

TOWN OF KILLIAN

LOUISIANA

JUNE 30, 2017

L.A. CHAMPAGNE  **& Co.
LLP**

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Peter Bock, Interim Mayor and
Members of the Board of Aldermen
Town of Killian, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, general fund and the business-type activities, of the Town of Killian, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated December 27, 2017, on the results of the agreed upon procedures.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 25 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. The information is the responsibility of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Matters

During our review it was noted that an investigative audit was being conducted by the Louisiana Legislative Auditor's Office. The results of the investigative audit have not been issued as of this report date. The effect of the investigative audit on the Town's financial statements, if any, at this time is not known.

R.A. Champagne & Co. L.L.P.

December 27, 2017

BASIC FINANCIAL STATEMENTS

TOWN OF KILLIAN
STATEMENT OF NET POSITION

June 30, 2017

(See Independent Accountant's Review Report)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 108,785	\$ 21,391	\$ 130,176
Accounts receivable (net)	19,307	6,761	26,068
Internal balances	(695)	695	-
Restricted assets:			
Cash	-	1,020	1,020
Capital assets			
Non-depreciable	49,200	-	49,200
Depreciable, net	145,420	557,853	703,273
Total assets	<u>322,017</u>	<u>587,720</u>	<u>909,737</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts payable	5,590	623	6,213
Accrued payroll and payroll liabilities	3,756	-	3,756
Water customer deposits	-	800	800
Non-current liabilities:			
Obligation under capital lease			
Due within one year	10,175	-	10,175
Due in more than one year	25,477	-	25,477
Total liabilities	<u>44,998</u>	<u>1,423</u>	<u>46,421</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	158,968	557,853	716,821
Unrestricted	118,051	28,444	146,495
Total net position	<u>\$ 277,019</u>	<u>\$ 586,297</u>	<u>\$ 863,316</u>

See accompanying notes to the basic financial statements

TOWN OF KILLIAN
STATEMENT OF ACTIVITIES
Year ended June 30, 2017
(See Independent Accountant's Review Report)

	Program Revenues			Net Revenues (Expenses), and Changes in Net Positions			
	Expenses	Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities:							
General government	\$ 114,289	\$ -	\$ -	\$ -	\$ (114,289)	\$ -	\$ (114,289)
Public safety - police	203,006	72,835	94,498	-	(35,673)	-	(35,673)
Streets	2,459	-	-	-	(2,459)	-	(2,459)
Interest on long-term debt	859	-	-	-	(859)	-	(859)
Total governmental activities	320,613	72,835	94,498	-	(153,280)	-	(153,280)
Business-type activities:							
Waterworks	142,643	87,998	2,730	-	-	(51,915)	(51,915)
Total Business-type activities	142,643	87,998	2,730	-	-	(51,915)	(51,915)
Total	\$ 463,256	\$ 160,833	\$ 97,228	\$ -	\$ (153,280)	\$ (51,915)	\$ (205,195)

General revenues:

Taxes			
Property taxes	86,950	-	86,950
Franchise taxes	90,072	-	90,072
Licenses and permits	22,436	-	22,436
Miscellaneous	36,796	-	36,796
Total general revenues	236,254	-	236,254

Change in net position 82,974 (51,915) 31,059

Net position - beginning of year 194,045 638,212 832,257
Net position - end of year \$ 277,019 \$ 586,297 \$ 863,316

See accompanying notes to the basic financial statements

**TOWN OF KILLIAN
BALANCE SHEET
GOVERNMENTAL FUNDS
GENERAL FUND**

June 30, 2017

(See Independent Accountant's Review Report)

ASSETS

Cash	\$ 108,785
Franchise tax receivable	19,307
Total assets and other debits	<u>\$ 128,092</u>

LIABILITIES

Accounts payable	\$ 5,590
Accrued payroll and payroll liabilities	3,756
Due to Waterworks Fund	695
Total liabilities	<u>10,041</u>

FUND BALANCES

Unassigned	118,051
Total liabilities and fund balance	<u>\$ 128,092</u>

See accompanying notes to the basic financial statements

TOWN OF KILLIAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION

June 30, 2017

(See Independent Accountant's Review Report)

Fund balance - governmental funds	\$ 118,051
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	
Governmental capital assets	423,492
Less accumulated depreciation	<u>(228,872)</u> 194,620
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Obligation under capital lease	<u>(35,652)</u>
Net position of governmental activities	<u><u>\$ 277,019</u></u>

See accompanying notes to the basic financial statements

**TOWN OF KILLIAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
GENERAL FUND**

*Year ended June 30, 2017
(See Independent Accountant's Review Report)*

REVENUES

Taxes	\$ 177,022
Licenses and permits	22,436
Intergovernmental	84,998
Fines and forfeitures	72,835
Miscellaneous	36,796
On-behalf payments	9,500
Total revenues	<u>403,587</u>

EXPENDITURES

Current:	
General government	102,333
Streets	2,459
Public safety - police	185,549
Debt service:	
Principal retirement	17,073
Interest	859
Total expenditures	<u>308,273</u>

Net change in fund balances	95,314
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Fund balance - beginning of year	<u>22,737</u>
Fund balance - end of year	<u><u>\$ 118,051</u></u>

See accompanying notes to the basic financial statements

TOWN OF KILLIAN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2017

(See Independent Accountant's Review Report)

Net change in fund balances - total governmental funds	\$95,314
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 these outlays is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay and related debt retirement	17,073
Depreciation expense	<u>(29,413)</u> <u>(12,340)</u>
Change in net position of governmental activities	<u><u>\$82,974</u></u>

See accompanying notes to the basic financial statements

**TOWN OF KILLIAN
STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2017

(See Independent Accountant's Review Report)

	<i>Business-type Activity Waterworks Fund</i>
ASSETS	
Current Assets	
Cash	\$ 21,391
Accounts receivable, net	6,761
Due from General Fund	695
Total current assets	28,847
Restricted Assets	
Cash	1,020
Non-current Assets	
Capital assets (net of accumulated depreciation)	557,853
Total assets	587,720
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Current Liabilities (payable from current assets)	
Accounts payable	623
Total current liabilities (payable from current assets)	623
Current Liabilities (payable from restricted assets)	
Customer deposits	800
Total current liabilities (payable from restricted assets)	800
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Net investment in capital assets	557,853
Unrestricted	28,444
Total net position	\$ 586,297

See accompanying notes to the basic financial statements

**TOWN OF KILLIAN
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND**

Year Ended June 30, 2017

(See Independent Accountant's Review Report)

	<i>Business-type Activity Waterworks Fund</i>
OPERATING REVENUES	
Charges for services	
Water sales	\$ 87,998
Total operating revenues	<u>87,998</u>
 OPERATING EXPENSES	
Contract labor	28,620
Repairs and maintenance	52,255
Chlorine	7,104
Safe drinking water fees	1,253
Current used in pumping	7,568
Office expense	2,160
Depreciation	43,683
Total operating expenses	<u>142,643</u>
 Operating loss	<u>(54,645)</u>
 NON-OPERATING REVENUES	
Grants	2,730
Total non-operating revenues	<u>2,730</u>
 Change in net position	(51,915)
 TOTAL NET POSITION, BEGINNING	<u>638,212</u>
 TOTAL NET POSITION, ENDING	<u><u>\$ 586,297</u></u>

See accompanying notes to the basic financial statements

**TOWN OF KILLIAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

Year Ended June 30, 2017

(See Independent Accountant's Review Report)

	<i>Business-type Activity</i>
	<i>Enterprise Fund Waterworks</i>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 88,937
Payments to suppliers for goods and services	(99,490)
Net cash used in operating activities	(10,553)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer out from general fund	(14,263)
Transfer in from general fund	19,631
Net cash provided by noncapital financing activities	5,368
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from other grants	2,730
Water projects	(2,730)
Net cash used by capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	-
Net cash provided by investing activities	-
NET DECREASE IN CASH	(5,185)
Cash - beginning of year	27,596
Cash - end of year	\$ 22,411
Classified as:	
Current assets	\$ 21,391
Restricted assets	1,020
Totals	\$ 22,411
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (54,645)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation expense	43,078
Changes in assets and liabilities	
Receivables, net	939
Accounts and other payables	75
Total adjustments	44,092
Net cash used in operating activities	\$ (10,553)

See accompanying notes to the basic financial statements

TOWN OF KILLIAN
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

(See Independent Accountant's Review Report)

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Killian, Louisiana (Town) was incorporated as a village in 1968, under the provisions of the "Lawrason Act" Louisiana Revised Statutes (R.S.) 33.321-481 of the constitution of the State of Louisiana. By Proclamation No. 67 MJF 2001, issued by the state, the village became a town on November 16, 2001. The Town is located in the Parish of Livingston with a geographic area of approximately 11.15 square miles and a population of 1,092.

The Town operates under a Board of Alderman-Mayor form of government and, as permitted under the act, provides police protection, streets and drainage maintenance, public improvements, health and social services; culture-recreation, planning and zoning; water utilities; general administration; and sponsorship of federal and state supported programs.

The Mayor and five Council Members are elected at large to serve four year terms from July 1, 2017, to June 30, 2021. The Town employs 4 full-time employees. The Town serves 290 water customers.

The accounting and reporting policies of the Town of Killian conform with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, issued in June 1999. Management has elected to not present the Management's Discussion and Analysis.

Reporting entity

Governmental Accounting Standards Board (GASB) Statement No 14 established criteria for determining the identification of a primary government unit for financial reporting purposes. The GASB has set forth criteria to be considered in determining which governmental entities are primary governments. An entity is a primary government if it satisfies all of the following criteria:

The entity has a separate governing body elected by the citizenry in a general, popular election.

The entity is legally separate from other entities.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The entity is fiscally independent of other state and local governmental entities.

Based on the above criteria the Town has determined that the Town of Killian, Louisiana, is a primary government and financial reporting entity in accordance with GASB Statement No 14. The Town has also determined that there are no component units that should be considered part of the Town for financial reporting purposes.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements.

The focus of governmental and proprietary fund financial statements is on "major" funds. Fund statements present in separate columns the General Fund, followed by major funds, if any, with non-major funds aggregated and displayed in a separate column. GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprises fund that the government's officials believe is particularly important to financial statement users may be reported as a major fund.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available has been defined as received within 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds.

General Fund:

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

Proprietary Fund:

Enterprise fund—accounts 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 the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town maintains one enterprise fund, the Waterworks Fund, which provides water services.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are user fees. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and investments

Cash includes cash on hand and amounts in demand deposit accounts. Cash equivalents, if any, include amounts with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the municipality may invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. Investments, if any, are stated at fair market value.

Receivables

Receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due from water customers are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular accounts. Uncollectible amounts for property taxes are recorded as a reduction of current revenues.

Short-term interfund receivables/payables

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

Restricted assets

Restricted assets consist of resources of the enterprise fund set aside for repayment of customer deposits.

Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains an informal threshold level of \$500 or more for capitalizing such assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed. As a Phase III

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

government under GASB Statement No 34, the Town elects not to retroactively report infrastructure assets constructed prior to June 30, 2003.

All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated lives</u>
Buildings	10 – 40 years
Water system	20 – 30 years
Equipment	10 – 30 years
Office equipment	3 – 5 years
Police vehicles	3 – 5 years
Police equipment	5 years

Maintenance, repairs, and minor equipment purchases are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, or equipment, the cost and related accumulated depreciation, if applicable, is eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Compensated absences

Employees of the Town earn from 10 to 15 days of vacation leave each year, depending on length of service. Vacation leave must be used in the year earned. Sick leave is earned at the rate of eight hours for each month worked. No employee may accumulate more than eighty hours of sick leave per year nor accumulate more than two hundred forty hours of sick leave overall. Sick leave is forfeited upon resignation, retirement, or dismissal from employment.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the governmental funds when leave is actually taken.

There are no accumulated and vested benefits relating to vacation or sick leave at June 30, 2017.

Long-term obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, if any, as well as issuance costs, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable, if any, are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized both premiums and discounts, if any, as well as bond issuance costs, if any, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances, if any, are reported as other financing sources while discounts on debt issuances, if any, are reported as other financing uses.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted net position

For the government-wide financial statement of net position, net positions are reported as restricted when constraints placed on net position use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund equity and net assets

In the government-wide financial statements, net positions are classified in the following categories:

Invested in Capital Assets, Net of Related Debt- This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position- This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position- This category represents the net position of the Town that is not restricted for any project or other purpose by third parties.

In the fund financial statements, governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town did not have any nonspendable fund balance at June 30, 2017.

Restricted: This classification includes amounts in which the use of resources is constrained either by (a) external impositions by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposition by law through constitutional provisions or enabling legislation. The Town did not have any restricted fund balance at June 30, 2017.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action that was employed when

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town did not have any committed resources as of year-end.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by the Board of Aldermen who has the authority to assign amounts to be used for specific purposes. The Town did not have any assigned resources as of year-end.

Unassigned: This classification is the residual fund balance for the General Fund. It also represents a fund balance that has been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund. The Town's General Fund fund balance at June 30, 2017, is unassigned.

When fund balance resources are available for a specific purpose in multiple classifications, the Town will generally use the most restrictive funds first.

Estimates

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

Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. For the purpose of the statement of activities, all interfund transfers between funds have been eliminated.

Elimination and reclassification

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ad valorem taxes

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Town in October and billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Livingston Parish.

The following is a summary of authorized and levied ad valorem taxes:

<u>Fund</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund	7.48	7.48	Indefinite

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash includes demand deposit account balances.

B: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Formal budgetary accounting is employed as a management control for the General Fund of the Town. An annual operating budget is adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis. Budgets are prepared and adopted in accordance with the Louisiana Local Government Budget Act and the Lawrason Act. Budgetary control is exercised at the fund level.

All budget appropriations lapse at the end of each fiscal year.

The original proposed budget for the General Fund was made available for public inspection on July 3, 2016. A public hearing was held at the Town's city hall on July 12, 2016. The original budget was adopted on July 12, 2016.

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total expenditures and other uses exceed total budgeted expenditures and other uses by 5% or more.

C: DEPOSITS AND INVESTMENTS

At June 30, 2017, the Town had deposits (book balances) totaling \$131,196 as follows:

Petty cash	\$ 177
Interest bearing demand deposits	<u>131,019</u>
	<u>\$ 131,196</u>

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

At June 30, 2017, the Town has \$143,242 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance. The Town does not have a deposit policy for custodial credit risk.

D: RECEIVABLES

Receivables at June 30, 2017, consist of the following:

<u>Class of receivables</u>	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Taxes			
Franchise	\$ 19,307	\$ -	\$ 19,307
Insurance premium	-	-	-
Accounts			
Water	-	14,841	14,841
Less: allowance for uncollectibles	-	(8,080)	(8,080)
Totals	<u>\$ 19,307</u>	<u>\$ 6,761</u>	<u>\$ 26,068</u>

An allowance account for taxes receivable is not considered necessary.

E: AD VALOREM TAXES

For the year ended June 30, 2017, taxes of 7.48 mills were levied on property with assessed valuations totaling \$11,627,900. Total taxes levied were \$86,976. Taxes receivable at June 30, 2017, were nil.

F: RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets consist of cash resources set aside for repayment of customer deposits.

G: CAPITAL ASSETS

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2017:

	Balance <u>6/30/2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2017</u>
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 49,200	\$ -	\$ -	\$ 49,200
Capital assets being depreciated				
Buildings	80,453	-	-	80,453
Land improvements	26,000	-	-	26,000
Equipment	75,238	-	-	75,238
Police vehicles	95,608	42,798	24,963	113,443
Police equipment	66,821	-	-	66,821
Office equipment	12,341	-	-	12,341
Total capital assets being depreciated	<u>356,461</u>	<u>42,798</u>	<u>24,963</u>	<u>374,296</u>
Less accumulated depreciation				
Buildings	45,031	2,100	-	47,131
Land improvements	-	1,300	-	1,300
Equipment	24,703	8,011	-	32,714
Police vehicles	83,014	16,157	24,963	74,208
Police equipment	61,476	1,300	-	62,776
Office equipment	10,202	545	-	10,747
Total accumulated depreciation	<u>224,426</u>	<u>29,413</u>	<u>24,963</u>	<u>228,876</u>
Total capital assets being depreciated, net	<u>132,035</u>	<u>13,385</u>	<u>-</u>	<u>145,420</u>
Governmental activities capital assets, net	<u>\$ 181,235</u>	<u>\$ 13,385</u>	<u>\$ -</u>	<u>\$ 194,620</u>

Depreciation expense of \$29,413 which includes \$14,032 for assets recorded under a capital lease was charged to governmental activities.

G: CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2017:

<u>Business type activity</u>	<u>Balance 6/30/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2017</u>
Capital assets being depreciated				
Water system	\$ 1,099,080	\$ 2,730	-	\$ 1,101,810
Machinery and equipment	22,663	-	-	22,663
Office equipment	1,058	-	-	1,058
Total capital assets being depreciated	<u>1,122,801</u>	<u>2,730</u>	<u>-</u>	<u>1,125,531</u>
Less accumulated depreciation				
Water system	503,267	42,463	-	545,730
Machinery and equipment	20,275	615	-	20,890
Office equipment	1,058	-	-	1,058
Total accumulated depreciation	<u>524,600</u>	<u>43,078</u>	<u>-</u>	<u>567,678</u>
Total capital assets being depreciated, net	<u>598,201</u>	<u>(40,348)</u>	<u>-</u>	<u>557,853</u>
Business type activities capital assets, net	<u>\$ 598,201</u>	<u>\$(40,348)</u>	<u>\$ -</u>	<u>\$ 557,853</u>

Depreciation expense of \$43,078 was charged to the business-type activity.

H: INTERFUND RECEIVABLES AND PAYABLES

Balances due to/from other funds at June 30, 2017, consist of the following:

Due to the waterworks fund from the general fund to subsidize operations \$ 695

I: COMPENSATION PAID TO MAYOR AND BOARD MEMBERS

In compliance with House Concurrent Resolution No 54 of the 1979 Session of the Louisiana Legislature, amounts paid to the Mayor and members of the Board of Aldermen for compensation are as follows:

Peter Bock, Interim Mayor	\$ -
<u>Board of Aldermen</u>	
Brian Binkley	-
Blaine LeMaire	-
Jery "JJ" Barnum, Jr.	-
Paul Canik	-
Gillis Windham (past mayor)	-
	<u>\$ -</u>

On September 30, 2006, the voters of the Town approved making its police chief an appointed rather than elected office.

J: ON BEHALF PAYMENTS BY STATE OF LOUISISNA

For the year ended June 30, 2017, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's police chief. In accordance with GASB 24, the Town has recorded \$9,500 of on behalf payments as revenue and as expense in the General Fund.

K: RISK MANAGEMENT

The Town of Killian is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town attempts to minimize risk from significant losses through the purchase of commercial insurance.

L: FUND BALANCE

The Town of Killian General Fund had a total fund balance of \$118,051 as of June 30, 2017.

The Governmental Activities also had an unrestricted net position of \$118,051 at June 30, 2017.

M: LEASE OBLIGATION

On March 31, 2017, The Town of Killian entered into a capital lease arrangement with Ford Motor Credit Company LLC for a new police vehicle and related equipment that provides for twelve quarterly installments of \$3,848 and an option to purchase the police vehicle and equipment for \$1.00 at the end of its lease term.

The following is a schedule by fiscal year, of future minimum payments required under the capital lease as of June 30, 2017:

Years Ending June 30,		
2018	\$	11,544
2019		15,392
2020		<u>11,543</u>
Total minimum lease payments		38,479
Less: amount representing interest		<u>2,827</u>
Present value of net minimum lease payments	\$	<u><u>35,652</u></u>

N: LONG-TERM DEBT

As of June 30, 2017, the governmental long-term debt consisted of the following:

Obligation under capital lease		
Current portion	\$	10,175
Non-current portion		<u>25,477</u>
Total governmental activity debt	\$	<u><u>35,652</u></u>

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

Obligation under capital lease

Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Due within one year
<u>\$ 9,927</u>	<u>\$ 42,795</u>	<u>\$ 17,070</u>	<u>\$ 35,652</u>	<u>\$ 10,175</u>

O: SUBSEQUENT EVENTS

Subsequent events were evaluated through December 27, 2017, which is the date the financial statements were available to be issued.

P: COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD

There was no compensation, benefits or other payments to the Mayor (Agency Head) in 2017.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF KILLIAN
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year ended June 30, 2017

(See Independent Accountant's Review Report)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues (inflows):				
Taxes	\$ 179,801	\$ 173,980	\$ 177,022	\$ 3,042
Licenses and permits	19,585	21,125	22,436	1,311
Intergovernmental	30,100	100,678	84,998	(15,680)
Fines and forfeitures	72,650	69,350	72,835	3,485
Public safety	250	150	-	(150)
Donations	11,100	8,250	-	(8,250)
Miscellaneous	-	31,625	36,796	5,171
On-behalf payments	-	-	9,500	9,500
Total revenue	<u>313,486</u>	<u>405,158</u>	<u>403,587</u>	<u>(1,571)</u>
Expenditures (outflows):				
Current:				
General government	101,676	106,343	102,333	4,010
Streets	2,000	2,450	2,459	(9)
Public safety - police	203,198	210,753	185,549	25,204
Debt service:				
Principal retirement	-	-	17,073	(17,073)
Interest	-	-	859	(859)
Capital outlay	-	-	-	-
Total expenditures	<u>306,874</u>	<u>319,546</u>	<u>308,273</u>	<u>11,273</u>
Excess of revenues over expenditures	<u>6,612</u>	<u>85,612</u>	<u>95,314</u>	<u>9,702</u>
Other financing sources -				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>6,612</u>	<u>85,612</u>	<u>95,314</u>	<u>9,702</u>
Fund balance - beginning	<u>22,737</u>	<u>22,737</u>	<u>22,737</u>	<u>-</u>
Fund balance - ending	<u>\$ 29,349</u>	<u>\$ 108,349</u>	<u>\$ 118,051</u>	<u>\$ 9,702</u>

See accompanying notes to the required supplementary information

TOWN OF KILLIAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL

June 30, 2017

Budgetary accounting and control

Budget law

The Town prepares its annual operating budget under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for the general fund:

- (1) An operating budget is prepared for the general fund at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
- (3) The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
- (4) The general fund budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (5) Appropriations lapse at the end of each fiscal year.
- (6) There was one budget amendment adopted during the year.

Budgetary accounting

The annual operating budget of the general fund is prepared and presented on the modified accrual basis of accounting.

AGREED UPON PROCEDURES

Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA

Alvin J. Callais, CPA
Michael A. Tham, CPA, CGMA
Susan S. Tham, CPA

Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA

L.A. CHAMPAGNE & Co.
LLP
Certified Public Accountants

Member of the Private
Companies Practice
Section of the American
Institute of CPAs

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor Craig McGehee
and Members of the Board of Aldermen
Town of Killian, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Killian and the Louisiana Legislative Auditor (the specified parties), on the Town of Killian's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2017, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide. Management of the Town of Killian is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

The Town of Killian did not have any expenditure for materials and supplies exceeding \$30,000 or public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

Town of Killian
Independent Accountant's Report
on Applying Agreed Upon Procedures

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon Procedure 3 were also included on the listing obtained from management in agreed-upon Procedure 2 as immediate family members.

One employee included on the list of employees provided by management in agreed-upon Procedure 3 appeared on the list provided by management in agreed-upon Procedure 2. The employee is the daughter of a past department head but was not employed in that department.

5. Obtain a list of all disbursements made during the year; and list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of council members, employees, and council members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and amended budget.

7. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on July 12, 2016, which indicated that the budget had been adopted by the Board of Aldermen of the Town of Killian. One budget amendment was prepared during the year and was adopted by the Board of Aldermen on May 23, 2017.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures to determine if actual expenditures exceed budgeted amounts by 10% or more per category or 5% or more in total).

Town of Killian
Independent Accountant's Report
on Applying Agreed Upon Procedures

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not exceed the budgeted amounts by 0.3%. Actual expenditures did not exceed budgeted amounts by 3.5%.

Accounting and Reporting

9. Randomly select six disbursements made during the period under examination and:

(a) Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) Determine if payments were properly coded to the correct fund and general ledger account;

All of the payments were properly coded to the correct fund and general ledger account.

(c) Determine whether payments received approval from proper authorities.

The supporting documentation for all six disbursements contained the Mayor's approval.

Meetings

10. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law).

Town of Killian is only required to post a notice of each meeting and the accompanying agenda on the door of the Town Hall no later than 24 hours prior to the meeting. We examined documentation that such notices were posted.

Debt

11. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Town of Killian
Independent Accountant's Report
on Applying Agreed Upon Procedures

Advances and Bonuses

12. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.

A reading of the minutes of the Town of Killian for the year indicated no approval for payments which may constitute bonuses, advances, or gifts. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

13. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

See the summary of prior year findings on page 38 of the Town's Annual Financial Report.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Town's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. This report is intended solely for the use of management of the Town of Killian and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

L.A. Champagne & Co. L.L.P.

December 27, 2017

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (Date Transmitted)

_____ (CPA Firm Name)

_____ (CPA Firm Address)

_____ (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of _____ (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
<i>Pat Bush</i>	President	<i>11/14/2017</i>	Date
	<i>Mayor</i>		

TOWN OF KILLIAN
SCHEDULE OF CURRENT YEAR FINDINGS
Year Ended June 30, 2017

FINDINGS RELATED TO INTERNAL CONTROL MATTERS

2017-1 Internal Control over Financial Reporting

Condition: The Town's management is responsible for establishing, and maintaining adequate internal controls over financial reporting and the custody of assets. We observed during our review that the following previously reported deficiencies continue without substantial resolution.

“There is not adequate segregation of duties involved in the recording, processing, and summarizing of the Town's financial data.” In addition controls related to Town assets are inadequate because custody and record keeping duties are not adequately segregated.

The Town clerk performs virtually all functions or has significant control over incompatible activities relating to billing and collections and procurement and payments.

This is a repeat finding.

Effect: Possible misappropriation of assets could occur when there is not proper segregation of duties over custody and record keeping. In addition, intentional or unintentional errors may occur in the financial reports provided to the Board of Aldermen which could impact the Board's management of Town resources. Without proper internal controls the Town is exposed to a higher risk of violations and noncompliance going undetected.

Criteria: One of the basic elements of internal control is separation of incompatible accounting duties to the extent possible considering the size of the organization and the complexity of its accounting.

The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction or process.

Recommendation: The Town's fiduciary responsibility to prudently manage public resources requires internal controls to be developed, implemented, and monitored, in a manner appropriate to meet its responsibilities. Although the small size of the Town's staff limits the extent of separation of duties, we believe certain steps could be taken to separate incompatible duties and provide some basic checks and balances, including oversight and review. Using a contract accountant on a part-time basis to assist the Town Clerk with the accounting and bookkeeping duties would provide

some needed segregation of incompatible duties.

Management Response: Management acknowledges the condition as described above and will attempt to develop and implement procedures to provide a greater separation of incompatible duties and provide more oversight over financial reporting.

2017-2

Accounting for Water Charges

Condition: The total of customer balances, as reported in the subsidiary utility billing system has not been reconciled to the general ledger control account. Water revenue continues to be insufficient to cover the operating expenses of the water department. For fiscal year ended June 30, 2017, the utility system's operating loss was \$54,645.

This is a repeat finding.

Effect: Water sales and customer receivables are not accurately reported in the Town's general ledger.

Criteria: An adequate system of internal control over water sales and receivables requires the monthly reconciliation of the subsidiary receivable ledger to the general ledger control account.

Recommendation: The QuickBooks receivable control account must be reconciled to the end of the month customer's balance, as reported in the subsidiary utility billing system.

Management Response: Management acknowledges the condition as described above.

MAYOR
Peter Bock

TOWN OF KILLIAN
Livingston Parish, Louisiana
Post Office Box 546
Springfield, La. 70462
Telephone: 225-695-6785
Fax: 225-695-3365
Email: killiantownhall@eatel.net

ALDERMAN
Jerry Barnum
Brian Binkley
Paul Canik
Blaine Lemaire
Gillis Windham

December 27, 2017

The Town of Killian respectfully submits the following corrective action plan for the year ended June 30, 2017.

Name and Address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.
4911 Bennington Avenue
Baton Rouge, LA 70808

Review period: Fiscal year ended June 30, 2017

The findings from the fiscal year ended June 30, 2017 schedule of findings are discussed below. The findings are numbered consistently with the number assigned to the schedule.

FINDINGS RELATED TO INTERNAL CONTROL MATTERS

2017-1 Internal Control over Financial Reporting

Condition: The Town's management is responsible for establishing, and maintaining adequate internal controls over financial reporting and the custody of assets. We observed during our review that the following previously reported deficiencies continue without substantial resolution.

"There is not adequate segregation of duties involved in the recording, processing, and summarizing of the Town's financial data." In addition controls related to Town assets are inadequate because custody and record keeping duties are not adequately segregated.

The Town clerk performs virtually all functions or has significant control over incompatible activities relating to billing and collections and procurement and payments.

Management Response: Management acknowledges the condition as described above and will attempt to develop and implement procedures to provide a greater separation of incompatible duties and provide more oversight over financial reporting.

2017-2

Accounting for Water Charges

Condition: The total of customer balances, as reported in the subsidiary utility billing system has not been reconciled to the general ledger control account. Water revenue continues to be insufficient to cover the operating expenses of the water department. For fiscal year ended June 30, 2017, the utility system's operating loss was \$54,645.

Management Response: Management concurs with recommendation.

If there are any questions regarding this plan, please call me at 225-695-6785.

Respectively submitted,

A handwritten signature in cursive script that reads "Peter Bock".

Peter Bock, Interim Mayor
Town of Killian

TOWN OF KILLIAN
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2017

FINDINGS RELATED TO PRIOR YEAR STANDARD AGREED UPON PROCEDURES

2016-1 Local Government Budget Act – procedure 7

Resolved in current year. The original budget was amended and actual revenue and expenses did not exceed 5% of the final budget.

FINDINGS RELATED TO INTERNAL CONTROL MATTERS

2016-2 Internal Control over Financial Reporting

Repeated in current year findings as item 2017-1

2016-3 Accounting for Water Charges

Repeated in current year findings as item 2017-2