

TOWN OF COLFAX, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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November 1, 2017

Independent Auditors' Report

The Honorable Ossie Clark, Mayor
and the Board of Aldermen
Town of Colfax, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, 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.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 judgement, 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes assessing the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

-Members-

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OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity 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 the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colfax's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and are not a required part of the basic financial statements.

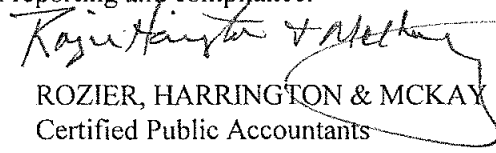
- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer

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

The Honorable Ossie Clark, Mayor
and the Board of Aldermen
November 1, 2017

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2017, on our consideration of the Town of Colfax's internal control over financial reporting and our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Colfax's internal control over financial reporting and compliance.


ROZIER, HARRINGTON & MCKAY
Certified Public Accountants
Alexandria, LA
November 1, 2017

ROZIER, HARRINGTON & MCKAY

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November 1, 2017

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

The Honorable Ossie Clark, Mayor
And the Board of Alderman
Town of Colfax, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Town of Colfax's basic financial statements, and have issued our report herein dated November 1, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we identified one

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The Honorable Ossie Clark, Mayor
and the Board of Aldermen
November 1, 2017

deficiency (2017-6) that we consider to be a material weakness in internal control. We identified three deficiencies in internal control; findings 2017-1, 2017-2, and 2017-4; described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

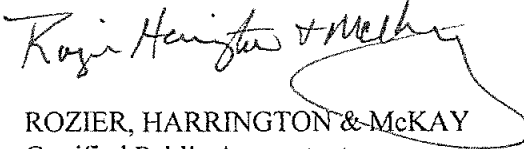
As part of obtaining reasonable assurance about whether the Town of Colfax's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, findings 2017-3 and 2017-5.

Town of Colfax's Response to Findings

The Town of Colfax's response to the findings identified in our audit is described in the accompanying management's corrective action plan. The Town of Colfax's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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


ROZIER, HARRINGTON & McKAY
Certified Public Accountants
Alexandria, LA
November 1, 2017

Town of Colfax

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

This section of the Town of Colfax's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2017.

Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 2003) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with the utility system and sanitation services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility system and sanitation services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Financial Analysis of the Town as a Whole

A comparative analysis of government-wide data is presented as follows:

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

	<u>June 30, 2017</u>			<u>For the</u> <u>Year Ended</u> <u>June 30, 2016</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
<u>Assets:</u>				
Current and other assets	\$ 249,656	\$ 216,751	\$ 466,407	\$ 405,259
Capital assets	1,182,726	1,870,860	3,053,586	3,159,898
Total assets	<u>1,432,382</u>	<u>2,087,611</u>	<u>3,519,993</u>	<u>3,565,157</u>
Deferred Outflows	<u>62,753</u>	<u>96,204</u>	<u>158,957</u>	<u>93,034</u>
<u>Liabilities:</u>				
Current and other liabilities	37,978	147,811	185,789	237,103
Long-term liabilities	113,581	319,217	432,798	384,298
Total liabilities	<u>151,559</u>	<u>467,028</u>	<u>618,587</u>	<u>621,401</u>
Deferred Inflows	<u>4,754</u>	<u>9,277</u>	<u>14,031</u>	<u>25,587</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	1,158,152	1,870,860	3,029,012	3,159,898
Unrestricted	180,670	(163,350)	17,320	(148,695)
Total Net Position	<u>\$ 1,338,822</u>	<u>\$ 1,707,510</u>	<u>3,046,332</u>	<u>\$ 3,011,203</u>

As the presentation appearing above demonstrates, the Town's net position is invested primarily in capital assets. Net assets invested in capital assets consist of land, buildings, and equipment less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. There is \$17,320 in unrestricted net assets available to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

	June 30, 2017			For the Year Ended June 30, 2016
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 34,330	\$ 881,006	\$ 915,336	\$ 720,138
Operating Grants and Contributions	9,576	41,270	50,846	18,103
Capital Grants and Contributions	----	----	----	----
General Revenue:				
Property Taxes	126,005	----	126,005	125,639
Sales Taxes	330,460	----	330,460	324,060
Franchise Taxes	57,703	----	57,703	58,907
Occupational Licenses	71,240	----	71,240	55,216
Payment in Lieu of Taxes	8,801	----	8,801	9,480
Miscellaneous	19,870	144	20,014	220,195
Total Revenue	<u>657,985</u>	<u>922,420</u>	<u>1,580,405</u>	<u>1,531,738</u>
<u>Program Expenses:</u>				
General Government	167,215	----	167,215	181,454
Public Safety	192,890	----	192,890	219,030
Streets, Drainage, and Recreation	259,859	----	259,859	215,241
Utility System	----	828,752	828,752	850,194
Sanitation	----	96,560	96,560	97,679
Total Expenses	<u>619,964</u>	<u>925,312</u>	<u>1,545,276</u>	<u>1,563,598</u>
Increase in Net Position				
Before Transfers	38,021	(2,892)	35,129	(31,860)
Transfers	(29,280)	29,280	----	----
Change in Net Position	<u>8,741</u>	<u>26,388</u>	<u>35,129</u>	<u>(31,860)</u>
Net Position Beginning	1,330,081	1,681,122	3,011,203	3,043,063
<u>Net Position Ending</u>	<u>\$ 1,338,822</u>	<u>\$ 1,707,510</u>	<u>\$ 3,046,332</u>	<u>\$ 3,011,203</u>

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Governmental activities increased the Town's net position by \$8,741. This increase is mainly due to a decrease in transfers necessary to support the Town's business-type activities, as water and sewer rates were increased in the current year.

Business-type activities increased the Town's net position by \$26,388. This increase is a result of an increase in water and sewer rates in the current year.

Financial Analysis of the Town's Funds

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental funds reported combined fund balances of \$224,997, which represents an increase of \$50,514 in comparison to the previous balance. This increase is attributable primarily to a decrease in the amount of transfers necessary to support the Town's business-type activities as water and sewer rates were increased in the current year.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported on the government-wide presentation.

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget. The budget was amended as necessary. Some revisions of the original budget were necessary in order to address additional revenues and expenditures not anticipated with the original budget. A summary of the general fund budget compared to actual amounts is presented as follows:

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Total Revenues	\$ 591,250	\$ 605,325	\$ 657,987	\$ 52,662
Total Expenditures	588,500	604,900	578,193	26,707
Excess (deficiency) of revenues over expenditures	2,750	425	79,794	79,369
Operating Transfers In (net)	30,000	(60,000)	(29,280)	30,720
Net Change in Fund Balances	\$ 32,750	\$ (59,575)	\$ 50,514	\$ 110,089

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Capital Asset Administration

Capital asset activity for the year ended June 30, 2017, is summarized as follows:

	Governmental Activities	Business-Type Activities	Total Activities
<u>Additions:</u>			
Buildings	\$ ----	\$ ----	\$ ----
Equipment	----	70,906	70,906
Total Additions	----	70,906	70,906
<u>Dispositions:</u>			
Net Book Value of Equipment Disposed	----	----	----
Depreciation	(71,102)	(106,114)	(177,216)
Net Increase (Decrease)	(71,102)	(35,208)	(106,310)
Beginning Capital Asset (Net)	1,253,828	1,906,068	3,159,896
Ending Capital Assets (Net)	\$ 1,182,726	\$ 1,870,860	\$ 3,053,586

Highlights of the Town's capital asset administration are provided as follows:

- Equipment and Improvements include:
 - Governmental Activities: There were no capital additions in the current year.
 - Business-type Activities: In the current year, the Town purchased water pumps, a telecommunications system for the water system, and a mini-excavator.

Debt Administration

There was no debt issued in the current year.

Factors Expected to Affect Future Operations

Factors expected to have a significant impact on future operations are not anticipated at the present time.

Town of Colfax

STATEMENT OF NET POSITION

June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 178,270	\$ 110,048	\$ 288,318
Receivables (net)	71,386	106,703	178,089
Capital Assets:			
Non depreciable capital assets	207,068	6,232	213,300
Depreciable, net	<u>975,658</u>	<u>1,864,628</u>	<u>2,840,286</u>
Total assets	<u>1,432,382</u>	<u>2,087,611</u>	<u>3,519,993</u>
<u>DEFERRED OUTFLOWS</u>			
Pension Funding Deferrals	<u>62,753</u>	<u>96,204</u>	<u>158,957</u>
<u>LIABILITIES</u>			
Accounts payable and other payables	24,659	46,543	71,202
Deposits due others	-	101,268	101,268
Long-term liabilities			
Aggregate net pension liability	88,696	256,028	344,724
Long -Term Debt			
Due within one year	13,319	-	13,319
Due in more than one year	<u>24,885</u>	<u>63,189</u>	<u>88,074</u>
Total liabilities	<u>151,559</u>	<u>467,028</u>	<u>618,587</u>
<u>DEFERRED INFLOWS</u>			
Pension Funding Deferrals	<u>4,754</u>	<u>9,277</u>	<u>14,031</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,158,152	1,870,860	3,029,012
Unrestricted	<u>180,670</u>	<u>(163,350)</u>	<u>17,320</u>
Total net position (deficit)	<u>\$ 1,338,822</u>	<u>\$ 1,707,510</u>	<u>\$ 3,046,332</u>

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

Town of Colfax

STATEMENT OF ACTIVITIES **YEAR ENDED JUNE 30, 2017**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 167,215	\$ -	\$ -	\$ -	\$ (167,215)	\$ -	\$ (167,215)
Public Safety	192,890	34,330	9,576	-	(148,984)	-	(148,984)
Streets, Drainage, & Recreation	259,859	-	-	-	(259,859)	-	(259,859)
Total Governmental Activities	<u>619,964</u>	<u>34,330</u>	<u>9,576</u>	<u>-</u>	<u>(576,058)</u>	<u>-</u>	<u>(576,058)</u>
<u>Business-Type Activities:</u>							
Utility System	828,752	780,048	-	41,270	-	(7,434)	(7,434)
Sanitation	96,560	100,958	-	-	-	4,398	4,398
Total Business-Type Activities	<u>925,312</u>	<u>881,006</u>	<u>-</u>	<u>41,270</u>	<u>-</u>	<u>(3,036)</u>	<u>(3,036)</u>
Total Primary Government	<u>\$ 1,545,276</u>	<u>\$ 915,336</u>	<u>\$ 9,576</u>	<u>\$ 41,270</u>	<u>(576,058)</u>	<u>(3,036)</u>	<u>(579,094)</u>
<u>General Revenues:</u>							
Taxes:							
Ad Valorem					126,005	-	126,005
Sales Taxes					330,460	-	330,460
Franchise					57,703	-	57,703
Occupational Licenses					71,240	-	71,240
Payment in lieu of taxes					8,801	-	8,801
Other					19,870	144	20,014
Transfers					(29,280)	29,280	-
Total General Revenues and Transfers					<u>584,799</u>	<u>29,424</u>	<u>614,223</u>
Change in Net Assets					<u>8,741</u>	<u>26,388</u>	<u>35,129</u>
Net Position Beginning							
As Originally Reported					1,330,081	1,681,122	3,011,203
Net Position Ending					<u>\$ 1,338,822</u>	<u>\$ 1,707,510</u>	<u>\$ 3,046,332</u>

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

Town of Colfax

Balance Sheet

Governmental Funds - June 30, 2017

	General	Non Major Funds	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 178,020	\$ 250	\$ 178,270
Receivables (net)	71,386	-	71,386
Interfund Due To/From	250	(250)	-
Total assets	\$ 249,656	\$ -	\$ 249,656
<u>Liabilities and fund equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 22,253	\$ -	\$ 22,253
Accrued expenses	2,406	-	2,406
Total liabilities	24,659	-	24,659
<u>Fund equity:</u>			
Unassigned	224,997	-	224,997
Total fund equity	224,997	-	224,997
Total liabilities and fund equity	\$ 249,656	\$ -	\$ 249,656

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

Town of Colfax

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Position

Year Ended June 30, 2017

Total Fund Balances - Governmental Funds	\$	224,997
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,158,152
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet		<u>(68,901)</u>
Net Position of Governmental Activities	\$	<u>1,314,248</u>

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

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2017

	General Fund	Non Major Fund	Total Governmental Funds
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 126,005	\$ -	\$ 126,005
Sales tax	330,460	-	330,460
Licenses and permits:			
Occupational licenses	71,240	-	71,240
Franchise	57,703	-	57,703
Fines and fees	34,330	-	34,330
Intergovernmental:			
Beer tax	3,546	-	3,546
Payment in lieu of taxes	8,801	-	8,801
Other intergovernmental	16,987	-	16,987
Other	8,915	-	8,915
Total revenues	657,987	-	657,987
<u>Expenditures:</u>			
Current:			
General government	157,429	-	157,429
Public safety	181,016	-	181,016
Streets, drainage, and recreation	218,996	-	218,996
Debt Service	20,752	-	20,752
Total expenditures	578,193	-	578,193
Excess (deficiency) of revenues over expenditures	79,794	-	79,794

Continued...

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

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2017

Concluded...

	General	Non Major Fund	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	79,794	-	79,794
<u>Other financing sources (uses):</u>			
Operating transfers in	75,222	-	75,222
Operating transfers out	(104,502)	-	(104,502)
Total other financing sources (uses)	(29,280)	-	(29,280)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	50,514	-	50,514
Fund balance - beginning of year	174,483	-	174,483
Fund balance - end of year	\$ 224,997	\$ -	\$ 224,997

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

Town of Colfax

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2017

Net change in fund balances of Governmental Funds \$ 50,514

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 estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital expenditures reported by Governmental Funds	-	
Depreciation expense reported on a government-wide basis	<u>(71,103)</u>	(71,103)

Repayment of Capital Leases is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position	19,374
---	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds.	<u>9,956</u>
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Change in net position of governmental activities	<u>\$ 8,741</u>
---	-----------------

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

Town of Colfax

Statement of Net Position

Proprietary Funds - Year Ended June 30, 2017

	Business-Type Activities		
	Utility System	Sanitation System	Total
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 110,048	\$ -	\$ 110,048
Receivables (net)	93,133	13,570	106,703
Total current assets	203,181	13,570	216,751
Noncurrent Assets:			
Non-Depreciable capital assets			
Land	6,232	-	6,232
Depreciable capital assets, net	1,864,628	-	1,864,628
Total noncurrent assets	1,870,860	-	1,870,860
Total assets	2,074,041	13,570	2,087,611
Deferred Outflows			
Employer contributions to pension plan	96,204	-	96,204
<u>Liabilities:</u>			
Current Liabilities:			
Accounts and other payables	40,918	-	40,918
Accrued expenses	5,625	-	5,625
Deposits due others	101,268	-	101,268
Compensated Absences	63,189	-	63,189
Total Current Liabilities	211,000	-	211,000
Noncurrent Liabilities			
Aggregate net pension liability	256,028	-	256,028
Total Noncurrent Liabilities	256,028	-	256,028
Total liabilities	467,028	-	467,028
Deferred Inflows:			
Pension funding deferrals	9,277	-	9,277
<u>Net Position:</u>			
Invested in capital assets, net of related debt	1,870,860	-	1,870,860
Unrestricted	(176,920)	13,570	(163,350)
Total net position	\$ 1,693,940	\$ 13,570	\$ 1,707,510

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

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds - Year Ended June 30, 2017

	Business-Type Activities		
	Utility System	Sanitation System	Total
<u>Operating Revenues:</u>			
Charges for services:			
Gas sales	\$ 228,472	\$ -	\$ 228,472
Water sales	334,236	-	334,236
Sewer charges	187,433	-	187,433
Sanitation charges	-	100,958	100,958
Delinquent charges	29,416	-	29,416
Miscellaneous	491	-	491
Total operating revenues	780,048	100,958	881,006
<u>Operating Expenses:</u>			
Natural gas purchases	76,762	-	76,762
Salaries and wages	229,996	-	229,996
Contract Labor	-	96,560	96,560
Materials, supplies, and maintenance	162,014	-	162,014
Office and postage	10,982	-	10,982
Payroll taxes	16,915	-	16,915
Retirement	18,730	-	18,730
Vehicle and travel	17,937	-	17,937
Insurance	35,142	-	35,142
Professional fees	22,414	-	22,414
Sewer expense	8,973	-	8,973
Miscellaneous	32,923	-	32,923
Lease	7,500	-	7,500
Utilities and telephone	82,350	-	82,350
Depreciation	106,114	-	106,114
Total operating expenses	828,752	96,560	925,312
Operating income (loss)	(48,704)	4,398	(44,306)
<u>Non-operating revenues (expenses):</u>			
Capital Grant Proceeds	41,270	-	41,270
Interest income	143	-	143
Change in net assets before Contributions and transfers	(7,291)	4,398	(2,893)
<u>Contributions and Transfers:</u>			
Operating Transfers In	108,900	4,132	113,032
Operating Transfers Out	(79,353)	(4,398)	(83,751)
Change in net position	22,256	4,132	26,388
Net Position Beginning	1,671,684	9,438	1,681,122
Total net position - ending	\$ 1,693,940	\$ 13,570	\$ 1,707,510

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

Town of Colfax

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2017

	Business-Type Activities		
	Utility System	Sanitation System	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 755,813	\$ 96,826	\$ 852,639
Cash payments to suppliers of goods and services	(525,263)	(96,560)	(621,823)
Cash payments to employees for service	(231,985)	-	(231,985)
Net cash provided (used) by operating activities	(1,435)	266	(1,169)
<u>Cash flows from non-capital financing activities:</u>			
Interfund activity, net	-	-	-
Operating transfers, net	29,547	(266)	29,281
Net cash provided (used) by non-capital financing activities	29,547	(266)	29,281
<u>Cash flows from capital and related financing activities:</u>			
Acquisition and construction of capital assets	(70,906)	-	(70,906)
Capital Grant Proceeds	41,270	-	41,270
Net cash provided (used) by capital and related financing activities	(29,636)	-	(29,636)
<u>Cash flows from investing activities:</u>			
Interest and other income	143	-	143
Net cash provided (used) by investing activities	143	-	143
Net increase (decrease) in cash	(1,381)	-	(1,381)
Beginning cash balance	111,429	-	111,429
Ending cash balance	110,048	-	110,048
Cash - restricted	-	-	-
Cash - unrestricted	\$ 110,048	\$ -	\$ 110,048

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

Town of Colfax

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2017

	Business-Type Activities		
	Utility System	Sanitation System	Total
<u>Reconciliation of operating income (loss) to net cash</u>			
Operating Income (loss)	\$ (48,704)	\$ 4,398	\$ (44,306)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	106,114	-	106,114
(Increase) decrease in accounts receivable	(22,890)	(4,132)	(27,022)
(Increase) decrease in prepaid expenses	2,710	-	2,710
(Decrease) increase in accounts payable	(45,643)	-	(45,643)
(Decrease) increase in accrued expenses	(5,348)	-	(5,348)
(Decrease) increase in meter deposits	(1,345)	-	(1,345)
(Decrease) increase in net pension liability	15,660	-	15,660
(Decrease) increase in compensated absences	(1,989)	-	(1,989)
Net cash provided (used) by operating activities	<u>\$ (1,435)</u>	<u>\$ 266</u>	<u>\$ (1,169)</u>

Supplemental disclosures of cash flow information:

For the years ended June 30, 2017 there were no investing, capital, and financing activities that did not result in cash receipts or payments, with the exception of the non-cash donation of the building.

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

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Colfax, Louisiana (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire), streets and drainage, recreation, public improvements, utility (gas, water, sewerage, and sanitation), and general administrative services.

The accompanying policies of the Town of Colfax, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

Financial Reporting Entity

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

Governmental Accounting Standards Board establishes criteria for determining which component units should be considered part of the Town of Colfax for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - The ability of the Town to impose its will on that organization, and/or
 - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the above criteria, the Town of Colfax has no component units for the year ended June 30, 2017.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most inter-fund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

- Governmental Funds
 - General fund – The general fund is the primary operating fund and is used to account for all governmental activities.
- Proprietary Funds
 - Utility System – The utility fund is used to account for the operation of the Town's water, sewer, and natural gas system which are supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for natural gas, water and sewer service.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	No measurement focus

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other-financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from franchise taxes, fines, and court cost is not recognized until it is collected.

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.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system is estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the government-wide financial statements.

Statement of Cash Flows

For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank, and certificates of deposit.

Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Fund Balance Classification

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2017***

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2017, cash and cash equivalents totaled \$288,318 (book balance) and \$316,669 (bank balance). The book balance is considered unrestricted.

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

At June 30, 2017, the Town's bank deposits are secured from risk by \$250,000 of federal deposit insurance and \$129,846 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Town that the pledging bank has failed to pay deposited funds on demand.

NOTE 3 - RECEIVABLES

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 113,593	\$ 113,593
Franchise Taxes	12,981	----	12,981
Occupational License	----	----	----
Other	----	----	----
Total Accounts Receivables	<u>12,981</u>	<u>113,593</u>	<u>126,571</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	57,383	----	57,383
Other	1,022	----	1,022
Total Due From Other Governmental Units	<u>58,405</u>	<u>----</u>	<u>58,405</u>
Total Receivables	71,386	113,593	184,979
Allowance for Doubtful Accounts	----	(6,890)	(6,890)
Net Receivables	<u>\$ 71,386</u>	<u>\$ 106,703</u>	<u>\$ 178,089</u>

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

NOTE 4 – LONG –TERM LIABILITIES

Long-term liabilities are reported as governmental activities. The Town’s long-term liabilities are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
<u>Long-Term Liabilities</u>			
Compensated Absences	\$ 13,630	\$ 63,189	\$ 76,819
Debt Instruments			
Capital Lease	24,574	----	\$ 24,574
Total Long-term Debt	38,204	63,189	101,393
Due Within One Year	13,319	----	13,319
Due in More Than One Year	<u>\$ 24,885</u>	<u>\$ 63,189</u>	<u>\$ 88,074</u>

Compensated Absences

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Compensated absences	\$ 12,735	\$ 895	\$ ----	\$ 13,630
<u>Business-Type Activities</u>				
Compensated Absences	65,178	----	1,989	63,189
Total Long-Term Liabilities	<u>\$ 77,913</u>	<u>\$ 895</u>	<u>\$ 1,989</u>	<u>\$ 76,819</u>

Debt Instruments

Long-term liabilities include debt instruments that are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Capital Lease	43,948	----	19,374	24,574
Total Long-Term Debts	<u>\$ 43,948</u>	<u>\$ ----</u>	<u>\$ 19,374</u>	<u>\$ 24,574</u>

TOWN OF COLFAX

Notes to Financial Statements
June 30, 2017

Capital Lease

The Town has acquired two police vehicles by entering into installment purchase agreements. The installment purchase obligations outstanding at June 30, 2017 is described as follows:

Capital lease purchase agreement dated September 18, 2014 executed in exchange for a police vehicle, with an original balance of \$28,780, bearing interest of 4.0%, payable in 36 monthly installments of \$850. \$ 2,532

Capital lease purchase agreement dated June 7, 2016 executed in exchange for a police vehicle, with an original balance of \$32,381, bearing interest of 4.25%, payable in 36 monthly installments of \$960. \$ 22,042

2017	\$ 14,064
2018	11,516
Total minimum lease payments	25,580
Amounts representing interest	1,006
Present value of future minimum lease payments	<u>\$ 24,574</u>

NOTE 5 – AD VALOREM TAXES

The Town bills and collects its own property taxes using assessed values determined by the Tax Assessor of Grant Parish.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in late November or December.

Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2017, the Town levied 13.99 mills of ad valorem taxes totaling \$126,005 which were dedicated to the general corporate purposes of the Town.

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2017***

NOTE 6 - FIXED ASSETS

Changes in the governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non-Depreciable Capital Assets				
Construction in Progress	\$ ----	\$ ----	\$ ---	\$ ----
Land	207,068	----	----	207,068
Total	<u>207,068</u>	<u>----</u>	<u>----</u>	<u>207,068</u>
Depreciable Capital Assets				
Buildings	44,322	----	----	44,322
Improvements	1,787,450	----	----	1,787,450
Equipment	465,764	----	----	465,764
Accumulated Depreciation	<u>(1,250,776)</u>	<u>(71,102)</u>	----	<u>(1,321,878)</u>
Total	<u>1,046,760</u>	<u>(71,102)</u>	<u>----</u>	<u>975,658</u>
Total Governmental Activities	<u>\$ 1,253,828</u>	<u>\$ (71,102)</u>	<u>\$ ----</u>	<u>\$ 1,182,726</u>
<u>Business-Type Activities</u>				
Non-Depreciable Capital Assets				
Construction in Progress	\$ ----	\$ ----	\$ ----	\$ ----
Land	6,232	----	----	6,232
Total	<u>6,232</u>	<u>----</u>	<u>----</u>	<u>6,232</u>
Depreciable Capital Assets				
Sanitation Equipment	37,254	----	----	37,254
Sanitation Improvements	2,024	----	----	2,024
Utility Buildings	91,631	----	----	91,631
Utility Equipment	206,079	70,906	----	276,985
Utility Distribution System	5,089,157	----	----	5,089,157
Accumulated Depreciation	<u>(3,526,309)</u>	<u>(106,114)</u>	----	<u>(3,632,423)</u>
Total	<u>1,899,836</u>	<u>(35,208)</u>	<u>----</u>	<u>1,864,628</u>
Total Business-Type Activities	<u>1,906,068</u>	<u>\$ (35,208)</u>	<u>\$ ----</u>	<u>1,870,860</u>

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

Depreciation expense reported by the various functions is presented as follows:

Governmental Activities

General Government	\$ 6,753
Public Safety	22,791
Streets, Drainage, & Recreation	41,558
Total Depreciation – Governmental Activities	<u>\$ 71,102</u>

Business-Type Activities

Utility System	\$ 106,114
Sanitation	----
Total Depreciation – Business-Type Activities	<u>\$ 106,114</u>

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following is a summary of accounts payable and accrued expenses at June 30, 2017:

	<u>Payable to Vendors</u>	<u>Accrued Expenses</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 22,253	\$ 2,406	\$ 24,659
LCDBG Fund	----	----	----
Total Governmental	<u>22,253</u>	<u>2,406</u>	<u>24,659</u>
<u>Business-Type Activities</u>			
Utility System	40,918	5,625	46,543
Sanitation System	----	----	----
Total Business-Type	<u>40,918</u>	<u>5,625</u>	<u>46,543</u>
Total Accounts Payable And Accrued Expenses	<u>\$ 63,171</u>	<u>\$ 8,031</u>	<u>\$ 71,202</u>

NOTE 8 - RISK MANAGEMENT

The Town of Colfax is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

NOTE 9 – CONDUIT DEBT

To provide for the construction of a warehouse/distribution facility, land and infrastructure improvements, the Town of Colfax issued \$2,300,000 of indebtedness to the Louisiana Department of Economic Development. This debt is a limited special obligation of the Town, payable solely from and secured by a pledge of rental income to be received from a lease agreement between the Town and Ditto Apparel of California, Inc. This debt does not constitute a debt or pledge of the faith and credit of the Town, and accordingly has not been reported in the accompanying financial statements.

At June 30, 2017, the balance of the debt outstanding aggregated \$600,000.

NOTE 10 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds in order to cover expenses as necessary. The transfers are presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<u>Governmental Activities</u>			
General Fund	\$ 75,222	\$ (104,502)	\$ (29,280)
Non-Major	----	----	----
Total Transfers Out	\$ 75,222	\$ (104,502)	\$ (29,280)
<u>Business-Type Activities</u>			
Utility System	108,900	(79,354)	29,546
Non-Major	4,132	(4,398)	(266)
Total Transfers Out	113,032	(83,752)	29,280
Net Transfers	\$ 188,254	\$ (188,254)	\$ ----

NOTE 11– INTERFUND RECEIVABLES AND PAYABLES:

In the ordinary course of business, the Town routinely records an interfund receivable and payable from the general fund to the utility fund. These receivables and payables are paid off at the end of each month. For the year ended June 30, 2017, the inter fund balance between the funds was \$0. In the current year, the Town recorded an interfund receivable and payable between the general fund and a non-major capital projects fund, which is eliminated in the government-wide statement of net position. The interfund balance between these funds was \$250 at June 30, 2017.

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2017***

NOTE 12- PENSION PLAN

Substantially all employees of the Town of Colfax, Louisiana, are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Information regarding each plan is presented as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Police Employees' Retirement System	\$ ----	\$ 13,457	\$ ----
Municipal Employees' Retirement System	344,724	145,500	14,031
Total	344,724	158,957	14,031
Portion Applicable to Business Type Activities	256,028	96,204	9,277
Portion Applicable to Governmental Type Activities	\$ 88,696	\$ 62,753	\$ 4,754

Municipal Employees' Retirement System of Louisiana

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.

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 eligible to participate in the System. Any person eligible for membership, but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of MERS Plan B Tier 2 of the system as a condition of employment.

Any member of Plan B who commenced participation in the system prior to January 1, 2013 can retire providing he meets one of the following criteria:

- 1.) Any age with thirty (30) years of creditable service.
- 2.) At 60 with a minimum of ten (10) or more years of creditable service
- 3.) At any age with ten (10) years of creditable service eligible for disability benefits
- 4.) Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

- 1.) Seven years or more of service, at age sixty-seven (67) or thereafter.
- 2.) Ten years or more of service, at age sixty-two (62) or thereafter.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

- 3.) Thirty years or more of service, at age fifty-five (55) or thereafter.
4.) Twenty-five years of service credit at any age, exclusive of military service and unused annual sick leave.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report can be found by visiting the System's website, at mersla.com.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Colfax is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities. The contribution requirements of plan members and the Town of Colfax are established and may be amended by state statute. 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 fiscal year. The Town's contributions to the system were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available standalone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 226,092,430
Plan Fiduciary Net Position	\$ 143,201,586
Net Pension Liability	\$ 82,890,844
Town's Proportionate Share (Percentage)	0.415877%
Town's Proportionate Share (Amount)	<u>\$ 344,724</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2016 are provided as follows:

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Notes to Financial Statements

June 30, 2017

Beginning Net Pension Liability		\$	262,437
Employer Contributions			(29,027)
<u>Pension Expense</u>			
Proportionate Share of Plan Pension Expense	62,037		
Changes in Proportion	(4,706)		
Employee Contributions	(10,240)	47,091	
Changes in Deferred Outflows of Resources		52,667	
Changes in Deferred Inflows of Resources		11,556	
Ending Net Pension Liability		\$	<u>344,724</u>

There were no changes between June 30, 2017 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Amounts</u>
Differences Between Expected and Actual Experience	\$ 2,827	\$ 4,981	(2,154)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	84,497	----	84,497
Changes of Assumptions	17,178	----	17,178
Changes in Proportion	12,671	9,050	3,621
Employer Contributions Made After the Measurement Date	28,327	----	28,327
Total Deferrals	145,500	14,031	131,469
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(28,327)	----	(28,327)
Deferrals Subject to Amortization	<u>\$ 117,173</u>	<u>\$ 14,031</u>	<u>103,142</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2017	\$ 24,071
June 30, 2018	34,305
June 30, 2019	31,904
June 30, 2020	12,862
Total	<u>\$ 103,142</u>

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2016 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions: Investment Rate of Return	7.5%, net of investment expense
Projected Salary Increases	5.00% (2.875% Inflation, 2.125% Merit)
Mortality Rates -Annuitant and Beneficiary	RP-2000 Health Annuitant Sex Distinct Mortality Tables set forward 2 years for males and 1 year for females projected to 2028 using scale AA
Employee Mortality	For employee, the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females
Disabled Lives Mortality	For disabled Annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following table.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.60%
Public Fixed Income	35%	1.80%
Alternatives	<u>15%</u>	<u>0.80%</u>
Totals	100%	5.20%
Inflation		<u>2.50%</u>
Expected Nominal Return		<u>7.70%</u>

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<u>1% Decrease 6.5% Discount Rate</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5% Discount</u>
Net Pension Liability	\$ 445,944	\$ 344,724	\$ 258,361

Municipal Police Employees' Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are eligible to participate in the System. Members of the system before January 1, 2013 are eligible for regular retirement after 25 years of creditable service at any age, 20 years of creditable service after age 50, or 12 years of creditable service after age 55. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse.

For membership after January 1, 2013, member eligibility for regular retirement, early retirement, disability, and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty subplans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

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 of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty Sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months of joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active member, or disability retiree, the plan provides for surviving spouses and minor children, subject to certain conditions outlined in the statutes.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report can be found by visiting the System's website, at lampers.org.

Funding Policy. Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2016, total contributions due from employers and employees was 39.5%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 29.5% and 10% respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013, were 31.5% and 8.0 % respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32% and 7.5% respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2016, and excluded from pension expense.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available standalone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The plans net pension liability was determined at June 30, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$2,760,140,132
Plan Fiduciary Net Position	\$1,822,858,397
Net Pension Liability	\$ 937,281,735
Town's Proportionate Share (Percentage)	----
Town's Proportionate Share (Amount)	<u>\$ -----</u>

The net pension liability presented above was not affected by any special funding situations. The Town had two officers in the current year enroll in the retirement system, subsequent to the measurement date.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

Previously, the Town did not have any officers enrolled in the System. As such, the town did not have a proportional share of the Net Pension Liability as of the measurement date.

Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amounts
Differences Between Expected and Actual Experience	\$ ----	\$ ----	----
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	----	----	----
Changes of Assumptions	----	----	----
Changes in Proportion	----	----	----
Employer Contributions Made After the Measurement Date	<u>13,457</u>	<u>----</u>	<u>13,457</u>
Total Deferrals	13,457	----	13,457
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>(13,457)</u>	<u>----</u>	<u>(13,457)</u>
Deferrals Subject to Amortization	<u>\$ ----</u>	<u>\$ ----</u>	<u>----</u>

There are no deferrals that will be amortized as a component of pension expense in future periods in the current year.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2016 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

Investment Rate of Return	7.5%, net of investment expense
Expected Remaining Service Lives	2016 - 4 years 2015 - 4 years 2014 - 4 years
Inflation Rate	2.875 %
Projected Salary Increases (Including Merit & Inflation)	Years of Service (1-2) 9.75%, (3-23) 4.75%, (23+) 4.25%
Mortality Rates	RP-2000 Combined Health with Blue Collar Adjustment Sex Distinct Tables Project to 2029 by Scale AA (Set-back 1 year for females) for health annuitants & beneficiaries RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants RP-2000 Employee Table set back 4 years for males and 3 years for females for active members
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	53.00%	3.69%
Public Fixed Income	21.00%	0.49%
Alternatives	20.00%	1.11%
Other	6.00%	0.21%
Totals	100.00%	5.50%
Inflation		2.75%
Expected Nominal Return		8.25%

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2017

Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 13 – GRANT REVENUES

As with most municipalities with diverse operations, the Town of Colfax regularly receives grant revenues related to various aspects of the Town's operations.

In the current year, the Town received grant revenues from two sources. A CWF Grant (2014-2015) was awarded to the town, and work related to the grant began on July 7, 2016. The town received the monies from the CWF Grant on August 15, 2016.

In addition, the Town was awarded a LGAP grant for the purpose of purchasing a mini-excavator. The mini-excavator was purchased on January 31, 2017, and the town received \$26,270 in funding for the purchase.

NOTE 14 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at June 30, 2017 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with the Town Attorney and insurance carrier, there are no anticipated claims that are expected to exceed available insurance coverage.

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 15 – ON-BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are \$9,576.

Town of Colfax

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Revenues:</u>				
Taxes				
Ad valorem	\$ 120,000	\$ 122,000	\$ 126,005	\$ 4,005
Sales taxes	275,000	305,000	330,460	25,460
License and permits				
Occupational licenses	66,000	60,000	71,240	11,240
Franchise fees	65,000	58,000	57,703	(297)
Fines and fees	35,000	31,000	34,330	3,330
Rent	6,500	1,200	-	(1,200)
Intergovernmental				
Beer taxes	4,500	5,000	3,546	(1,454)
Payment in lieu of taxes	1,000	9,000	8,801	(199)
Other Intergovernmental	-	7,500	16,987	9,487
Other	18,000	6,500	8,915	2,415
Interest	250	125	-	(125)
Total revenues	591,250	605,325	657,987	52,662
<u>Expenses:</u>				
General government	288,000	302,400	157,429	144,971
Public Safety	177,000	180,000	181,016	(1,016)
Streets and Drainage	95,000	110,000	218,996	(108,996)
Recreation	13,500	12,500	-	12,500
Debt Service	-	-	20,752	(20,752)
Capital Outlay	15,000	-	-	-
Total Expenses	588,500	604,900	578,193	26,707
Excess (deficiency) of revenues over expenditures	2,750	425	79,794	79,369
<u>Other financing sources (uses):</u>				
Operating transfers in	100,000	60,000	75,222	15,222
Operating transfers out	(70,000)	(120,000)	(104,502)	15,498
Total other financing sources (uses)	30,000	(60,000)	(29,280)	30,720
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	32,750	(59,575)	50,514	110,089
Fund balance - beginning of year	84,991	174,483	174,483	-
Fund balance - end of year	\$ 117,741	\$ 114,908	\$ 224,997	\$ 110,089

TOWN OF COLFAX

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of	Pension Plans Fiduciary Net Position as a Percentage of
	Percent	Amount		Covered Payroll	Total Pension Liability
Municipal Employees' Retirement System					
June 30, 2014	0.383300%	179,963	260,697	69.0%	76.9%
June 30, 2015	0.386136%	262,437	299,646	87.6%	68.7%
June 30, 2016	0.415877%	344,724	305,547	112.8%	63.3%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

Town of Colfax

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2014	22,811	22,811	-	260,697	8.75%
June 30, 2015	25,453	25,453	-	299,646	8.50%
June 30, 2016	29,027	29,027		305,547	9.50%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

TOWN OF COLFAX

Schedule of Compensation Paid to Board Members

Year Ended June 30, 2017

Ossie Clark	\$	14,400
Alan Futrell		4,200
Randy Tyler		1,630
Sonny Tyler		2,450
Lourain Lacour		4,200
Lorraine Sapp		4,200
Cora Reed		4,200
		<hr/>
Total Compensation	\$	<u>35,280</u>

TOWN OF COLFAX

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2017

Agency Head (Mayor) -Ossie Clark

Purpose:

Compensation	\$	14,400
Benefits		1,584
Reimbursements		-
Total Compensation	\$	15,984

TOWN OF COLFAX

Schedule of Findings and Questioned Costs June 30, 2017

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the general purpose financial statements for the Town of Colfax, Louisiana, as of June 30, 2017, and for the year then ended expressed an unqualified opinion.
- The audit disclosed one deficiency in internal control over financial reporting that is considered to be a material weakness (2017-6).
- The audit disclosed three findings (2011-1, 2017-2, and 2017-4) which are considered to be significant deficiencies in internal control over financial reporting.
- The audit disclosed two findings which are considered to be instances of noncompliance with applicable laws and regulations (2017-3 and 2017-5).
- The Town was not required to have a Single Audit; therefore, none of the reporting requirements of OMB Circular A-133 was required.

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

Finding 2017-1 – The Legislative Auditor issued a compliance review, dated October 29, 2008. In the application of their *Checklist of Best Practices*, the following was noted and remains unresolved:

1. Natural Gas Losses: "Management is to continue its efforts to identify the causes of the natural gas losses."

Finding 2017-2 – Purchasing procedures:

The town advanced reimbursement to an employee for travel-related expenditures. The Town is now unable to locate any receipts or reimbursement forms required by Town policy.

Finding 2017-3: Payroll Tax Forms and Payments:

The Town did not submit the Louisiana Form L-1 for the 1st quarter of 2017 on time. In addition, the retirement contribution and supporting form for the Municipal Employee's Retirement System in October of 2016 was submitted late.

Finding 2017-4: Utility Cutoff

Management has not developed or enforced a uniform cut-off policy. During audit procedures it was noted that several utility customers did not have utility service cutoff, though they owed a balance past the cutoff date.

2017-5: Ethics

Town employees did not complete the required education and training on the Code of Ethics in the current year.

2017-6: Personal Use of Town Assets

During the current year, the Town's utility superintendent used town equipment for personal use. In addition, he allowed others to use town equipment to move dirt from Town land, without the Town receiving compensation for the equipment or dirt.

Part III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None.

TOWN OF COLFAX

Management's Corrective Action Plan June 30, 2017

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>Finding 2017-1</u> – The Legislative Auditor issued a compliance review, dated October 29, 2008. In the application of their <i>Checklist of Best Practices</i>, the following was noted and remains unresolved:</p> <p style="padding-left: 40px;">1. Natural Gas Losses: “Management is to continue its efforts to identify the causes of the natural gas losses.”</p>	<p><u>Response:</u> We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear</p>
<p><u>Finding 2017-2 – Purchasing procedures:</u> The town advanced reimbursement to an employee for travel-related expenditures. The Town is now unable to locate any receipts or reimbursement forms required by Town policy.</p>	<p><u>Response:</u> The Town has now changed to per diem payments for meals and lodging when employees are out of town on Town business. This simplifies the record-keeping process. In addition, we will look at our record-retention policy to insure a similar situation does not happen in the future.</p>
<p><u>Finding 2017-3: Payroll Tax Forms and Payments:</u> The Town did not submit the Louisiana Form L-1 for the 1st quarter of 2017 on time. In addition, the retirement contribution and supporting form for the Municipal Employee’s Retirement System in October of 2016 was submitted late.</p>	<p><u>Response:</u> We will review our payroll tax form policies and procedures, and make the necessary changes to ensure that all payroll tax forms and required payments are made timely.</p>
<p><u>Finding 2017-4: Utility Cutoff</u> Management has not developed or enforced a uniform cut-off policy. During audit procedures it was noted that several utility customers and elected officials did not have utility service cutoff, though they owed a balance past the cutoff date.</p>	<p><u>Response:</u> We will review our cutoff policies and take any corrective action as deemed necessary. In addition, we will continue reviewing accounts receivable reports and delinquent reports at each council meeting. By the end of the fiscal year, all elected officials had paid off their outstanding balances, and will continue to do so in the future.</p>
<p><u>2017-5: Ethics</u> Town employees did not complete the required education and training on the Code of Ethics in the current year.</p>	<p><u>Response:</u> The Town will immediately require all employees to complete their mandatory ethics training, and make sure that all employees complete required ethics training going forward.</p>
<p><u>2017-6: Personal Use of Town Assets</u> During the current year, the Town’s utility superintendent used town equipment for personal use. In addition, he allowed others to use town equipment to move dirt from Town land, without the Town receiving compensation for the equipment or dirt.</p>	<p><u>Response:</u> The Town has already performed an internal investigation. In addition, we have reported the matter to the parish District Attorney, and to the Legislative Auditor.</p>

TOWN OF COLFAX

Management's Corrective Action Plan June 30, 2017

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
Not applicable.	Not Applicable.
SECTION III MANAGEMENT LETTER	
<p><u>ML-1-2017, Natural Gas Losses:</u> Over the nine-year period gas losses have ranged from 15.3% to 43.5%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn out meters that do not accurately measure the amount of gas delivered to customers.</p> <p><u>ML-2-2017, Utility Cutoff Procedures:</u> During our work on the Town's utility system, we noted that past due utility bills are still at a high level. We are concerned that these increases may be attributable to a lack of enforcing a uniform cutoff policy. Our test work also showed that some employees are slow to pay their bills. We recommend the Town strictly enforce a uniform cutoff policy.</p> <p><u>ML-3-2017, Compensated Absences:</u> During our work on the Town's compensated absences, we noted that the compensated absence balance has grown into a large dollar amount. We recommend management look at the policies in place to determine if changes need to be made in order to limit future liability.</p>	<p><u>Response:</u> We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear.</p> <p><u>Response:</u> We will review our cutoff policies and take any corrective action as deemed necessary. In addition, we will continue reviewing accounts receivable reports and delinquent reports at each council meeting.</p> <p><u>Response:</u> We will review our policies to determine if the policies need to be revised to limit future increases and liability.</p>

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2017

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>Finding 2016-1</u> – The Legislative Auditor issued a compliance review, dated October 29, 2008. In addition, the Legislative Auditor applied their <i>Checklist of Best Practices</i>, and the following noted items still remain unresolved:</p> <ol style="list-style-type: none"> 2. Natural Gas Losses: “Management is to continue its efforts to identify the causes of the natural gas losses.” 3. Past Due Accounts: The recommendation was that “management develop and enforce a uniform cut-off policy.” <p><u>Finding 2016-2 – Purchasing procedures:</u> The town advanced reimbursement to an employee who did not file a reimbursement form upon return. The employee was advanced too much money, and did not immediately refund the excess.</p> <p><u>Finding 2016-3 – Purchasing Procedures:</u> It has been determined that the Town purchased alcohol with Town funds. This is a violation of the Louisiana Constitution.</p> <p><u>Finding 2016-4-Citation Processing:</u> Audit Procedures have revealed some weaknesses related to the administration of traffic citations. A sample of 40 transactions included 5 instances when the bench warrant amount did not agree with the fines and court cost approved for the cited violations.</p>	<p><u>Status: Unresolved</u></p> <p>We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear.</p> <p>We will review our cutoff policies and take any corrective action as deemed necessary. In addition, we will continue reviewing accounts receivable reports and delinquent reports at each council meeting.</p> <p><u>Status: Partially Resolved</u> The Town was immediately reimbursed prior to the audit finding. The Town has made changes to its travel reimbursement policies, to prevent similar issues from occurring in the future.</p> <p><u>Status: Resolved</u></p> <p><u>Status: Resolved</u></p>
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No Findings of this nature.	No response necessary.

TOWN OF COLFAX

Summary of Prior Year Findings and Questioned Costs June 30, 2017

SECTION III MANAGEMENT LETTER

ML-1-2016, Natural Gas Losses:

Over the eight-year period gas losses have ranged from 15.3% to 43.5%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn out meters that do not accurately measure the amount of gas delivered to customers.

ML-2-2016, Utility Cutoff Procedures:

During our work on the Town's utility system, we noted that past due utility bills are still at a high level. We are concerned that these increases may be attributable to a lack of enforcing a uniform cutoff policy. Our test work also showed that some employees are slow to pay their bills. We recommend the Town strictly enforce a uniform cutoff policy.

ML-3-2016, Compensated Absences:

During our work on the Town's compensated absences, we noted that the compensated absence balance has grown into a large dollar amount. We recommend management look at the policies in place to determine if changes need to be made in order to limit future liability.

Unsolved:

We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear.

Unresolved:

We will review our cutoff policies and take any corrective action as deemed necessary. In addition, we will continue reviewing accounts receivable reports and delinquent reports at each council meeting.

Unresolved:

We will review our policies to determine if the policies need to be revised to limit future increases and liability.

APPENDIX A
**Statewide Agreed-Upon
Procedures**



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Honorable Ossie Clark, Mayor
The Board of Alderman and
The Louisiana Legislative Auditor:

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

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

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

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

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

Rozier, Harrington and McKay
Certified Public Accountants
Alexandria, Louisiana
November 1, 2017

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p>An analysis of written policies and procedures has resulted in the following conclusions:</p> <ul style="list-style-type: none"> • The Town does not have any written policies regarding the following: <ul style="list-style-type: none"> ○ Budgeting ○ Receipts ○ Contracting ○ Ethics ○ Debt Service • Details related to the following functions were limited and did not specifically address suggested components. <ul style="list-style-type: none"> ○ Purchasing ○ Credit Cards ○ Travel and expense reimbursements • The following were addressed, including specific suggested components: <ul style="list-style-type: none"> ○ Disbursements ○ Payroll/Personnel 	<p>Despite the absence of written details, the Town of Colfax has established policies and procedures that are clearly understood by personnel responsible for execution. In addition, we will consider the need to formally adopt the procedures that are in place and performing as intended. The Town will also compare current written procedures to those suggested by the LLA's "Best Practices", and adopt changes to the written policy as necessary.</p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and review the board/committee minutes for the fiscal period, and:</p> <p>a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation</p> <p>b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis)</p> <p>➤ If budgets are adopted that increase an existing deficit, is there a formal written plan to eliminate deficit spending and do the minutes indicate periodic monitoring of the plan?</p> <p>c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.</p>	<p>The governing board meet monthly with a quorum.</p> <p>The governing board reviewed and approved financial statements as part of the monthly activity report that they received. Further details are provided as follows:</p> <ul style="list-style-type: none"> • The financial statements included budget comparisons. • Budgets adopted by the governing board did not include deficits. <p>Monthly activity reports reviewed and approved by the governing body included non-budgetary information comprised of check registers, payables and receivable listings, and major contracts to be approved by the governing body.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
3 Obtain a listing of client bank accounts from management	The Town of Colfax provided a listing of all bank accounts, and represented that it was complete.	<i>The results did not include findings or criticisms.</i>
4 Using the listing provided by management, select a minimum of five (5) bank accounts and report whether:		
a) Bank reconciliations have been prepared;	Each bank account was reconciled monthly by the Town Clerk.	<i>The results did not include findings or criticisms.</i>
b) Bank reconciliations include evidence that a member of management or a board member has reviewed each bank reconciliation	The Town Clerk, a member of management, prepares the bank reconciliation. No other member of management reviews the reconciliations.	The Town will adopt procedures wherein a member of management or a board member reviews each bank reconciliation.
c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.	There was no documentation reflecting the research of reconciling items that have been outstanding for more than 6 months. However, outstanding checks were for clearly insignificant amounts.	Due to the modest nature of outstanding amounts, no formal research has been conducted. However, the Town will document such research in future periods.

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>5 Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.</p> <p>6 Using the listing provided by management, select a minimum of five (5) cash collection locations, obtain written documentation and report whether:</p> <p>a) Each person responsible for collecting cash is:</p> <ul style="list-style-type: none"> • bonded, • not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account • not required to share the same cash register or drawer with another employee. <p>b) The entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.</p> <p>c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:</p> <ul style="list-style-type: none"> • Report whether the deposits were made within one day of collection. 	<p>All collection activity is conducted at Colfax's Town Hall, located at 1208 Main St. Colfax, LA.</p> <ul style="list-style-type: none"> • All Town Hall employees (Clerk, Assistant Clerk, and Payroll Clerk) are bonded • A single employee is responsible for both collecting, and preparing deposits. • All employees share the same cash register. <p>A formal (although not written) process exists but it is conducted by an employee that participates in other aspects of collections. (i.e. makes deposits, as well as collecting cash).</p> <ul style="list-style-type: none"> • All deposits were made within one day of collection. • During the week of collection, the cash drawer was short \$20. This discrepancy was noted at the time of collection, before the deposit was made in the bank. 	<p><i>The results did not include findings or criticisms.</i></p> <p>The size of the staff limits opportunities for segregation of duties. Risk is mitigated because most collections are in the form of a check. Transactions involving currency that is susceptible to misappropriation are limited primarily to utility collections and ticket payments. In addition, cash collections are subject to verification by comparison to computerized subsidiary records.</p> <p>The absence of segregation is mitigated by the factors described above. In addition, as addressed previously, the Town will adopt written policies deemed necessary by its governing board.</p> <p>Cash Registers being over and short is not an uncommon occurrence in small towns. The matter was found immediately, and documented thoroughly.</p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<ul style="list-style-type: none">• Verify that daily cash collections are completely supported by documentation <p>7 Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.</p>	<p>Documentation supporting this event, and the rest of the receipts for the week, was complete.</p> <p>The process utilizes receipts and accounts receivable records to determine that collections are complete. Although the process is functional, the procedures have not been formally documented or committed to written form.</p>	<p>Despite the absence of written details, the Town has established policies and procedures that are clearly understood by personnel responsible for execution. In addition, we will consider the need to formally adopt the procedures that are in place and performing as intended.</p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>8 Obtain a listing of entity disbursements from management</p>	<p>Management provided access to the general ledger system that reports all disbursement activity.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>9 Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:</p> <p>a) Purchases were initiated using a requisition/purchase order system.</p> <p>b) Purchase orders were approved by a person who did not initiate the purchase.</p> <p>c) Payments for purchases were not processed without</p> <ul style="list-style-type: none"> • An approved requisition and/or purchase order • A receiving report showing receipt of goods purchased, • An approved invoice. 	<p>Each disbursement was supported by an invoice or similar documentation. Purchase Orders of 89.45% of the dollar value of the sample could be located. Purchase orders would not have been required for all of the invoices selected, as some were de minimus amounts.</p> <p>Of the purchase orders inspected by RHM, none were approved by a person who initiated the purchase.</p> <p>Of the 25 disbursements selected, the Town could not locate all of the purchase orders that would have been required. However, an invoice supporting the disbursement was found for all 25. In addition, the Town does not require receiving reports for purchases. No payments were processed without presentation of an approved invoice.</p>	<p>Due to the small transaction volume management is capable of monitoring approval and receipts without the need for formal requisitions, purchase orders, or receiving reports. However, as a best practice, we will review our purchase order and requisition system, and make any changes we deem necessary.</p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
10 Using entity documentation report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.	There are no formal restrictions associated with adding vendors.	The absence of a formal vendor approval process is mitigated as follows: <ul style="list-style-type: none"> • The Mayor or Clerk reviews documentation before signing any checks. In addition, the Mayor has no other involvement in transactions involving disbursements. • As each meeting, the governing board reviews and approves disbursement activity for the preceding month.
11 Using entity documentation report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.	The Town Clerk has signatory authority, and records purchases.	Due to small staff size, segregation of duties in a town the size of Colfax is difficult. As a mitigating control, at each monthly meeting, the governing board reviews and approves all disbursement activity for the previous month.
12 Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority. If checks are printed on blank check stock, review documentation and report if persons with signatory authority have system access to print check.	The Town of Colfax electronically prints checks on blank check stock. General Ledger accounting software (with which checks are printed) is password protected. However, the Town Clerk is a signatory authority, and has access to the system.	See Above Comments.
13 If a signature stamp or signature machine is used, inquire of the signer whether his or her signature and any signed checks is maintained under his or her control or is used only with the knowledge and consent of the signer.	The Town doesn't use signature stamps or machines. Signed checks, (such as payroll checks) are placed in the town's vault, and locked up until they are used.	<i>The results did not include findings or criticisms.</i>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards).</p>	<p>Accounts are limited to a single credit card, with multiple cardholders.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>15 Select the monthly statement or combined statement with the largest dollar activity for each card and:</p> <p>a) Is there evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b) Report whether finance charges and/or late fees were assessed on the selected statements</p>	<p>The monthly statement is reviewed by the Town Clerk. The Town Clerk is an authorized card holder on the account.</p> <p>No finance charges or fees were assessed on the selected statements.</p>	<p><i>Although the Town Clerk is an authorized cardholder, her card is locked in the town vault, and is only used infrequently. However, we will include the credit card statement as part of our monthly activity approved by the governing board.</i></p> <p><i>The results did not include findings or criticisms.</i></p>
<p>16 Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).</p> <p>a) Obtain supporting documentation for all transactions for each of the 10 cards selected by:</p> <ul style="list-style-type: none"> • An original itemized receipt • Documentation of the business/public purpose • Other documentation that may be required 	<p>Each transaction was supported by an original, itemized receipt, and had a clear business/public purpose. However, the business/public purpose was not clearly documented. No other documentation is required by written policy</p>	<p><i>We will evaluate the necessity of documenting the public purpose of each transaction in the future</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
by written policy		
b) Compare the transaction's detail to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law	None of the purchases were subject to Public Bid Law requirements.	<i>The results did not include findings or criticisms.</i>
c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution	None of the purchases appeared to be a loan, pledge, or donation of funds, credit, property, or things of value	<i>The results did not include findings or criticisms.</i>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
17 Obtain from management a listing of all travel and related expense reimbursements, by person.	The list was compiled from general ledger detail provided from travel and related expense accounts.	<i>The results did not include findings or criticisms.</i>
18 Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceed GSA rates.	Starting in Oct. 2016 it is the Town's policy to give any employees traveling an allowance equal to the Federal Per Diem rate for the location the employee is traveling to. Prior to this, it was the town's policy to advance the employee an amount, decided by the mayor, to incur travel expenses. These amounts did not exceed the GSA rates.	<i>The results did not include findings or criticisms.</i>
19 Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:		
a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.	The Town of Colfax is unable to locate documentation relating to travel expenditures before October of 2016 (When the policy changed).	The Town of Colfax will examine its record retention policy, and insure that a similar situation doesn't happen in the future. The Town has already changed travel reimbursement policies during the fiscal year, to simplify the travel reimbursement process and insure compliance.
b) Report whether each expense is supported by:	As travel expenses are prepaid in accordance with GSA Rates, the town did not require employees to retain receipts after October 2016. However,	<i>See our response in the above section.</i>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<ul style="list-style-type: none"> • An original itemized receipt that identifies precisely what was purchased. • Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating). • Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance) <p>c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.</p> <p>d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>receipts before that time period cannot be found.</p> <p>None of the reimbursement received represented a loan, pledge, or donation of funds, credit, property, or things of value</p> <p>The Town was unable to locate documentation for travel expenses prior to October of 2016. After October, the Town requires Mayoral approval of the expenditures, before they are incurred. As such there is a review and approval process, but it is not formally written.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>The Town will examine its record retention policy, to ensure that all records can be accessed as needed. The Town will review whether formal documentation of travel expenditure approval is necessary in the future.</p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>20 Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments.</p>	<p>The list was obtained.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>21 Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:</p> <p>a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.</p> <p>b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:</p> <ul style="list-style-type: none"> • If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements. • If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice. <p>c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original</p>	<p>The Town did not have a formal/written contract for all contract vendors.</p> <p>None of the payments to the five vendors in the current year were subject to the Bid Law. The Town did not solicit formal quotes for the services provided by the five vendors tested.</p> <p>None of the contracts evaluated were subject to amendments or change orders.</p>	<p>The Town will examine its policies, and obtain a written contract when required in the future.</p> <p>Though the Town did not solicit formal quotes, management is familiar with prices paid for similar services by other municipalities, and will continue to communicate with other vendors when necessary, to ensure a fair price for services provided.</p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>contract terms contemplated or provided for such an amendment.</p> <p>d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.</p> <p>e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).</p>	<p>The largest invoice from one of the contracts evaluated does not match the terms outlined in the contract. There have been price revisions in current years, which although have been approved by management, have not been formally outlined in an amendment to the original contract.</p> <p>The Town does not have any written policies regarding approval of contracts. As a functional matter, the Town authorizes the mayor to ratify and negotiate significant contracts, or the council either approves or disapproves of the contract directly.</p>	<p>In the future, the Town will amend all contracts when necessary, and work to obtain contracts for existing vendors where required.</p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>22 Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:</p> <p>a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.</p> <p>b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.</p>	<p>There is no formal employment contract dictating terms and conditions of employment, or employees pay rate structure. It was noted during the procedures that the personnel file of one employee stated that she was to be paid \$11.13 an hour, however in the payroll system she was paid \$11.14 an hour.</p> <p>The only change in the hourly pay rates for employees was a slight increase in pay for one-full time employee; which was received because the employee stayed with the Town for a certain period of time. This is in line with the Town's functional policy, though it was not formally documented.</p>	<p>Procedures do not include personnel contracts or a formal pay rate structure; however, these activities are monitored by management. We will review all employees pay rate, and insure employees are paid proper amounts in the future.</p> <p>Although compensation decisions are not formally documented, decisions are subject to approval by management. We will consider revising procedures to document compensation decisions in personnel files whenever pay rates change.</p>
<p>23 Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:</p> <p>a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick,</p>	<p>Attendance and leave were documented on time sheets.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)</p> <p>b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.</p> <p>c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.</p>	<p>Time sheets included signatures demonstrating supervisor's approval. However, there was no signature approving the Town Clerk or the Utility Superintendent's time sheets.</p> <p>Leave taken as reported on time sheets was deducted from the employees leave balance maintained on their leave worksheet.</p>	<p>The Town will review procedures relating to the approval of the supervisors timesheets.</p> <p><i>The results did not include findings or criticisms.</i></p>
<p>24 Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.</p>	<p>Payments made were consistent with the terms of the personnel policy.</p>	<p>The results did not include findings or criticisms.</p>

Town of Colfax

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
25 Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.	Payroll taxes and retirement contributions were remitted timely, with two exceptions. The Louisiana Form L-1 for the 1 st quarter of 2017 was submitted late, and the retirement contribution and supporting form for MERS in October of 2016 was submitted late.	The Town will review its procedures to ensure that all required forms and payments are submitted timely in the future.

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Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
26 Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.	<ul style="list-style-type: none">• There was no documentation proving that the five randomly selected employees obtained required ethics training in the current year.	We will immediately have each employee complete the ethics course. In the future, all new hires, including part-time positions, will be required to complete training as part of their initial orientation.
27 Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.	<ul style="list-style-type: none">• During the current year, there was an alleged ethics violation concerning the town's Utility Superintendent. The Town does not have any written policies regarding ethics.	The alleged ethics violation was investigated, and a special session of the town council was held, to probe further into the allegations. In the weeks following, the complaint was passed on to the parish DA. An investigation is still under way.

Town of Colfax

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Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
28 If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.	Not applicable, there is no debt issued in the current year.	<i>The results did not include findings or criticisms.</i>
29 If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.	RHM vouched all debt payments in the current year to supporting documentation. The Town of Colfax made all scheduled debt service payments. The only debt issued consists of two leases on police vehicles, which have no required debt covenants.	<i>The results did not include findings or criticisms.</i>
30 If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.	Not applicable, the only debt issued or outstanding is two municipal leases on police vehicles.	<i>The results did not include findings or criticisms.</i>

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Schedule of Procedures, Results and Managements' Response

Other		
Agreed-Upon Procedure	Results	Managements' Response
31 Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	As mentioned in Procedure #27, part of the alleged ethics violation was the misappropriation of public funds and assets. The Utility Superintendent admitted to using the Town's equipment for personal use, and to allowing third parties to use the Town's equipment for personal use.	The matter has been reported to both the district attorney for Grant Parish, and the legislative auditor.
32 Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at t) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.	The notice was posted.	<i>The results did not include findings or criticisms.</i>
33 If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.	No exceptions were identified.	<i>The results did not include findings or criticisms.</i>