates of deposit | | |
| Operations | <u>96,585.06</u> | <u>.00</u> |
| | <u>520,147.90</u> | <u>4,131.31</u> |

Capital Assets: The Town's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

| | | | |
|------------------|------------|----------------|-------------|
| Buildings | 40 years | Vehicles | 7-10 years |
| Equipment | 4-10 years | Infrastructure | 20-50 years |
| Office furniture | 5-7 years | | |

The Town's capitalization policy includes adding all assets with a value of \$5,000 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period and tracking is desired such as is the case with weapons or radio equipment.

Compensated Absences: The Town does not have any compensated absences to report.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the statement of net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Net Position/Fund Balances: In the statement of net position, the difference between a government's assets, deferred outflows of resources, liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. These are usually restricted by external sources such as banks or by law.

Unrestricted

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Non-spendable

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

Restricted

Fund balances that are restricted include those resources constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

Committed

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal or change in this commitment can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

Assigned

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

Unassigned

This category represents that portion of equity that are available for any purpose.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Inter-fund Transactions: All inter-fund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Sales Taxes: The East Feliciana Parish Police Jury levies a 5% sales tax. After deducting solid waste, school board and collection fees from the gross received, the Town receives 12.4021% of the balance. Sales taxes are dedicated for street maintenance and improvements.

Property Taxes: Ad valorem taxes authorized and levied for the year were 6.65 mills. These funds are received by the general fund and are not dedicated. Total assessed value of property within the Town is approximately \$8,400,000.

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

NOTE 2 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) at December 31, 2015, are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-----------------|------------------------------------|-------------------------------------|
| Petty cash | \$ 100.00 | \$.00 |
| Demand deposits | <u>539,058.20</u> | <u>203,745.32</u> |
| Total | <u>539,158.20</u> | <u>203,745.32</u> |

Of these amounts, \$423,562.84 and \$4,131.31 is restricted for governmental and business-type activities, respectively.

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

At December 31, 2015, the Town had \$910,780 in deposits (collected balances). These funds are secured through the Federal Deposit Insurance Corporation (FDIC) and collateral pledged by participating banks.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 – RECEIVABLES

The following is a summary of receivables at December 31, 2015:

| <u>Class</u> | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Enterprise Fund</u> | <u>Total</u> |
|--|-------------------------|-------------------------------------|----------------------------|-------------------|
| Accounts | \$.00 | \$.00 | \$ 105,658.11 | \$ 105,658.11 |
| Taxes: | | | | |
| Franchise | 25,426.22 | .00 | .00 | 25,426.22 |
| Property | 11,775.93 | .00 | .00 | 11,775.93 |
| Sales | <u>9,090.96</u> | <u>13,817.02</u> | <u>.00</u> | <u>22,907.98</u> |
| Sub-total | 46,293.11 | 13,817.02 | 105,658.11 | 165,768.24 |
| Less: Allowance for doubtful accounts | <u>.00</u> | <u>.00</u> | <u>10,565.81</u> | <u>10,565.81</u> |
| Net | <u>46,293.11</u> | <u>13,817.02</u> | <u>95,092.30</u> | <u>155,202.43</u> |

Utility meters are read between the 18th and 25th of each month and bills are computed and mailed by the last day of the month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Enterprise Fund. At December 31, 2015, unbilled receivables were \$15,043.43. This amount is included in the table above.

An allowance for doubtful accounts is determined by a percentage based on prior years' experience. At December 31, 2015, the allowance was estimated to be \$10,565.81 in the Enterprise Fund.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|---------------------------------------|------------------------------|------------------|-------------------|---------------------------|
| Governmental Activities | | | | |
| Capital Assets, not being depreciated | | | | |
| Land | \$ 1,000.00 | \$.00 | \$.00 | \$ 1,000.00 |

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|-------------------|---------------------------|
| Capital Assets, being depreciated | | | | |
| Buildings and improvements | 978,863.48 | .00 | .00 | 978,863.48 |
| Less: accumulated depreciation | <u>193,242.17</u> | <u>28,572.83</u> | <u>.00</u> | <u>221,815.00</u> |
| Net Building and Improvements | 785,621.31 | (28,572.83) | .00 | 757,048.48 |
| | | | | |
| Infrastructure | 1,558,108.54 | 64,540.00 | .00 | 1,622,648.54 |
| Less: accumulated depreciation | <u>595,553.66</u> | <u>57,707.72</u> | <u>.00</u> | <u>653,261.38</u> |
| Net Sidewalks/Drainage | 962,554.88 | 6,832.28 | .00 | 969,387.16 |
| | | | | |
| Equipment | 330,725.31 | 6,770.00 | .00 | 337,495.31 |
| Less: accumulated depreciation | <u>281,947.26</u> | <u>9,706.22</u> | <u>.00</u> | <u>291,653.48</u> |
| Net Equipment | 48,778.05 | (2,936.22) | .00 | 45,841.83 |
| | | | | |
| Vehicles | 506,430.54 | 26,060.00 | .00 | 532,490.54 |
| Less: accumulated depreciation | <u>451,200.89</u> | <u>39,195.68</u> | <u>.00</u> | <u>490,396.57</u> |
| Net Vehicles | 55,229.65 | (13,135.68) | .00 | 42,093.97 |
| | | | | |
| Office furniture | 10,830.55 | .00 | .00 | 10,830.55 |
| Less: accumulated depreciation | <u>4,014.93</u> | <u>801.42</u> | <u>.00</u> | <u>4,816.35</u> |
| Net Office Furniture | 6,815.62 | (801.42) | .00 | 6,014.20 |
| | | | | |
| Total Capital Assets, being depreciated, net | <u>1,858,999.51</u> | <u>(38,613.87)</u> | <u>.00</u> | <u>1,820,385.64</u> |
| | | | | |
| Capital Assets, net | <u>1,859,999.51</u> | <u>(38,613.87)</u> | <u>.00</u> | <u>1,821,385.64</u> |
| | | | | |
| Business-type Activities | | | | |
| Capital Assets, not being depreciated | | | | |
| Land | \$ 11,970.00 | \$.00 | \$.00 | \$ 11,970.00 |
| | | | | |
| Capital Assets, being depreciated | | | | |
| Buildings and improvements | 150,545.70 | .00 | .00 | 150,545.70 |
| Less: accumulated depreciation | <u>71,159.23</u> | <u>4,482.90</u> | <u>.00</u> | <u>75,642.13</u> |
| Net Building and Improvements | 79,386.47 | (4,482.90) | .00 | 74,903.57 |
| | | | | |
| Equipment | 104,933.56 | .00 | .00 | 104,933.56 |
| Less: accumulated depreciation | <u>87,790.72</u> | <u>4,285.71</u> | <u>.00</u> | <u>92,076.43</u> |
| Net Equipment | 17,142.84 | (4,285.71) | .00 | 12,857.13 |
| | | | | |
| Vehicles | 45,593.50 | .00 | .00 | 45,593.50 |
| Less: accumulated depreciation | <u>42,610.50</u> | <u>1,687.00</u> | <u>.00</u> | <u>44,297.50</u> |
| Net Vehicles | 2,983.00 | (1,687.00) | .00 | 1,296.00 |

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|-------------------|---------------------------|
| Gas system | 1,629,985.52 | .00 | .00 | 1,629,985.52 |
| Less: accumulated depreciation | <u>1,147,803.55</u> | <u>39,750.00</u> | <u>.00</u> | <u>1,187,553.55</u> |
| Net Gas System | 482,181.97 | (39,750.00) | .00 | 442,431.97 |
| Water system | 1,083,547.26 | .00 | .00 | 1,083,547.26 |
| Less: accumulated depreciation | <u>402,929.27</u> | <u>29,774.55</u> | <u>.00</u> | <u>432,703.82</u> |
| Net Water System | 680,617.99 | (29,774.55) | .00 | 650,843.44 |
| Sewer system | 2,237,738.68 | 1,092,371.77 | .00 | 3,330,110.45 |
| Less: accumulated depreciation | <u>1,839,182.65</u> | <u>42,750.06</u> | <u>.00</u> | <u>1,881,932.71</u> |
| Net Sewer System | 398,556.03 | 1,049,621.71 | .00 | 1,448,177.74 |
| Total Capital Assets, being depreciated, net | <u>1,660,868.30</u> | <u>969,641.54</u> | <u>.00</u> | <u>2,630,509.84</u> |
| Capital Assets, net | <u>1,672,838.30</u> | <u>969,641.54</u> | <u>.00</u> | <u>2,642,479.84</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|--------------------|-------------------|
| General government | \$ 11,348.50 |
| Public safety | 38,777.07 |
| Public works | <u>85,858.30</u> |
| Total | <u>135,983.87</u> |

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES/PAYABLES

Amounts due from other governmental agencies, grant funding, are as follows:

| | |
|-----------------------------------|--------------|
| <i>Streets and Sidewalks Fund</i> | |
| La Division of Administration | \$ 38,640.00 |
| <i>Utility Fund</i> | |
| La Division of Administration | 239,218.54 |

NOTE 6 – INTER-FUND TRANSACTIONS

Amounts receivable and payable between funds at December 31, 2015, are as follows:

| | <u>Receivable</u> | <u>Payable</u> |
|-----------------------|-------------------|------------------|
| General Fund | \$ 34,319.97 | \$.00 |
| Special Revenue Funds | 19,076.72 | 3,792.03 |
| Enterprise Fund | .00 | <u>49,604.66</u> |
| Total | <u>53,396.69</u> | <u>53,396.69</u> |

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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These amounts represent loans made between funds for cash flow purposes.

NOTE 7 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2015:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|-------------------|------------------------------------|-------------------------------------|-------------------|
| Accounts | \$ 43,702.70 | \$ 257,349.90 | \$ 301,052.60 |
| Interest | 3,803.48 | .00 | 3,803.48 |
| Customer deposits | <u>.00</u> | <u>4,131.31</u> | <u>4,131.31</u> |
| Total | <u>47,506.18</u> | <u>261,481.21</u> | <u>308,987.39</u> |

NOTE 8 – RETIREMENT SYSTEM

Substantially all employees of the Town are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees.

Pension Liabilities, Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions. At December 31, 2015, the Town reported a liability of \$128,448 for its proportionate share of the Town's net pension liability related to its governmental activities. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Town's proportion at that dated was .402111% at LASERS and .042642% at MPERS.

Pension expense of \$26,747 was recognized for the year ended December 31, 2015. Deferred outflows and inflows of resources related to pensions were reported from the following sources:

| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> |
|--|------------------------------|-----------------------------|
| Difference between expected and actual results | \$.00 | \$ 14,140.00 |
| Changes of assumptions | 54,063.00 | 6,186.00 |
| Changes in proportion | 185,039.00 | 118,268.00 |
| Difference in actual and projected earnings | <u>41,107.00</u> | <u>.00</u> |
| | <u>280,209.00</u> | <u>138,594.00</u> |

**TOWN OF CLINTON, LOUISIANA
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Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

Retirement Benefits. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are required to participate in the System. Under Plan B, employees who retire at or after age 67 with at least 7 years of creditable service, at or after age 62 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. Benefits are established or amended by state statute.

Survivor Benefits. Upon death of any member with 5 or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. If the member is eligible for normal retirement at the time of death and leaves a surviving spouse, that member will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits. In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to 3 years and defer the receipt of benefits. During participation in DROP, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest accrues on these funds based upon the actual rate of return on the investments identified as DROP funds for the period.

Upon termination of employment prior to or at the end of the specified period of participation, a member in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund or any other method of payment if approved by the board of trustees. If a member dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the 3 years, payments into the DROP fund cease, and the member resumes active contributing membership in the System.

Disability Benefits. A member shall be eligible to retire and receive a disability benefit if he

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

has at least 10 years of creditable service, in which he would receive a regular retirement under retirement provisions. Eligibility is based on official certification by the State Medical Disability Board. Upon retirement caused by disability, an eligible member shall be paid a disability benefit equal to the lesser of 30% of his final average compensation or 2% of his final average compensation multiplied by his years of creditable service, whichever is greater or an amount equal to 2% of his final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Funding Policy. The Town is required to contribute at an actuarially determined rate. The current rate is 9.50% of annual covered payroll. The contribution requirements of plan members and the Town were established and may be amended by state statute. As provided by La. Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Additional information can be obtained in the annual publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to La State Employees' Retirement System, 8401 United Plaza Blvd., #100, Baton Rouge, LA 70809 or by calling (225) 922-0600.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police officers engaged in law enforcement, empowered to make arrests, providing he does not have to pay social security and providing he meets the statutory criteria, are required to participate in the System.

Retirement Benefits. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-2233. Employees hired prior to 1/1/2013 are eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or 20 years of creditable service and is 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member for 20 years at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3rd of average final compensation per number of years of creditable service not to exceed 100% of final salary. The average final compensation is based on average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted.

For membership commencing on or after 1/1/2013, eligibility for regular retirement, disability or survivor benefits is based on hazardous and non-hazardous duty sub plans. Under hazardous duty, a member is eligible after he has been a member and has 25 years creditable service any age or has 12 years of creditable service at age 55. Under the non-hazardous duty sub-plan, eligibility is available after he has been a member and has 30 years of creditable service at any age, 25 years of creditable service at age 55 or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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Benefit rates are 3% and 2 ½%, respectively, of average final compensation per number of years of creditable service not to exceed 100% of final salary.

Survivor Benefits. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. These benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. Each minor child receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

DROP Benefits. In lieu of terminating employment and accepting a retirement allowance, any member is eligible to elect to participate in the deferred retirement option plan (DROP). At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at the date of application. Participation is available for 36 months or less. If employment is terminated after the three year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership in the System shall resume and upon later termination, he shall receive additional retirement benefits based on the additional service. Those eligible to enter the DROP prior to 1/1/2004, DROP accounts earn interest subsequent to the termination of the DROP participation at a rate of ½ of 1% below the percentage rate of return of the System's investment portfolio as certified by an actuary on an annual basis but will never lose money. For those eligible to enter the DROP subsequent to 1/1/2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Funding Policy. Contributions are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. Currently, members are required to contribute 10% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate of 31.5%. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained in writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

**TOWN OF CLINTON, LOUISIANA
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NOTE 9 – LEVIED TAXES

Property tax notices are mailed during November for the current year. Taxes become delinquent after December 31st. The Town receives its property taxes through the East Feliciana Parish Police Jury who is responsible for collections. Total assessed value of real property is \$8,387,730. The principal taxpayers for the town are:

| <u>Taxpayer</u> | <u>Assessed Value</u> | <u>Percentage</u> |
|------------------------------|-----------------------|-------------------|
| Felician Bank & Trust Co. | \$ 7,459,120 | 17.40% |
| Wiltel Communications | 733,220 | 8.74% |
| Landmark Bank | 686,900 | 8.19% |
| Bellsouth Telecommunications | 370,680 | 4.42% |
| Pac Tec | 242,660 | 2.89% |
| Entergy/Gulf States | 87,550 | 1.04% |
| Billy Joe & Joan B. Buzbee | 83,550 | 1.00% |
| AMG, LLC | 79,740 | .95% |
| C.M.A. Ltd. Partnership | 63,910 | .76% |
| CPA Ltd. Partnership | 63,270 | .75% |

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

The Town does not offer post-employment benefits to employees upon termination.

NOTE 11 – LONG-TERM DEBT

The Town issued Limited Tax Bonds, Series 2012, in November of 2012, for the purchase of a fire station in the amount of \$760,000 at an interest rate of 2.49% maturing in March of 2022. While interest payments began in the current year, the first principal payment is not until 2014. Maturities of this long-term obligation are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------|------------------|-----------------|
| 2016 | \$ 79,000 | \$ 16,160 |
| 2017 | 81,000 | 12,238 |
| 2018 | 84,000 | 10,184 |
| 2019 | 87,000 | 8,055 |
| 2020 | 90,000 | 4,731 |
| Remaining years | <u>190,000</u> | <u>2,415</u> |
| | <u>611,000</u> | <u>53,783</u> |

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12 – FIRE PROTECTION

Fire protection for the Town is provided by the Clinton Fire Department with funds received primarily through the Parish-wide Fire Protection District of East Feliciana Parish. This is a legally separate governmental agency that issues its own audited financial statements. During the year ended December 31, 2015, the Department expended \$90,261 in structure fees and property taxes.

NOTE 13 – COMPARATIVE DATA

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. Such information is presented in a summarized comparative format and should be read in conjunction with the Town's financial statements for the year ended December 31, 2015, from which the information was summarized.

NOTE 14 – RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

NOTE 15 – LITIGATION AND CLAIMS

There are currently no litigation pending or threatened that is anticipated to have a material financial impact on the accompanying financial statements.

NOTE 16 – SUBSEQUENT EVENTS

There were no events subsequent to year-end through November 30, 2016, the date on which the accompanying financial statements were available, that would have a significant impact on the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
(PART 2 OF 2)**

**TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2015**

| | General Fund | | | | Streets and Sidewalks | | | |
|-----------------------------|------------------|------------|-------------------|--|-----------------------|---------|-------------------|--|
| | Budgeted Amounts | | Actual Amounts | Variance Favorable (Unfavorable) | Budgeted Amounts | | Actual Amounts | Variance Favorable (Unfavorable) |
| | Original | Final | | | Original | Final | | |
| REVENUES | | | | | | | | |
| Fines and other court costs | \$ 397,096 | \$ 291,688 | \$ 284,149 | \$ (7,539) | \$ - | \$ - | \$ - | \$ - |
| Franchise fees | 98,569 | 98,569 | 100,323 | 1,754 | - | - | - | - |
| Interest earned | 6,323 | 444 | 369 | (75) | 200 | 200 | 574 | 374 |
| Intergovernmental | - | - | - | - | 2,200 | 2,200 | 2,200 | - |
| Licenses and permits | 101,081 | 134,103 | 112,494 | (21,609) | - | - | - | - |
| Motor vehicle fees | 25,000 | 25,000 | 23,228 | (1,772) | - | - | - | - |
| Other revenues | 16,139 | 38,827 | 19,659 | (19,168) | - | - | - | - |
| Taxes-beer | 3,874 | 3,874 | 2,447 | (1,427) | - | - | - | - |
| Taxes-property | 209,533 | 209,533 | 166,167 | (43,366) | - | - | - | - |
| Taxes-sales | 124,847 | 124,847 | 125,898 | 1,051 | 180,000 | 180,000 | 181,240 | 1,240 |
| Total Revenues | 982,462 | 926,885 | 834,734 | (92,151) | 182,400 | 182,400 | 184,014 | 1,614 |
| EXPENDITURES | | | | | | | | |
| General government | 230,219 | 301,301 | 303,751 | (2,450) | - | - | - | - |
| Public safety: | | | | | | | | |
| Police | 760,130 | 665,173 | 655,362 | 9,811 | - | - | - | - |
| Fire | 67,121 | 17,988 | 17,056 | 932 | - | - | - | - |
| Public works | - | - | - | - | 180,300 | 180,300 | 151,088 | 29,212 |

Continued

**TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2015**

| | General Fund | | | | Streets and Sidewalks | | | |
|--|------------------|-----------|-------------------|--|-----------------------|----------|-------------------|--|
| | Budgeted Amounts | | Actual Amounts | Variance Favorable (Unfavorable) | Budgeted Amounts | | Actual Amounts | Variance Favorable (Unfavorable) |
| | Original | Final | | | Original | Final | | |
| Debt service | \$ 90,000 | \$ 90,000 | \$ 90,261 | \$ (261) | \$ - | \$ - | \$ - | \$ - |
| Capital outlay | - | 26,500 | 26,060 | 440 | 50,000 | 70,000 | 71,310 | (1,310) |
| Total Expenditures | 1,147,471 | 1,100,962 | 1,092,490 | 8,472 | 230,300 | 250,300 | 222,398 | 27,902 |
| Deficiency of Revenues over Expenditures Before | | | | | | | | |
| Other Financing Sources (Uses) | (165,009) | (174,077) | (257,756) | (83,679) | (47,900) | (67,900) | (38,384) | 29,516 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | | | |
| Grants and other contributions | 60,000 | 133,000 | 115,080 | (17,920) | - | 57,000 | 57,717 | 717 |
| Operating transfers, net | - | 115,535 | 115,535 | - | - | - | - | - |
| Net Other Financing Sources (Uses) | 60,000 | 248,535 | 230,615 | (17,920) | - | 57,000 | 57,717 | 717 |
| Change in Fund Balances | (105,009) | 74,458 | (27,141) | (101,599) | (47,900) | (10,900) | 19,333 | 30,233 |
| Fund Balances, beginning | 254,573 | 254,573 | 254,573 | - | 534,873 | 534,873 | 534,873 | - |
| Fund Balances, ending | 149,564 | 329,031 | 227,432 | (101,599) | 486,973 | 523,973 | 554,206 | 30,233 |

See Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015**

| Federal Grantor/Pass Through Grantor/Program Title | <u>CFDA Number</u> | <u>Federal Expenditures</u> |
|--|------------------------|---------------------------------|
| Major Programs | | |
| U.S. Department of Housing and Urban Development Office of Community Planning and Development | | |
| Community Development Block Grant Public Facilities <i>Pass-Through</i> | | |
| Louisiana Office of Community Development Street Improvements | 14.228 | \$ 38,640.00 |
| Community Development Block Grant Public Facilities <i>Pass-Through</i> | | |
| Louisiana Office of Community Development Sewer Rehabilitation Project | 14.228 | <u>1,070,880.05</u> |
| Total Federal Expenditures | | <u>\$ 1,109,520.05</u> |

**Notes to Schedules of Expenditures of Federal Awards
Year Ended December 31, 2015**

Basis Of Presentation

This schedule of expenditures of federal awards included the federal grant activity of the Town of Clinton, Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance of the requirements of *Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.*

SUPPLEMENTARY INFORMATION

**TOWN OF CLINTON, LOUISIANA
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

| | Enterprise Funds | |
|---|------------------|---------------|
| | <u>Utility</u> | |
| | <u>2015</u> | <u>2014</u> |
| <u>PERSONAL SERVICES</u> | | |
| Gas purchases | \$ 106,114.46 | \$ 152,802.61 |
| Sewer/wastewater system expense | 44,879.34 | 32,016.03 |
| Water system expense | 48,652.53 | 51,123.59 |
| Gas system expense | 191.96 | 2,810.54 |
| Auto expense | 11,359.49 | 7,990.68 |
| Repairs and materials | 34,887.84 | 63,110.12 |
| Inspection fees/licenses | 4,190.76 | 17,573.34 |
| Pumpage fees | 449.12 | 426.79 |
| Total Personal Services | 250,725.50 | 327,853.70 |
| <u>EMPLOYEE AND RELATED EXPENSES</u> | | |
| Salaries | 231,057.02 | 205,420.95 |
| Health insurance | 47,871.08 | 27,829.42 |
| Payroll taxes | 27,726.84 | 23,913.82 |
| Retirement | 16,172.53 | 12,669.58 |
| Training/seminars/travel | 2,715.00 | 4,100.00 |
| Uniforms | 4,639.59 | 6,784.54 |
| Drug testing | 25.00 | 125.00 |
| Total Employee and Related Expenses | 330,207.06 | 280,843.31 |
| <u>OCCUPANCY</u> | | |
| Insurance | 40,033.10 | 18,277.82 |
| Telephone | 4,668.31 | 3,389.70 |
| Utilities | 36,526.59 | 43,651.74 |
| Total Occupancy | 81,228.00 | 65,319.26 |
| <u>ADMINISTRATIVE</u> | | |
| Office expense | 11,858.07 | 10,883.06 |
| Computer/technology | 19,850.00 | - |
| Dues and subscriptions | 1,175.00 | 623.50 |
| Professional fees | 12,110.35 | 11,598.20 |
| Total Administrative | 44,993.42 | 23,104.76 |

Continued

TOWN OF CLINTON, LOUISIANA
COMPARATIVE SCHEDULES OF OPERATING EXPENSES (Continued)
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2015 AND 2014

| <u>DEPRECIATION</u> | Enterprise Funds | |
|--------------------------|------------------|--------------|
| | <u>Utility</u> | |
| | <u>2015</u> | <u>2014</u> |
| Depreciation - gas | \$ 39,750.00 | \$ 39,750.00 |
| Depreciation - water | 29,774.55 | 29,774.55 |
| Depreciation - sewer | 42,750.07 | 42,750.07 |
| Depreciation - other | 10,455.61 | 13,125.61 |
| Total Depreciation | 122,730.23 | 125,400.23 |
| TOTAL OPERATING EXPENSES | 829,884.21 | 822,521.26 |

See Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEAR ENDED DECEMBER 31, 2015**

The schedule of compensation paid to governing members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Mayor

| | |
|--------------|---------------------|
| Lori A. Bell | \$ <u>18,000.00</u> |
|--------------|---------------------|

Board Members

| | |
|-----------------------|----------------------|
| Johnny Beauchamp | \$ 6,000.00 |
| George Kilbourne | 6,000.00 |
| Clovis Matthews | 6,000.00 |
| Lisa Davis Washington | 6,000.00 |
| Kim Young | <u>6,000.00</u> |
| Total Paid | <u>30,000.00</u> |

See Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED DECEMBER 31, 2015**

Agency Head
Lori A. Bell
Mayor

| Purpose | Amount |
|---|----------------------|
| Salary | \$ 18,000 |
| Travel: | |
| Convention - lodging/meals | 1,820 |
| Reimbursements | <u>40</u> |
| Total Compensation, Benefits and Other Payments | <u><u>19,860</u></u> |

See Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2015**

| | MERS | MPERS |
|---|-------------|--------------|
| Employer's Proportion of the Net Pension Liability (Asset) | 0.40211% | 0.04264% |
| Employer's Proportionate Share of the Net Pension Liability (Asset) | \$ 273,294 | \$ 334,055 |
| Employer's Covered-Employee Payroll | \$ 382,565 | \$ 399,230 |
| Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 71.44% | 83.67% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 68.71% | 70.73% |

See Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2015**

| Year | MERS 2015 | MPERS 2015 |
|---|--------------|---------------|
| Contractually Required Contribution | \$ 26,747 | \$ 35,930 |
| Contributions in Relation to Contractually Required Contributions | \$ 26,506 | \$ 35,930 |
| Contribution Deficiency (Excess) | \$ 241 | \$ - |
| Employer's Covered-Employee Payroll | \$ 382,565 | \$ 399,230 |
| Contributions as a Percentage of Covered-Employee Payroll | 6.93% | 9.00% |

See Independent Auditor's Report

WILLIAM P. GAINES, JR., CPA
A PROFESSIONAL ACCOUNTING CORPORATION
4257 CHURCH STREET, SUITE 105
ZACHARY, LOUISIANA 70791

**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***

The Honorable Lori A. Bell, Mayor and the
Members of the Board of Aldermen
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

I 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-type activities, business-type activities and the aggregate remaining fund information of the Town of Clinton, LA as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town of Clinton, LA's basic financial statements, and have issued my report thereon dated November 30, 2016.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Clinton, LA's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and, accordingly, I do not express such an opinion.

The results of my tests disclosed two instances of noncompliance that is required to be reported under *Government Auditing Standards*. See Finding 2015.001 and Finding 2015.002 on Pages 61 and 62.

Purpose of this Report

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

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



William P. Gaines, Jr., CPA
A Professional Accounting Corporation
Zachary, LA
November 30, 2016

**WILLIAM P. GAINES, JR., CPA
A PROFESSIONAL ACCOUNTING CORPORATION
4257 CHURCH STREET, SUITE 105
ZACHARY, LOUISIANA 70791**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM
ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES AND AUDIT REQUIREMENTS FOR
FEDERAL AWARDS**

The Honorable Lori A. Bell, Mayor and the
Member of the Board of Aldermen
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

Report on Compliance for Each Major Federal Program

I have audited the Town of Clinton, Louisiana's compliance with the type of compliance requirements described in Title 2 U. S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The Town of Clinton, Louisiana's major federal programs are identified in the summary auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program.

Auditor's Responsibility

My responsibility is to express an opinion on compliance of the Town of Clinton, Louisiana's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2 U. S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Clinton, Louisiana's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Town of Clinton, Louisiana's compliance.

Opinion on Each Major Federal Program

In my opinion, the Town of Clinton, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Town of Clinton, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit on compliance, I considered the Town of Clinton, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Town of Clinton, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exist when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with at type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention to those charged with governance.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or a significant deficiency. I did not identify any deficiencies in internal control over compliance, that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings number 2015.002

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirement of *U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Accordingly, this report is not suitable for any other purpose.



William P. Gaines, Jr., CPA
A Professional Accounting Corporation
Zachary, LA 70791
November 30, 2016

**TOWN OF CLINTON, LOUISIANA
SCHEUDLE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

Section I Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Clinton, Louisiana.
2. No material weaknesses were reported.
3. No instances of non compliance material to the financial statements of the Town of Clinton, Louisiana were disclosed during the audit.
4. No significant deficiencies or material weaknesses were identified during the audit of the major federal award.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included U. S. Department of Housing and Urban Development, Community Development Block Grants (14.228).
8. The threshold for distinguishing Types A and B programs was \$500,000.
9. The Town of Clinton, Louisiana was determined to be a low risk auditee.

Section II Financial Statement Findings

2015.001 Compliance with Audit Law

Criteria. Louisiana Revised Statute 24:513 requires that an annual financial report or other type report be submitted to the Legislative Auditor within six months of the close of the fiscal/calendar year.

Condition. This deadline was not met for the year ended December 31, 2015.

Effect. The Town is not in compliance with applicable laws.

Recommendation. I recommend that management be cognizant of this deadline in the future and make every effort to comply.

Management's Response. We will make every effort to comply with this requirement in the future.

Section III Federal Award Findings and Questioned Costs

N/A

Section IV Management Letter

None

**TOWN OF CLINTON, LOUISIANA
SCHEUDLE OF FINDINGS FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015**

2015.002 Compliance with the Federal Awards

Criteria. Uniform Guidance requires the annual financial report be submitted to the Federal Clearing House within 30 days of receiving the report or nine months after the end of the fiscal year, whichever comes first.

Condition. This condition was not met for the year ended December 31, 2015.

Effect. The town is not in compliance with applicable laws.

Recommendation. I recommend that management be cognizant of the deadline in the future and make every effort to comply.

Management's Response. Management plans to review procedures and update as needed to insure compliance with all laws and regulations, particularly compliance with the audit law.

**TOWN OF CLINTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2015**

Section I Financial Statement Findings

2014.01 Compliance with Audit Law

Condition. Deadline for submitting the annual audit report to the Louisiana Legislative Auditor was not met.

Effect. The Town did not comply with the Louisiana Audit Law.

Recommendation. Management be cognizant of this deadline in the future

Disposition. Unresolved

2014.02 Compliance with Governmental Budget Act

Condition. Actual revenues of \$205,242 in the streets and sidewalks fund fell short of the budgeted amount by \$234,400 or 12%.

Effect. The Town did not comply with the Louisiana Local Government Budget Act.

Recommendation. Management routinely monitor the actual to budget comparison reports and, with known facts of activities remaining to year-end, determine whether an amendment is necessary.

Disposition. Resolved

2014.03 Compliance with Accounting Laws

Condition. The general ledger and payroll system were set up improperly thereby not providing a complete and accurate accounting system in order to prepare annual financial statements.

Effect. The Town did not comply with applicable laws nor able to produce annual financial statements that provide evidence of legal compliance, financial position or results of operations.

Recommendation. (1) necessary audit adjustments be immediately entered in the accounting system with the assistance of a competent accountant; (2) payroll system be reconfigured to properly record each transaction; (3) budget be entered into the accounting software in order to utilize same as an effective management tool; and (4) oversight of the financial transactions be accomplished with the outside accountant through an accountant's copy or on-site.

Disposition. Resolved

Section II Federal Award Findings and Questioned Costs

N/A

Section III Management Letter

N/A

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2015**

Section I Internal Control and Compliance Material to the Financial Statements

2015.001 Compliance with Audit Law

Condition. The Town was not in compliance with the Audit Law.

Recommendation. I recommend that management be cognizant of this deadline in the future and make every effort to comply.

Management's Response. We will make every effort to comply with this requirement in the future.

2015.002 Compliance with Audit Law

Condition. The Town is not in compliance with the Audit Law.

Recommendation. I recommend that management be cognizant of this deadline in the future and make every effort to comply.

Management's Response. We will make every effort to comply with this requirement in the future.

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A