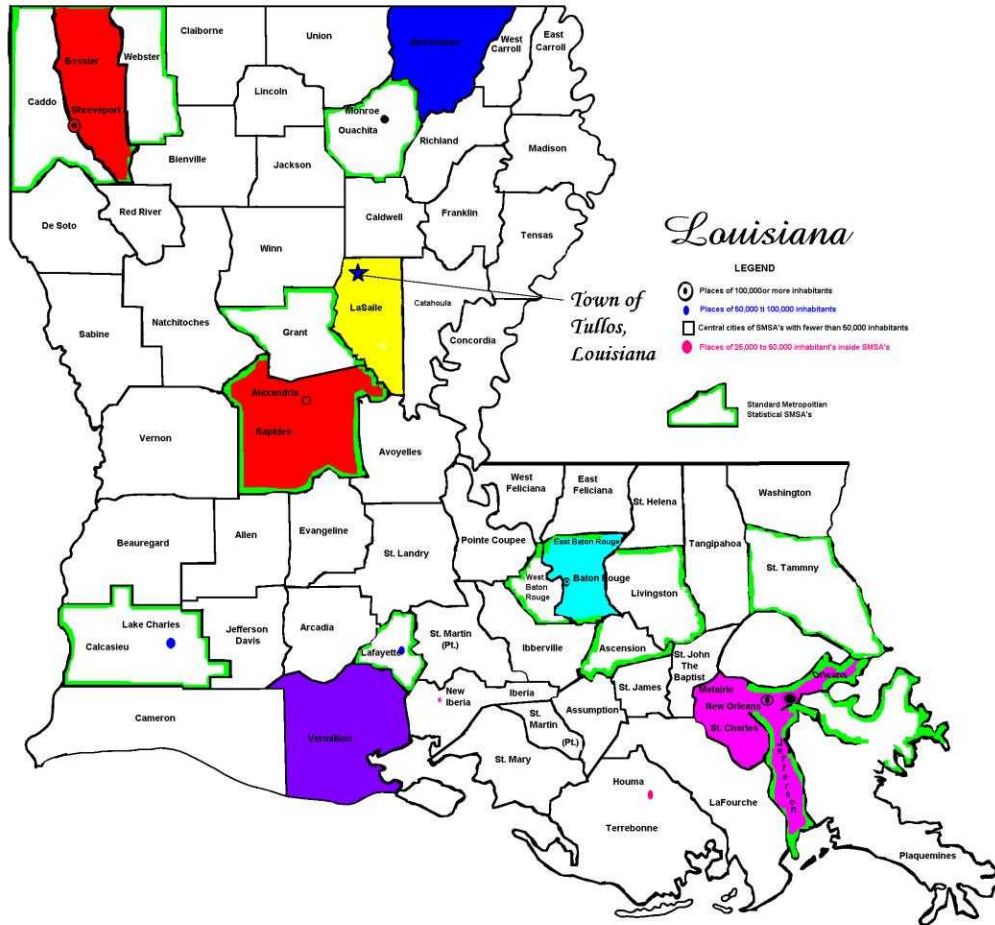


TOWN OF TULLOS, LOUISIANA

Annual Financial Statements

June 30, 2020

TOWN OF TULLOS, LOUISIANA



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

TOWN OF TULLOS, LOUISIANA
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June 30, 2020

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Association of
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Town of Tullos, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the Town of Tullos, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tullos's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, on our consideration of the Town of Tullos’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tullos’s internal control over financial reporting and compliance.

The Vercher Group

December 1, 2020
Jena, Louisiana

Town of Tullos

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Tullos's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

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

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$888,288 (*net position*). This is a \$79,668 increase from last year.
- The Town had total revenue of \$537,380 in which \$431,411 came from fines. This is a \$192,745 increase from last year's revenues, mainly due to an increase in fines in the amount of \$162,173.
- The Town had total expenditures of \$437,383, which is an \$100,317 increase from last years. This increase is due mainly to an increase in police expense in the amount of \$51,352, and an increase in operations expense in the amount of \$29,248.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$2,025,136 (*net position*). This is a \$12,447 decrease from last year.
- The Town had total revenue of \$330,725, including operating revenues of \$305,725, non-operating revenues of \$-0-, and capital contributions of \$25,000. This is a \$50,772 increase from last year. This increase is due mainly to an increase in charges for services in the amount of \$22,897 and an increase in capital contributions in the amount of \$25,000.
- The Town had total expenses of \$350,261. This is an \$122,867 decrease from last year. A decrease in the cost of sales and services in the amount of \$147,404 is the main cause of this decrease.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

USING THIS ANNUAL REPORT

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

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

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

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
ASSETS			
Cash & Investments	\$ 145,632	\$ 228,351	56.8
Receivables	25,465	45,462	78.5
Restricted Assets	-0-	-0-	0.0
Capital Assets, Net of Accumulated Depreciation	670,651	641,497	-4.4
TOTAL ASSETS	<u>841,748</u>	<u>915,310</u>	8.7
LIABILITIES & NET POSITION			
Accounts, Salaries, & Other Payables	2,897	12,705	338.6
Notes Payable – Current	14,555	14,317	-1.6
Notes Payable – Non Current	15,676	-0-	-100.0
TOTAL LIABILITIES	<u>33,128</u>	<u>27,022</u>	-18.4
NET POSITION			
Net Investment in Capital Assets	640,420	627,180	-2.1
Restricted	7,310	3,778	-48.3
Unrestricted	160,890	257,330	60.0
TOTAL NET POSITION	<u>\$ 808,620</u>	<u>\$ 888,288</u>	9.9

MD&A

GOVERNMENTAL FUNDS

Comparative Changes in Fund Balances

The following table reflects the Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
REVENUES			
Fees & Charges	\$ 50,142	\$ 60,801	21.3
Taxes	16,471	15,718	-4.6
Fines	269,238	431,411	60.2
Intergovernmental – Capital Grants	-0-	15,560	100.0
Other	8,784	13,890	58.1
TOTAL REVENUES	<u>344,635</u>	<u>537,380</u>	55.9
EXPENDITURES			
Administrative	49,111	45,150	-8.1
Operations	133,917	163,165	21.8
Police Expense	137,037	188,389	37.5
Capital Outlay	-0-	23,678	100.0
Debt Service	17,001	17,001	0.0
TOTAL EXPENDITURES	<u>337,066</u>	<u>437,383</u>	29.8
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,569</u>	<u>99,997</u>	1,221.1
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(21,252)</u>	<u>(7,089)</u>	-66.7
TOTAL OTHER FINANCING SOURCES (USES)	<u>(21,252)</u>	<u>(7,089)</u>	-66.7
NET CHANGE IN FUND BALANCE	(13,683)	92,908	779.0
FUND BALANCES--BEGINNING	<u>181,883</u>	<u>168,200</u>	-7.5
FUND BALANCES--ENDING	<u>\$ 168,200</u>	<u>\$ 261,108</u>	55.2

MD&A

ENTERPRISE FUND

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
ASSETS			
Cash	\$ 101,526	\$ 144,668	42.5
Receivables	25,378	35,231	38.8
Restricted Assets	23,050	35,231	52.9
Capital Assets, Net of Accumulated Depreciation	<u>2,361,817</u>	<u>2,284,946</u>	-3.3
TOTAL ASSETS	<u><u>2,511,771</u></u>	<u><u>2,500,076</u></u>	-0.5
LIABILITIES AND NET POSITION			
Accounts, Salaries, & Other Payables	95,812	94,959	-0.9
Customer Deposits	23,050	24,655	7.0
URAF Funding	<u>355,326</u>	<u>355,326</u>	0.0
TOTAL LIABILITIES	<u><u>474,188</u></u>	<u><u>474,940</u></u>	0.2
NET POSITION			
Net Investment in Capital Assets	2,006,491	1,904,965	-5.1
Restricted	-0-	-0-	0.0
Unrestricted	<u>31,092</u>	<u>120,171</u>	286.5
TOTAL NET POSITION	<u><u>\$ 2,037,583</u></u>	<u><u>\$ 2,025,136</u></u>	-0.6

MD&A

ENTERPRISE FUND

Comparative Changes in Net Position

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
OPERATING REVENUES			
Charges for Services	\$ 275,398	\$ 298,295	8.3
Other	4,530	7,430	64.0
TOTAL OPERATING REVENUES	<u>279,928</u>	<u>305,725</u>	9.2
OPERATING EXPENSES			
Cost of Sales & Services	309,096	161,692	-47.7
Administration	60,067	84,300	40.4
Depreciation	103,965	104,269	0.3
TOTAL OPERATING EXPENSES	<u>473,128</u>	<u>350,261</u>	-26.0
OPERATING INCOME (LOSS)	<u>(193,200)</u>	<u>(44,536)</u>	-77.0
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	25	-0-	-100.0
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>25</u>	<u>-0-</u>	-100.0
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	<u>(193,175)</u>	<u>(44,536)</u>	-77.0
Transfers In/(Out)	21,252	7,089	-66.7
Capital Contributions	-0-	25,000	100.0
CHANGE IN NET POSITION	<u>(171,923)</u>	<u>(12,447)</u>	-92.8
TOTAL NET POSITION – BEGINNING	<u>2,209,506</u>	<u>2,037,583</u>	-7.8
TOTAL NET POSITION – ENDING	<u>\$ 2,037,583</u>	<u>\$ 2,025,136</u>	-0.6

MD&A

CAPITAL ASSETS & LONG-TERM DEBT

Capital Assets – Governmental Fund

At June 30, 2020, the Town had \$641,497 invested in capital assets, including the following:

Capital Assets at Year-End

	<u>2019</u>	<u>2020</u>
Buildings	\$ 446,956	\$ 470,634
Machinery & Equipment	956,826	956,826
Accumulated Depreciation	<u>(733,131)</u>	<u>(785,963)</u>
Total	<u>\$ 670,651</u>	<u>\$ 641,497</u>

Capital Assets – Enterprise Fund

At June 30, 2020, the Town had \$2,284,946 invested in capital assets, including the following:

Capital Assets at Year-End

	<u>2019</u>	<u>2020</u>
Water Assets *	\$ 3,197,854	\$ 3,225,252
Sewer Assets	1,422,958	1,422,958
Accumulated Depreciation	<u>(2,258,995)</u>	<u>(2,363,264)</u>
Total	<u>\$ 2,361,817</u>	<u>\$ 2,284,946</u>

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

Long-Term Obligations (Governmental Funds)

The following is a summary of the long-term obligation transactions for the year ended June 30, 2020:

<u>New Fire Truck</u>	
Balance 06/30/2019	\$ 30,231
Additions	-0-
Deductions	<u>(15,914)</u>
Balance 06/30/2020	<u>\$ 14,317</u>

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

TOWN OF TULLOS, LOUISIANA
Statement of Net Position
June 30, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
CURRENT ASSETS			
Cash	\$ 228,351	\$ 144,668	\$ 373,019
Receivables (Net of Allowances for Uncollectible)	45,462	35,231	80,693
TOTAL CURRENT ASSETS	<u>273,813</u>	<u>179,899</u>	<u>453,712</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	35,231	35,231
Capital Assets (Net of Accumulated Depreciation)	641,497	2,284,946	2,926,443
TOTAL NON-CURRENT ASSETS	<u>641,497</u>	<u>2,320,177</u>	<u>2,961,674</u>
TOTAL ASSETS	<u>915,310</u>	<u>2,500,076</u>	<u>3,415,386</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	12,705	94,959	107,664
Notes Payable, Current	14,317	-0-	14,317
TOTAL CURRENT LIABILITIES	<u>27,022</u>	<u>94,959</u>	<u>121,981</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	24,655	24,655
URAF Funding	-0-	355,326	355,326
Notes Payable, Non-current	-0-	-0-	-0-
TOTAL NON-CURRENT LIABILITIES	<u>-0-</u>	<u>379,981</u>	<u>379,981</u>
TOTAL LIABILITIES	<u>27,022</u>	<u>474,940</u>	<u>501,962</u>
NET POSITION			
Net Investment in Capital Assets	627,180	1,904,965	2,532,145
Restricted	3,778	-0-	3,778
Unrestricted	257,330	120,171	377,501
TOTAL NET POSITION	<u>\$ 888,288</u>	<u>\$ 2,025,136</u>	<u>\$ 2,913,424</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2020

	PROGRAM REVENUES				NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Capital Grants & Contributions	Net (Expenses) Revenue	Governmental Activities	Business Type Activities	Total
	GOVERNMENTAL ACTIVITIES						
General Government	\$ (224,017)	\$ 38,591	\$ 15,560	\$ (169,866)	\$ (169,866)		\$ (169,866)
Public Safety:							
Fire	(22,833)	22,210	-0-	(623)	(623)		(623)
Police	(202,686)	-0-	-0-	(202,686)	(202,686)		(202,686)
Interest on Long-Term Debt	(1,087)	-0-	-0-	(1,087)	(1,087)		(1,087)
TOTAL GOVERNMENTAL ACTIVITIES	<u>(450,623)</u>	<u>60,801</u>	<u>15,560</u>	<u>(374,262)</u>	<u>(374,262)</u>		<u>(374,262)</u>
BUSINESS TYPE ACTIVITIES							
Water	(222,655)	241,700	25,000	44,045		\$ 44,045	44,045
Sewer	(127,606)	56,595	-0-	(71,011)		(71,011)	(71,011)
TOTAL BUSINESS TYPE ACTIVITIES	<u>(350,261)</u>	<u>298,295</u>	<u>25,000</u>	<u>(26,966)</u>		<u>(26,966)</u>	<u>(26,966)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (800,884)</u>	<u>\$ 359,096</u>	<u>\$ 40,560</u>	<u>\$ (401,228)</u>			<u>(401,228)</u>
			GENERAL REVENUES				
			Ad Valorem Taxes		15,718	-0-	15,718
			Fines & Forfeitures		431,411	-0-	431,411
			Other General Revenues		13,890	7,430	21,320
			Interest Income		-0-	-0-	-0-
			Transfers In (Out)		(7,089)	7,089	-0-
			TOTAL GENERAL REVENUES		<u>453,930</u>	<u>14,519</u>	<u>468,449</u>
			CHANGE IN NET POSITION		79,668	(12,447)	67,221
			NET POSITION - BEGINNING		808,620	2,037,583	2,846,203
			NET POSITION - ENDING		<u>\$ 888,288</u>	<u>\$ 2,025,136</u>	<u>\$ 2,913,424</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2020

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FIRE FUND</u>	<u>TOTAL</u>
ASSETS			
Cash & Cash Equivalents	\$ 224,573	\$ 3,778	\$ 228,351
Receivables (Net of Allowances For Uncollectable)	40,726	4,736	45,462
TOTAL ASSETS	<u>265,299</u>	<u>8,514</u>	<u>273,813</u>
LIABILITIES			
Accounts, Salaries, and Other Payables	12,705	-0-	12,705
TOTAL LIABILITIES	<u>12,705</u>	<u>-0-</u>	<u>12,705</u>
FUND BALANCES			
Restricted	-0-	8,514	8,514
Unassigned	252,594	-0-	252,594
TOTAL FUND BALANCES	<u>252,594</u>	<u>8,514</u>	<u>261,108</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 265,299</u>	<u>\$ 8,514</u>	<u>\$ 273,813</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2020

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

Fund Balance, Total Governmental Funds (Statement C)		\$ 261,108
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets	\$ 1,427,460	
Less Accumulated Depreciation	<u>(785,963)</u>	
		641,497
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
		<u>(14,317)</u>
Net Position of Governmental Activities (Statement A)		\$ <u>888,288</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>GENERAL</u>	<u>SPECIAL REVENUE FIRE FUND</u>	<u>TOTAL</u>
REVENUES			
Fees & Charges	\$ 38,591	\$ 22,210	\$ 60,801
Ad Valorem Taxes	15,718	-0-	15,718
Fines	431,411	-0-	431,411
Intergovernmental – Capital Grants	15,560	-0-	15,560
Other	12,890	1,000	13,890
TOTAL REVENUES	<u>514,170</u>	<u>23,210</u>	<u>537,380</u>
EXPENDITURES			
Administrative	45,150	-0-	45,150
Operations	151,822	11,343	163,165
Police Expense	188,389	-0-	188,389
Capital Outlay	23,678	-0-	23,678
Debt Service	-0-	17,001	17,001
TOTAL EXPENDITURES	<u>409,039</u>	<u>28,344</u>	<u>437,383</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>105,131</u>	<u>(5,134)</u>	<u>99,997</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(13,427)</u>	<u>6,338</u>	<u>(7,089)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,427)</u>	<u>6,338</u>	<u>(7,089)</u>
NET CHANGE IN FUND BALANCE	91,704	1,204	92,908
FUND BALANCES--BEGINNING	160,890	7,310	168,200
FUND BALANCES--ENDING	<u>\$ 252,594</u>	<u>\$ 8,514</u>	<u>\$ 261,108</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances, Total Governmental Funds, Statement E		\$ 92,908
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
	Capital Outlays	\$ 23,678
	Depreciation Expense	<u>(52,832)</u>
		(29,154)
<p>The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
	Principal Paid	\$ 15,914
	Additions to Interest	<u>-0-</u>
		15,914
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		<u>-0-</u>
Changes in Net Position of Governmental Activities, Statement B		\$ <u>79,668</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2020

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 830	\$ 143,838	\$ 144,668
Receivables (Net of Allowances for Uncollectible)	17,507	17,724	35,231
TOTAL CURRENT ASSETS	<u>18,337</u>	<u>161,562</u>	<u>179,899</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	35,231	35,231
Capital Assets (Net of Accumulated Depreciation)	782,844	1,502,102	2,284,946
TOTAL NON-CURRENT ASSETS	<u>782,844</u>	<u>1,537,333</u>	<u>2,320,177</u>
TOTAL ASSETS	<u>801,181</u>	<u>1,698,895</u>	<u>2,500,076</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	83	94,876	94,959
TOTAL CURRENT LIABILITIES	<u>83</u>	<u>94,876</u>	<u>94,959</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	24,655	24,655
URAF Funding	177,663	177,663	355,326
TOTAL NON-CURRENT LIABILITIES	<u>177,663</u>	<u>202,318</u>	<u>379,981</u>
TOTAL LIABILITIES	<u>177,746</u>	<u>297,194</u>	<u>474,940</u>
NET POSITION			
Net Investment in Capital Assets	605,181	1,299,784	1,904,965
Restricted	-0-	-0-	-0-
Unrestricted	18,254	101,917	120,171
TOTAL NET POSITION	<u>\$ 623,435</u>	<u>\$ 1,401,701</u>	<u>\$ 2,025,136</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2020

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUND (MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 56,595	\$ 241,700	\$ 298,295
Other	300	7,130	7,430
TOTAL OPERATING REVENUES	<u>56,895</u>	<u>248,830</u>	<u>305,725</u>
OPERATING EXPENSES			
Cost of Sales & Services	66,845	94,847	161,692
Administration	26,202	58,098	84,300
Depreciation	34,559	69,710	104,269
TOTAL OPERATING EXPENSES	<u>127,606</u>	<u>222,655</u>	<u>350,261</u>
OPERATING INCOME (LOSS)	<u>(70,711)</u>	<u>26,174</u>	<u>(44,536)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	-0-	-0-	-0-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(70,711)	26,175	(44,536)
Transfers In/(Out)	39,824	(32,735)	7,089
Capital Contributions	-0-	25,000	25,000
CHANGE IN NET POSITION	(30,887)	18,440	(12,447)
TOTAL NET POSITION – BEGINNING	<u>654,322</u>	<u>1,383,261</u>	<u>2,037,583</u>
TOTAL NET POSITION – ENDING	<u>\$ 623,435</u>	<u>\$ 1,401,701</u>	<u>\$ 2,025,136</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2020

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers & Users	\$ 51,974	\$ 245,503	\$ 297,477
Payments to Employees	(26,202)	(58,098)	(84,300)
Payments to Suppliers	(66,762)	(95,783)	(162,545)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(40,990)</u>	<u>91,622</u>	<u>50,632</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	39,824	(32,735)	7,089
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>39,824</u>	<u>(32,735)</u>	<u>7,089</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Contributions & Grants	-0-	25,000	25,000
Construction of Capital Assets	-0-	(27,398)	(27,398)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-0-</u>	<u>(2,398)</u>	<u>(2,398)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments & Restricted Funds	-0-	(12,181)	(12,181)
Interest & Dividends Received	-0-	-0-	-0-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-0-</u>	<u>(12,181)</u>	<u>(12,181)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(1,166)	44,308	43,142
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	1,996	99,530	101,526
CASH & CASH EQUIVALENTS, END OF YEAR	<u>830</u>	<u>143,838</u>	<u>144,668</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	(70,711)	26,175	(44,536)
Depreciation Expense	34,559	69,710	104,269
(Increase) Decrease in Accounts Receivable	(4,921)	(4,932)	(9,853)
Increase (Decrease) in Accounts Payables	83	(936)	(853)
Increase (Decrease) Customer Deposits	-0-	1,605	1,605
TOTAL ADJUSTMENTS	<u>29,721</u>	<u>65,447</u>	<u>95,168</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (40,990)</u>	<u>\$ 91,622</u>	<u>\$ 50,632</u>

The accompanying notes are an integral part of this statement.

**NOTES
TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

- Enterprise Fund
 - Water Activities
 - Sewer Activities

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

C. EQUITY CLASSIFICATIONS

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

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

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

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

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

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

D. CASH & CASH EQUIVALENTS

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

E. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

F. AD VALOREM TAXES

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following shows the amount of authorized and levied ad valorem taxes on property with assessed valuations totaling \$1,972,070.

General purposes	7.97 mills
Total taxes levied	\$15,718

G. INVENTORIES

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

H. RESTRICTED ASSETS

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

- Restricted assets were applicable to the following at June 30, 2020:

	Business	Governmental
Customer Deposits	\$ 24,655	\$ -0-
Total	<u>\$ 24,655</u>	<u>\$ -0-</u>

I. CAPITAL ASSETS

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

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

For the year ended June 30, 2020, no interest costs were capitalized for construction of fixed assets.

TOWN OF TULLOS, LOUISIANA

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

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

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

J. COMPENSATED ABSENCES

The Town has no compensated absence policy.

K. LONG-TERM OBLIGATIONS

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

L. FUND EQUITY

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

M. USE OF ESTIMATES

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

TOWN OF TULLOS, LOUISIANA

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

(2) CASH & CASH EQUIVALENTS

Custodial Credit Risk

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

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

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

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

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

	Southern Heritage	Concordia Bank & Trust	Total
Bank Balances	\$ 341,867	\$ 75,680	\$ 417,547
<i>Secured As Follows</i>			
FDIC (<i>Category 1</i>)	250,000	75,680	325,680
Securities (<i>Category 2</i>)	103,912	-0-	103,912
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-
Total	\$ 353,912	\$ 75,680	\$ 429,592

All deposits were secured as of June 30, 2020.

TOWN OF TULLOS, LOUISIANA

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

(3) RECEIVABLES

The receivables of \$80,693 at June 30, 2020, are as follows:

Class of Receivable	<u>Enterprise Fund</u>				
	<u>General Fund</u>	<u>Fire Fund</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Fire Fees	\$ -0-	\$ 4,736	\$ -0-	\$ -0-	\$ 4,736
Fines	33,923	-0-	-0-	-0-	33,923
Taxes	6,803	-0-	-0-	-0-	6,803
Accounts	-0-	-0-	17,724	17,507	35,231
Allowance for Doubtful Accounts	-0-	-0-	-0-	-0-	-0-
Total	<u>\$ 40,726</u>	<u>\$ 4,736</u>	<u>\$ 17,724</u>	<u>\$ 17,507</u>	<u>\$ 80,693</u>

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

(4) TRANSFERS

<u>Transfers From/To Other Funds</u>	
<u>Transfers In/(Out)</u>	<u>Amount</u>
General	\$ (13,427)
Fire	6,338
Sewer	39,824
Water	(32,735)
Total	<u>\$ -0-</u>

The transfers were made to pay other fund expenses.

(5) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020, is as follows:

	<u>Governmental Activities</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Buildings	\$ 446,956	\$ 23,678	\$ -0-	\$ 470,634
Machinery & Equipment	956,826	-0-	-0-	956,826
Total Fixed Assets	<u>1,403,782</u>	<u>23,678</u>	<u>-0-</u>	<u>1,427,460</u>
Less Accumulated Depreciation	(733,131)	(52,832)	-0-	(785,963)
Net Capital Assets	<u>\$ 670,651</u>	<u>\$ (29,154)</u>	<u>\$ -0-</u>	<u>\$ 641,497</u>

TOWN OF TULLOS, LOUISIANA

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

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water *	\$ 3,197,854	\$ 27,398	\$ -0-	\$ 3,225,252
Sewer	1,422,958	-0-	-0-	1,422,958
Total	4,620,812	27,398	-0-	4,648,210
Water Accumulated Depreciation	(1,653,440)	(69,710)	-0-	(1,723,150)
Sewer Accumulated Depreciation	(605,555)	(34,559)	-0-	(640,114)
Total Accumulated Depreciation	(2,258,995)	(104,269)	-0-	(2,363,264)
Net Capital Assets	\$ 2,361,817	\$ (76,871)	\$ -0-	\$ 2,284,946

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

(6) LONG-TERM OBLIGATIONS (GOVERNMENTAL FUNDS)

The following is a summary of the long-term obligation transactions for the year ended June 30, 2020:

New Fire Truck	
Balance 06/30/2019	\$ 30,231
Additions	-0-
Deductions	(15,914)
Balance 06/30/2020	\$ 14,317

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2020:

	Lease Payable
Current Portion	\$ 14,317

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest (5%) payments are as follows:

Year Ending June 30,	Lease Payable
2021	\$ 17,001
2022	-0-
Total	\$ 17,001

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

(7) UTILITY RELOCATION ASSISTANCE FUNDING (URAF)

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

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

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

(8) RESTRICTED NET POSITION

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

- The Town's special revenue fund had restricted net position of \$3,778 for fire activities.

(9) SALES TAX

Town of Tullos passed a 1.5% sales tax on November 16, 2019 that became effective on January 1, 2020. The proceeds of the tax are used to for the purpose of maintaining, operating and supporting the sewer system and waterworks system of the Town and constructing, and acquiring improvements, replacements and extensions for said systems and acquiring, maintaining, operating and replacing equipment, fixtures and accessories for said systems.

(10) CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Entity operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Town anticipates this could negatively affect its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

TOWN OF TULLOS, LOUISIANA

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

(11) ELECTED OFFICIALS

The following is a list of elected officials and their salary for the year ending June 30, 2020:

<u>Name</u>	<u>Title</u>	<u>Annualized Salary</u>
Karla Cockerham	Mayor	\$ 2,400
Scott Cockerham	Police Chief & Dog Catcher	26,225
Kathi Volentine	Council	250
Dustin Jones	Council	300
Mary Catherine Lasiter	Council	300
Tina Murphrey Tullos	Council	300
Sonya Johnson	Council	\$ 200

(12) SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date though, December 1, 2020, of the independent auditor's report for potential recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General & Fire Funds
For the Year Ended June 30, 2020

	<u>BUDGET AMOUNTS</u>		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	<u>Original</u>	<u>Final</u>	Budgetary Basis	
REVENUES				
General Fund	\$ 304,000	\$ 425,400	\$ 498,610	\$ 73,210
Fire Fund	20,000	20,200	23,210	3,010
Intergovernmental-Capital Grants	-0-	-0-	15,560	15,560
TOTAL REVENUES	<u>324,000</u>	<u>445,600</u>	<u>537,380</u>	<u>91,780</u>
EXPENDITURES				
General Fund	291,000	411,800	409,039	2,761
Fire Fund	24,000	31,800	28,344	3,456
TOTAL EXPENDITURES	<u>315,000</u>	<u>443,600</u>	<u>437,383</u>	<u>6,217</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,000</u>	<u>2,000</u>	<u>99,997</u>	<u>97,997</u>
OTHER FINANCING SOURCES (USES)				
Transfer In/(Out) - General Fund	-0-	-0-	(13,427)	(13,427)
Transfers In/(Out) - Fire Fund	-0-	-0-	6,338	6,338
TOTAL OTHER FINANCING SOURCES (USES)	<u>-0-</u>	<u>-0-</u>	<u>(7,089)</u>	<u>(7,089)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 9,000</u>	<u>\$ 2,000</u>	92,908	<u>\$ 90,908</u>
FUND BALANCE - BEGINNING			<u>168,200</u>	
FUND BALANCE - ENDING			<u>\$ 261,108</u>	

See independent auditor's report.



Other Information

TOWN OF TULLOS, LOUISIANA
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2020

Honorable Karla Cockerham, Mayor

Purpose	Amount	
Salary	\$	2,400
Benefits-Insurance		-0-
Benefits-Retirement		-0-
Benefits (Expense Allowance)		-0-
Car Allowance		-0-
Vehicle Provided by Government		-0-
Per Diem		-0-
Reimbursements		-0-
Travel		-0-
Registration Fees		-0-
Conference Travel		-0-
Continuing Professional Education Fees		-0-
Housing		-0-
Un-vouchered Expenses*		-0-
Special Meals	\$	-0-

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

See independent auditor's report.



Other Reports

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities of the Town of Tullos, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Tullos’s basic financial statements and have issued our report thereon dated December 1, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies (**2020-1 Small Size of Entity**).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tullos's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item: **2020-2 Noncompliance with Louisiana Department of Health**.

The Town of Tullos's Response to Findings

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

Purpose of this Report

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

The Vercher Group

December 1, 2020
Jena, Louisiana

TOWN OF TULLOS
TOWN OF TULLOS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2020

We have audited the basic financial statements of the Town of Tullos, Louisiana, as of and for the year ended June 30, 2020, and have issued our report thereon dated December 1, 2020. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2020, resulted in an unmodified opinion.

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

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

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

Yes No

c. Identification Of Major Programs:

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

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

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

TOWN OF TULLOS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2020

Section II – Financial Statement Findings

2020-1 Small Size of Entity (Internal Control)

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

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

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

Effect of Condition: Significant deficiency in internal controls.

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

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

2020-2 Noncompliance with Louisiana Department of Health (Compliance)

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

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

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

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

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

TOWN OF TULLOS, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2020**

Section II – Financial Statement Findings

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

Section III Federal Awards Findings and Questioned Costs

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

FINDINGS:

2020-1 Small Size of Entity

Finding: Because of the small size of the Town and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town's cash. Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

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

Contact Person: Karla Cockerham, Mayor

Anticipated Completion Date: June 30, 2021

2020-2 Noncompliance with Louisiana Department of Health

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

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

Contact Person: Karla Cockerham, Mayor

Anticipated Completion Date: June 30, 2021

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MANAGEMENT LETTER COMMENTS

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

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No items to report.

TOWN OF TULLOS, LOUISIANA
June 30, 2020

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

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

The management of the Town of Tullos, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2019.

PRIOR YEAR FINDINGS

2019-1 Small Size of Entity (Unresolved)

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

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

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

Effect of Condition: Significant deficiency in internal controls.

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

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

2019-2 Reconciling Ticket Revenue with Collection Reports (Resolved)

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

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

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

TOWN OF TULLOS, LOUISIANA
June 30, 2020

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

PRIOR YEAR FINDINGS (CONTINUED):

Effect of Condition: Incorrect reporting of collection reports.

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

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

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

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

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

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

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

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

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

2019-4 Budget Variance (Resolved)

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

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

Cause of Condition: Under budgeting expenditures.

TOWN OF TULLOS, LOUISIANA
June 30, 2020

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

PRIOR YEAR FINDINGS (CONTINUED):

Effect of Condition: Violating the Budget Act.

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

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

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

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

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

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

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

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

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