

TOWN OF SPRINGFIELD, LOUISIANA

Financial Report

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Thomas Abels, Mayor,
and Members of the Board of Aldermen
Town of Springfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Springfield, Louisiana (the Town), 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 financial position of the governmental activities, the business-type activities, and each major fund of the Town, 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 on pages 4 through 8 and 40 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 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's basic financial statements. The other supplementary information on pages 43 through 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The various schedules on pages 43 through 49 included in other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020, on our consideration of the Town'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's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Town of Springfield, Louisiana

Management's Discussion and Analysis As of and for the Year Ended June 30, 2020

Introduction

The Town of Springfield, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements on pages 11 through 22 of this report.

Financial Highlights

- The Town's assets exceeded its liabilities by \$3,051,426 (net position) as of June 30, 2020.
- Total revenues of \$760,817 were less than total expenses of \$782,802, which resulted in a current year decrease in net position of \$21,935, which includes depreciation expense of \$164,050.
- Total combined net position is comprised of the following:
 - Net Investment in Capital Assets, of \$2,649,214 which includes property and equipment, net of accumulated depreciation
 - Net position restricted for debt service of \$71,350
 - Unrestricted net position of \$330,862
- The Town's total general fund reported an unassigned fund balance at June 30, 2020 of \$255,486.
- The Town's total bonded debt decreased by \$28,237 during the year.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Basic Financial Statements

This Management's Discussion and Analysis document introduces the Town's basic financial statements. The Town's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements*, presented on pages 11 and 12, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

Town of Springfield, Louisiana

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended June 30, 2020**

The *Statement of Net Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

The Town's *Government-wide Financial Statements* distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, streets and drainage, public improvements, health and social services, and culture and recreation. The Town's business-type activities are water and sewer collection.

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. The Town has two funds which are categorized as governmental and proprietary funds.

Governmental funds, presented on pages 15 through 18, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town adopts an annual appropriated budget. A budgetary comparison schedule has been provided for the Town's operations to demonstrate compliance with this budget.

The proprietary fund accounts for water and sewer services for the Town. Proprietary funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail. The proprietary fund financial statements can be found on pages 19 through 22 of this report.

Town of Springfield, Louisiana

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended June 30, 2020**

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term financing decisions. Whereas the Total column on the Proprietary Fund Financial Statements is the same as the Business-Type column in the Government-wide financial statements, the Governmental-Type column of the Government-wide Financial Statements.

Notes to the Financial Statements

The notes, presented on pages 23 thru 38, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information converting the Town's budgetary control, on pages 40 to 41. The financial statements also include supplementary information required by the USDA on pages 47 through 49.

Government-Wide Financial Analysis

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

Summary of Net Position (Government Wide)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 441,548	\$ 451,162	\$ (9,614)	-2.13%
Capital Assets	3,856,733	3,941,735	(85,002)	-2.16%
Total Assets	<u>4,298,281</u>	<u>4,392,897</u>	<u>(94,616)</u>	-2.15%
Liabilities:				
Current and Other Liabilities	68,953	112,017	(43,064)	-38.44%
Long-Term Liabilities	1,177,902	1,207,519	(29,617)	-2.45%
Total Liabilities	<u>1,246,855</u>	<u>1,319,536</u>	<u>(72,681)</u>	-5.51%
Net Position:				
Net Investment in Capital Assets	2,649,214	2,687,979	(38,765)	-1.44%
Restricted	71,350	62,460	8,890	14.23%
Unrestricted	330,862	322,922	7,940	2.46%
Total Net Position	<u>\$ 3,051,426</u>	<u>\$ 3,073,361</u>	<u>\$ (21,935)</u>	-0.71%

At the end of the most recent year, the assets of the Town exceeded its liabilities by \$3,051,426, which represents a decrease of \$21,935 from the previous year. The decrease is mainly depreciation expense of \$164,050.

Town of Springfield, Louisiana

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended June 30, 2020**

The following schedule provides a summary of the Town's changes in net position:

Summary of Changes in Net Position (Government Wide)

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 141,134	\$ 140,051	\$ 1,083	0.77%
Operating Grants and Contributions	48,078	28,314	19,764	69.80%
Capital Grants and Contributions	35,946	34,731	1,215	3.50%
General Revenues	535,659	554,546	(18,887)	-3.41%
Total Revenues	<u>760,817</u>	<u>757,642</u>	<u>3,175</u>	<u>0.42%</u>
Expenses:				
Governmental Activities:				
General Government	166,100	170,600	(4,500)	-2.64%
Public Safety	224,603	213,264	11,339	5.32%
Public Works	125,599	129,015	(3,416)	-2.65%
Business-Type Activities	266,450	311,240	(44,790)	-14.39%
Total Expenses	<u>782,752</u>	<u>824,119</u>	<u>(41,367)</u>	<u>-5.02%</u>
Change in Net Position	(21,935)	(66,477)	44,542	-67.00%
Net Position, Beginning	3,073,361	3,139,838	(66,477)	-2.12%
Net Position, Ending	<u>\$ 3,051,426</u>	<u>\$ 3,073,361</u>	<u>\$ (21,935)</u>	<u>-0.71%</u>

General revenues decreased by \$18,887 due to a decrease in insurance premium taxes by \$23,379. Business-type activities decreased by \$44,790 due to an decrease in repairs and maintenance of \$38,320.

Fund Financial Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. Governmental funds reported an ending unassigned fund balance of \$255,486.

The Town primarily relies on sales taxes to support its governmental activities which represent 61.66% of the Town's total revenues, excluding grants.

The Town's programs include general government, police protection, streets, and sanitation. General government and police protection represents 75.67% of the Town's governmental activity expenses.

Town of Springfield, Louisiana

**Management's Discussion and Analysis (Continued)
As of and for the Year Ended June 30, 2020**

General Fund Budgetary Highlights

Significant variations between original and final budget amounts are as follows:

- The police originally budgeted \$64,000 for fines and forfeitures. This was reduced by \$23,300 due to officers not issuing as many tickets due to COVID-19.

Significant variations from the general fund's final budget amounts and actual amounts are as follows:

- Public works expenditures were less than budgeted due to over budgeting by \$7,407 on street maintenance.

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation as of June 30, 2020 was \$183,505 for governmental activities and \$2,465,709 for business-type activities. There was an overall increase of \$18,128 in capital assets used for governmental activities and a decrease of \$103,130 in capital assets used for business-type activities. The Town's governmental activities purchased a new police unit with equipment for \$43,101. The town has paid \$53,947 in engineering fees for the construction of a sewer collection system project which will be funded with a grant through the Office of Community Development/Disaster Recovery Unit.

Long-Term Debt

The Town has a very simple debt structure. There is no debt for governmental activities. The only debt for business-type activities is the revenue bonds that were issued to the United States Department of Agriculture-Rural Utility Services to construct the sewer system. See note 7 to the financial statements for additional information regarding long-term debt.

Other Factors Affecting the Town

The Town of Springfield's management approach is conservative. When possible, the Mayor and alderman attempt to provide services for the Town based on existing revenues and to finance long-term projects only when absolutely necessary. The Town actively pursues grant funds to minimize the cost of major projects to its citizens. The Town also attempts to keep utility rates at the minimum required to cover the costs of utility system operation.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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 need additional finance information contact Marie Kreutzer, Town Clerk at (225) 294-3150.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Net Position
For the year ended June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 119,566	\$ 48,714	\$ 168,280
Certificates of deposit	83,095	-	83,095
Receivables, net	8,303	11,186	19,489
Internal balances	5,152	(5,152)	-
Due from other governmental agencies	73,905	18,850	92,755
Prepaid items	<u>1,533</u>	<u>2,491</u>	<u>4,024</u>
Total current assets	<u>291,554</u>	<u>76,089</u>	<u>367,643</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	73,905	73,905
Capital assets:			
Land and construction in progress	10,000	105,246	115,246
Other capital assets, net	<u>173,505</u>	<u>3,567,982</u>	<u>3,741,487</u>
Total noncurrent assets	<u>183,505</u>	<u>3,747,133</u>	<u>3,930,638</u>
Total assets	<u>475,059</u>	<u>3,823,222</u>	<u>4,298,281</u>
LIABILITIES			
Current liabilities:			
Accounts payable	20,277	1,665	21,942
Accrued payroll	2,128	581	2,709
Accrued expenses	12,130	-	12,130
Bonds payable	-	29,617	29,617
Accrued interest	<u>-</u>	<u>2,555</u>	<u>2,555</u>
Total current liabilities	<u>34,535</u>	<u>34,418</u>	<u>68,953</u>
Noncurrent liabilities:			
Bonds payable	<u>-</u>	<u>1,177,902</u>	<u>1,177,902</u>
Total liabilities	<u>34,535</u>	<u>1,212,320</u>	<u>1,246,855</u>
NET POSITION			
Net investment in capital assets	183,505	2,465,709	2,649,214
Restricted for debt service	-	71,350	71,350
Unrestricted	<u>257,019</u>	<u>73,843</u>	<u>330,862</u>
Total net position	<u>\$ 440,524</u>	<u>\$ 2,610,902</u>	<u>\$ 3,051,426</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Activities
For the year ended June 30, 2020

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 166,100	\$ -	\$ -	\$ -	\$ (166,100)	\$ -	\$ (166,100)
Public safety:							
Police	224,603	43,698	36,817	-	(144,088)	-	(144,088)
Public works:							
Streets	54,241	-	-	-	(54,241)	-	(54,241)
Sanitation	65,226	-	-	-	(65,226)	-	(65,226)
Cemetery	6,132	-	11,261	-	5,129	-	5,129
Total governmental activities	<u>516,302</u>	<u>43,698</u>	<u>48,078</u>	<u>-</u>	<u>(424,526)</u>	<u>-</u>	<u>(424,526)</u>
Business-type activities:							
Sewer	222,841	88,630	-	35,946	-	(98,265)	(98,265)
Water	43,609	8,806	-	-	-	(34,803)	(34,803)
Total business-type activities	<u>266,450</u>	<u>97,436</u>	<u>-</u>	<u>35,946</u>	<u>-</u>	<u>(133,068)</u>	<u>(133,068)</u>
Total	<u>\$ 782,752</u>	<u>\$ 141,134</u>	<u>\$ 48,078</u>	<u>\$ 35,946</u>	<u>(424,526)</u>	<u>(133,068)</u>	<u>(557,594)</u>
General revenues:							
Taxes -							
Sales and use taxes, levied for general purposes							
					311,859	103,978	415,837
					35,324	-	35,324
					47,538	-	47,538
					19,754	-	19,754
					10,972	-	10,972
					1,197	70	1,267
					2,567	2,400	4,967
					<u>429,211</u>	<u>106,448</u>	<u>535,659</u>
					4,685	(26,620)	(21,935)
					<u>435,839</u>	<u>2,637,522</u>	<u>3,073,361</u>
					<u>\$ 440,524</u>	<u>\$ 2,610,902</u>	<u>\$ 3,051,426</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Enterprise Fund

Sewer Fund -

To account for the provision of sewerage and water services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF SPRINGFIELD, LOUISIANA

Balance Sheet
 Governmental Fund
 June 30, 2020

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 119,566
Certificates of deposit	83,095
Receivables:	
Franchise fees	8,303
Due from other governmental agencies	73,905
Due from proprietary fund	5,152
Prepaid items	<u>1,533</u>
Total assets	<u>\$ 291,554</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 20,277
Accrued payroll	2,128
Accrued expenses	<u>12,130</u>
Total liabilities	<u>34,535</u>
Fund balance:	
Nonspendable- prepaid items	1,533
Unassigned	<u>255,486</u>
Total fund balance	<u>257,019</u>
Total liabilities and fund balance	<u>\$ 291,554</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds at June 30, 2020		\$ 257,019
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 10,000	
Buildings, net of \$57,508 accumulated depreciation	38,404	
Infrastructure, net of \$15,643 accumulated depreciation	51,356	
Vehicles, net of \$83,398 accumulated depreciation	72,044	
Furniture and Equipment, net of \$138,806 accumulated depreciation	<u>11,701</u>	<u>183,505</u>
Total net position of governmental activities at June 30, 2020		<u>\$ 440,524</u>

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

TOWN OF SPRINGFIELD, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
For the year ended June 30, 2020

	General Fund
Revenues:	
Taxes	\$ 394,721
Licenses and permits	19,754
Intergovernmental	
Federal grants	15,217
State supplemental pay	18,000
Louisiana beer tax distribution	6,684
State grants	958
Department of transportation	3,330
Fines and forfeits	43,698
Interest earned	1,197
Miscellaneous	17,428
Total revenues	520,987
Expenditures:	
Current -	
General government	160,510
Public safety:	
Police	202,749
Fire	5,000
Public works:	
Street	51,712
Sanitation	65,226
Cemetery	6,132
Capital outlay -	
Public safety	43,101
Total expenditures	534,430
Net changes in fund balance	(13,443)
Fund balance, beginning	270,462
Fund balance, ending	\$ 257,019

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

TOWN OF SPRINGFIELD, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balance of Governmental Fund
 to the Statement of Activities
 For the year ended June 30, 2020

Total net changes in fund balance at June 30, 2020 per statement of revenues, expenditures and changes in fund balance			\$ (13,443)
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balance		\$ 43,101	
Depreciation expense for the year ended June 30, 2020		<u>(24,973)</u>	<u>18,128</u>
Total changes in net position at June 30, 2020 per statement of activities			<u>\$ 4,685</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Net Position
 Proprietary (Enterprise) Fund
 June 30, 2020

ASSETS

Current assets:	
Cash	\$ 48,714
Accounts receivable, net	11,186
Due from other governmental agencies	18,850
Prepaid items	<u>2,491</u>
Total current assets	<u>81,241</u>
Noncurrent assets:	
Restricted assets:	
Cash	73,905
Capital assets:	
Land and construction in progress	105,246
Other capital assets, net	<u>3,567,982</u>
Total noncurrent assets	<u>3,747,133</u>
Total assets	<u>3,828,374</u>

LIABILITIES

Current liabilities:	
Accounts payable	1,665
Accrued payroll liabilities	581
Due to General Fund	5,152
Payable from restricted assets:	
Revenue bonds	29,617
Accrued interest	<u>2,555</u>
Total current liabilities	<u>39,570</u>
Noncurrent liabilities:	
Revenue bonds	<u>1,177,902</u>
Total liabilities	<u>1,217,472</u>

NET POSITION

Net investment in capital assets	2,465,709
Restricted for debt service	71,350
Unrestricted	<u>73,843</u>
Total net position	<u>\$2,610,902</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary (Enterprise) Fund
 For the year ended June 30, 2020

Operating revenues:	
Sewer charges	\$ 86,120
Water charges	8,806
Penalties	2,510
Total operating revenues	<u>97,436</u>
Operating expenses:	
Chemicals	620
Conventions	30
Depreciation	139,077
Dues and subscriptions	300
Electricity	18,288
Internet	2,067
Insurance	4,227
Licenses and permits	785
Miscellaneous	105
Office supplies	1,346
Payroll taxes	1,211
Postage	546
Repairs and maintenance	28,543
Salaries	15,911
Supplies	846
Total operating expenses	<u>213,902</u>
Operating loss	<u>(116,466)</u>
Nonoperating revenues (expenses):	
Sales taxes	103,978
Other revenues	2,400
Interest income	70
Interest expense	(52,548)
Total nonoperating revenues (expenses)	<u>53,900</u>
Loss before capital contributions	<u>(62,566)</u>
Capital contributions:	
Capital grants	<u>35,946</u>
Change in net position	(26,620)
Net position, beginning	<u>2,637,522</u>
Net position, ending	<u><u>\$2,610,902</u></u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Cash Flows
Proprietary (Enterprise) Fund
For the year ended June 30, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 96,788
Payments to suppliers	(61,906)
Payments to employees	(17,038)
Payments to other funds	<u>5,152</u>
Net cash provided by operating activities	<u>22,996</u>
Cash flows from noncapital financing activities:	
Sales tax receipts	<u>103,812</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(28,237)
Interest paid on revenue bonds	(52,608)
Capital grants	60,477
Payments for capital acquisitions	<u>(53,947)</u>
Net cash used by capital and related financing activities	<u>(74,315)</u>
Cash flows from investing activities:	
Interest earned	<u>70</u>
Net increase in cash and cash equivalents	52,563
Cash and cash equivalents, beginning of period	<u>70,056</u>
Cash and cash equivalents, end of period	<u>\$ 122,619</u>

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

(continued)

TOWN OF SPRINGFIELD, LOUISIANA

Statement of Cash Flows
 Proprietary (Enterprise) Fund - (Continued)
 For the year ended June 30, 2020

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (116,466)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	139,077
Changes in current assets and liabilities:	
Accounts receivable	(650)
Prepaid expenses	251
Accounts payable	(4,452)
Accrued payroll liabilities	84
Due to other funds	<u>5,152</u>
Net cash provided by operating activities	<u>\$ 22,996</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 4,982
Cash - restricted	<u>65,074</u>
Total cash and cash equivalents	<u>70,056</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	48,714
Cash - restricted	<u>73,905</u>
Total cash and cash equivalents	<u>122,619</u>
Net increase	<u>\$ 52,563</u>

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

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Springfield (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Springfield, Louisiana was incorporated in 1838, under a special charter. The Town operates under a Mayor-Board of Aldermen form of government and, as authorized by its charter, provides police protection; streets and drainage maintenance; public improvements; health and social services; culture-recreation; planning and zoning; sewer collection and disposal; and general administration. The Mayor and five members of the Board of Aldermen are elected at large to serve four-year terms from July 1, 2017 to June 30, 2021. The Town of Springfield is located in Livingston Parish with a geographic area of approximately 1.4 square miles. The estimated population is 499. The Town employs 4 full-time employees. The Town serves 136 sewer customers.

As the municipal governing authority, for reporting purposes, the Town of Springfield is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (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.

This report includes all funds that are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

There are no component units over which the Town exercises significant influence.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All funds of the Town are considered to be major funds and are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Springfield's enterprise fund is comprised of the Sewer and Water Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, liabilities, and resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's sewer service receivables as their major receivables. Uncollectible sewer service receivables are recognized as bad debts through the establishment of an allowance account. The allowance has been established based upon past collection experience, the economic environment, and management's evaluation of the current risk in receivables. The allowance for uncollectibles for customers' utility receivables was \$24,977 at June 30, 2020.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 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. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 years
Furniture and office equipment	5-20 years
Vehicles	5-7 years
Infrastructure	20-50 years
Water system	10-40 years

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources and deferred inflows of resources as of June 30, 2020.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements. The long-term debt consists of sewer revenue bonds.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Total interest incurred and expensed for the year ended June 30, 2020 for the proprietary fund was \$52,548.

Compensated Absences

Employees of the Town earn from 5 to 23 days of vacation leave each year, depending on length of service. Vacation leave must be taken in the year earned and cannot be carried over. There is no formal policy on sick leave. Sick leave is approved by the Town based on need.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Town's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of the two previous components and is available for general use by the Town.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen, which is the highest level of decision-making authority for the Town. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This formal action is the adoption of a resolution by the Board.
- d. Assigned – amounts that are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intended use is expressed by the Board who has the authority to assign amounts to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

When an expenditure is incurred for the purpose for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in their commitment or assignment actions.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. 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 expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Dedication and Restriction of Proceeds and Flow of Funds - Sales and Use Taxes

The Town levies three sales taxes as follows:

- A. Proceeds from a 1% sales tax effective April 1, 1978, are placed in the General Fund for use by the Town.
- B. Proceeds from a 0.50% sales tax effective January 1, 1987, are to be used for garbage pickup for the residents of the Town and the remainder is to be placed in the General Fund for use by the Town.
- C. Proceeds from a 0.50% sales tax effective February 24, 2005, are to be used to retire USDA debt used for the construction of sewer treatment facilities and other improvements.

(3) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the Town had cash and interest-bearing deposits (book balances) totaling \$325,280 as follows:

Non interest-bearing	\$ 95,449
Interest-bearing	146,736
Time deposits	<u>83,095</u>
Total	<u>\$ 325,280</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered. 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 bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2020 were secured as follows:

Bank balances	<u>\$ 332,659</u>
Federal deposit insurance	\$ 332,659
Pledged securities	<u>-</u>
Total federal deposit insurance and pledged securities	<u>\$ 332,659</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

No deposits were exposed to custodial credit risk. Deposits exposed to custodial credit risk are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized, 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 Town that the fiscal agent has failed to pay deposited funds upon demand. The Town does not have a policy for custodial credit risk.

(4) Due from Other Governmental Agencies

Due from other governmental agencies at June 30, 2020 consist of the following:

Governmental Activities -

General Fund:

Federal grants	\$ 15,217
Sales tax revenues	56,548
Other	<u>2,140</u>
Total General Fund	<u>73,905</u>

Business Type Activities -

Proprietary Fund:

Sales tax revenues	<u>18,850</u>
Total due from other governmental agencies	<u>\$ 92,755</u>

(5) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at June 30, 2020:

Sewer revenue bond reserve	\$ 54,758
Depreciation and contingency fund	<u>19,147</u>
Total restricted assets	<u>\$ 73,905</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance 7/1/2019	Additions	Deletions	Balance 06/30/20
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Other capital assets:				
Buildings	95,912	-	-	95,912
Vehicles	112,342	43,101	-	155,443
Furniture and equipment	150,507	-	-	150,507
Infrastructure	66,998	-	-	66,998
Totals	<u>435,759</u>	<u>43,101</u>	<u>-</u>	<u>478,860</u>
Less accumulated depreciation:				
Buildings	54,463	3,045	-	57,508
Vehicles	67,809	15,589	-	83,398
Furniture and equipment	134,089	4,717	-	138,806
Infrastructure	14,021	1,622	-	15,643
Total accumulated depreciation	<u>270,382</u>	<u>24,973</u>	<u>-</u>	<u>295,355</u>
Governmental activities, capital assets, net	<u>\$ 165,377</u>	<u>\$ 18,128</u>	<u>\$ -</u>	<u>\$ 183,505</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 51,300	\$ -	\$ -	\$ 51,300
Construction in progress	18,000	35,947	-	53,947
Other capital assets:				
Sewer system	2,952,912	-	-	2,952,912
Equipment	44,116	-	-	44,116
Water utility system	1,949,241	-	-	1,949,241
Totals	<u>5,015,569</u>	<u>35,947</u>	<u>-</u>	<u>5,051,516</u>
Less accumulated depreciation:				
Sewer system	1,077,694	85,191	-	1,162,885
Equipment	42,273	615	-	42,888
Water utility system	119,244	53,271	-	172,515
Total accumulated depreciation	<u>1,239,211</u>	<u>139,077</u>	<u>-</u>	<u>1,378,288</u>
Business-type activities, capital assets, net	<u>\$ 3,776,358</u>	<u>\$ (103,130)</u>	<u>\$ -</u>	<u>\$ 3,673,228</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 5,590
Public safety:	
Police	16,854
Public works:	
Streets	<u>2,529</u>
Total depreciation expense	<u>\$ 24,973</u>

Depreciation expense was charged to business-type activities as follows:

Sewer	\$ 85,806
Water	<u>53,271</u>
Total depreciation expense	<u>\$ 139,077</u>

Construction in progress of \$53,947 included in business-type activities is for engineering fees for the construction of a new sewer collection system. This will be funded with a grant through the Office of Community Development/Disaster Recovery Unit for the amount of \$662,000.

(7) Changes in Long-Term Debt

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

	<u>Business-type Activities</u>
	<u>Revenue Bonds</u>
Long-term debt payable, June 30, 2019	\$ 1,235,756
Long-term debt issued	-
Long-term debt retired	<u>(28,237)</u>
Long-term debt payable, June 30, 2020	<u>\$ 1,207,519</u>

Long-term debt payable at June 30, 2020 is comprised of the following issue:

	<u>Current Portion</u>
Revenue bonds:	
\$1,529,000 Sewer Revenue Bonds to the USDA dated May 12, 2004, due in monthly installments of \$6,737 until May 12, 2044; interest rate at 4.375 percent on \$500,000 of the bonds and at a rate of 4.25% on \$1,029,000 of the bonds, secured by sewer system revenues.	<u>\$ 1,207,519</u> <u>\$ 29,617</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Changes in Long-Term Debt (Continued)

The long-term debt is due as follows:

Year Ending June 30,	Business-type Activities	
	Principal payments	Interest payments
2021	\$ 29,617	\$ 51,228
2022	30,913	49,931
2023	32,265	48,579
2024	33,548	47,297
2025	35,146	45,698
2026-2030	200,068	204,153
2031-2035	247,868	156,353
2036-2040	307,056	97,166
2041-2044	291,038	25,627
Total	<u>\$1,207,519</u>	<u>\$726,032</u>

(8) Flow of Funds; Restrictions on Use - Utilities Revenues

Under the terms of the bond indenture on outstanding Sewer Revenue Refunding Bonds dated May 12, 2004, all income and revenues of every nature, earned or derived from operation of the waterworks and sewer systems, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month the Town will reserve into a bond and interest sinking fund a sum equal to one-twelfth of the interest and principal due on the next bond payment due date, and a proportionate sum as may be required as the bonds respectfully become due. Money in the sinking fund shall be deposited as trust funds and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments. Alternately, USDA has set up a payment schedule whereby the Town can make such payments directly to its office, thus eliminating the need for the bond and interest sinking fund.

There shall also be set aside into a sewer revenue bond reserve fund a sum equal to 5% of the monthly bond payment after the completion and acceptance of the system until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. This fund may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the bond and interest sinking fund as to which there would otherwise be default.

The Town must also make monthly deposits to a depreciation and contingency fund equal to 5% of the monthly bond payment after the completion and acceptance of the system. Money in this fund will be used for making extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity, or provide for a higher degree of service for which money is not available as a maintenance and operation expense.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose. The Town of Springfield was in compliance with all significant limitations and restrictions in the bond indenture at June 30, 2020.

(9) On-Behalf Payments of Salaries

During the year ended June 30, 2020, the State of Louisiana paid the Town's policemen \$18,000 of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety – police expenses/expenditures in the government-wide and General Fund financial statements.

(10) Louisiana Deferred Compensation Plan

All of the employees of the Town of Springfield are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 25% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paychecks. The Town does not make any matching contributions. The contributions are fully vested immediately and are remitted to a third-party administrator each payday, where they are deposited to an account in the employee's name. The Town of Springfield does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator.

(11) Risk Management

The Town is exposed to risks of loss in the areas of torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(12) Solid Waste Collection and Disposal Agreement

An agreement between Waste Management of Louisiana, LLC and the Town of Springfield provides for the collection and disposal of solid wastes for residential and small commercial inhabitants of the Town. The agreement is for a five-year period beginning September 1, 2022.

In addition, at the end of the five-year term, the agreement will be automatically extended for an additional five years unless either party stipulates to cancel.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Centralized Collection Agency Agreement

In accordance with Paragraph (B)(1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Town participated in an agreement with all of the sales and use taxing authorities of the Parish of Livingston designating the Sales Tax Department of the Livingston Parish School Board as the single tax collection agency. The agreement authorizes the Town to compensate the collection agency 1.25% of the gross amounts collected.

(14) Franchise Agreements

The Town has granted the following three franchises:

- A. Cable Television- A non-exclusive cable television franchise was granted to Charter Communications, LLC. The franchise was renewed on January 20, 2018 for a period of 15 years. The annual fee for this franchise shall be 5% of the annual gross subscriber revenues.
- B. Electric- On July 19, 2019, the Town granted a franchise to Entergy Louisiana LLC to supply electric energy to the Town and the inhabitants thereof for a period of 25 years. In consideration, the Town shall receive a fee of 2% of the gross receipts from sales of electricity within the corporate limits of the Town from July 19, 2019 to July 18, 2044.
- C. Natural Gas- On September 17, 2009, the Town granted a franchise to Louisiana Gas Service Company to supply natural and/or artificial gas to the Town and the inhabitants thereof for a period of 20 years. In consideration, the Town shall receive a fee of 2% of the gross receipts from sales of natural and/or artificial gas within the corporate limits of the Town from November 1, 2009 to October 31, 2029.

(15) LA DOTD Maintenance Agreement

The provisions of Section 193 of Title 48 of the Louisiana Revised Statutes of 1950 require the Louisiana Department of Transportation and Development to repair and to keep in operating condition at its sole cost and expense, all municipal roads or streets designated in LA R.S. 48:191. The Town has requested and an agreement has been executed for the work to be performed by the Town. In consideration of this agreement, LDOTD agreed to annually reimburse the Town \$3,330 for the year ended June 30, 2020.

(16) Water Service Agreement

On January 27, 2016 the Town entered into an agreement with French Settlement Water Company, FSWC, that stipulates FSWC to provide water to the citizens of Springfield as well as maintain the water system and provide for any necessary capital expenditures on the water system. The Town receives a flat 10% of all revenues collected from the sale of water and FSWC keeps the remaining profit from the operation of the water system. The agreement is for 6 years commencing March 24, 2016. Upon completion or termination of the agreement the Town will be responsible for any capital expenditure expended by FSWC. A capital expenditure is defined as any purchase approved by the Town, not reimbursed by the citizenry the improvement is benefitting, and is over \$500.

TOWN OF SPRINGFIELD, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Interfund Transactions

A. Interfund receivables and payables consisted of the following at June 30, 2020:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds - General Fund	\$ 5,152	\$ -
Proprietary Fund - Enterprise Fund	<u>-</u>	<u>5,152</u>
Total	<u>\$ 5,152</u>	<u>\$ 5,152</u>

These balances resulted from short-term loans made to other funds. All interfund balances will be repaid within one year.

(18) Compensation of Town Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2020 follows:

Aldermen:	
Greg Hill	\$ 1,550
Ronald Starkey	1,200
Mildred Cowsar	750
Charles Martin	1,500
Chad Maurello	<u>950</u>
	<u>\$ 5,950</u>

(19) Compensation, Benefits, and Other Payments to Mayor

The compensation, benefits, and other payments paid to Mayor Thomas Abels for the year ended June 30, 2020 was as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 10,800
Travel	294

(20) Uncertainties Arising During and After Financial Statement Date

As a result of the spread of the COVID 19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Town's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the year ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 392,000	\$ 393,100	\$ 394,721	\$ 1,621
Licenses and permits	24,000	20,000	19,754	(246)
Intergovernmental	21,030	26,530	44,189	17,659
Fines and forfeitures	64,000	40,700	43,698	2,998
Interest	100	100	1,197	1,097
Other	<u>12,100</u>	<u>15,500</u>	<u>17,428</u>	<u>1,928</u>
Total revenues	<u>513,230</u>	<u>495,930</u>	<u>520,987</u>	<u>25,057</u>
Expenditures:				
Current -				
General government	168,000	165,000	160,510	4,490
Public safety	201,550	212,700	207,749	4,951
Public works	127,900	133,000	123,070	9,930
Capital outlay:				
General government	10,000	-	-	-
Public safety	<u>35,800</u>	<u>42,500</u>	<u>43,101</u>	<u>(601)</u>
Total expenditures	<u>543,250</u>	<u>553,200</u>	<u>534,430</u>	<u>18,770</u>
Net change in fund balance	(30,020)	(57,270)	(13,443)	43,827
Fund balance, beginning	<u>342,201</u>	<u>323,453</u>	<u>270,462</u>	<u>52,991</u>
Fund balance, ending	<u>\$ 342,201</u>	<u>\$ 323,453</u>	<u>\$ 270,462</u>	<u>\$ 52,991</u>

TOWN OF SPRINGFIELD, LOUISIANA

Notes to the Required Supplementary Information
June 30, 2020

(1) Budget and Budgetary Accounting

Budgetary procedures applicable to the Town are defined in state law, Louisiana Revised Statutes 39:1301-15. The major requirements of the Local Government Budget Act are summarized as follows:

- A. The Town must adopt a budget each year for the general fund and each special revenue fund, if applicable.
- B. The chief executive officer or equivalent must prepare a proposed budget and submit the proposed budget to the Board of Aldermen for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal in each parish in which the Town has jurisdiction.
- C. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year.
- D. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
- E. All budgetary appropriations lapse at the end of each fiscal year.
- F. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

(2) Excess of Expenditures Over Appropriations

The General Fund had actual expenditures in excess of budgeted expenditures for the year ended June 30, 2020 as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund -				
Public safety:				
Capital outlay	<u>\$ 35,800</u>	<u>\$ 42,500</u>	<u>\$ 43,101</u>	<u>\$ (601)</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Sales and use	\$ 311,600	\$ 312,700	\$ 311,859	\$ (841)
Franchise	35,400	35,400	35,324	(76)
Insurance premium	45,000	45,000	47,538	2,538
	<u>392,000</u>	<u>393,100</u>	<u>394,721</u>	<u>1,621</u>
Licenses, permits and fees:				
Occupational and liquor	<u>24,000</u>	<u>20,000</u>	<u>19,754</u>	<u>(246)</u>
Intergovernmental:				
Federal Grants	-	-	15,217	15,217
State supplemental pay	12,000	17,500	18,000	500
Louisiana Beer Tax Distribution	5,700	5,700	6,684	984
State Grants	-	-	958	958
Department of Transportation	<u>3,330</u>	<u>3,330</u>	<u>3,330</u>	<u>-</u>
Total intergovernmental	<u>21,030</u>	<u>26,530</u>	<u>44,189</u>	<u>17,659</u>
Fines and forfeitures	<u>64,000</u>	<u>40,700</u>	<u>43,698</u>	<u>2,998</u>
Interest	<u>100</u>	<u>100</u>	<u>1,197</u>	<u>1,097</u>
Other:				
Accident reports	100	100	207	107
Cemetery income	7,900	8,300	11,261	2,961
LPSO supplement	3,600	3,600	3,600	-
Witness fees	100	200	150	(50)
Miscellaneous	<u>400</u>	<u>3,300</u>	<u>2,210</u>	<u>(1,090)</u>
Total Other	<u>12,100</u>	<u>15,500</u>	<u>17,428</u>	<u>1,928</u>
Total revenues	<u>\$ 513,230</u>	<u>\$ 495,930</u>	<u>\$ 520,987</u>	<u>\$ 25,057</u>

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

	Actual		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Current:				
General government -				
General and Administrative:				
Salaries - Mayor and council	\$ 10,800	\$ 10,800	\$ 10,800	\$ -
Salaries, Alderman	10,500	9,000	5,950	3,050
Salaries - clerical	44,000	45,800	46,177	(377)
Payroll taxes	5,000	5,200	5,141	59
Accounting and auditing	32,800	31,200	30,670	530
Conventions and travel	500	900	660	240
Coroner	200	1,200	1,190	10
Credit card fees	2,000	2,100	1,986	114
Dues and subscriptions	1,100	1,500	1,152	348
Election	500	-	-	-
Insurance	15,900	16,600	16,226	374
Internet	2,100	2,500	2,301	199
Legal	3,800	1,300	950	350
Miscellaneous	3,400	3,400	4,759	(1,359)
Office expense	10,600	14,300	15,085	(785)
Official journal	1,300	2,600	2,210	390
Professional fees	1,000	700	1,000	(300)
Repairs and maintenance	3,300	2,900	2,267	633
Software	900	1,100	891	209
Telephone	3,100	2,400	2,350	50
Unemployment	500	300	246	54
Utilities	5,200	5,100	5,030	70
Total general and administrative	<u>158,500</u>	<u>160,900</u>	<u>157,041</u>	<u>3,859</u>
Municipal court costs -				
Court Magistrate	1,300	1,900	1,410	490
Law enforcement fees	<u>3,900</u>	<u>500</u>	<u>790</u>	<u>(290)</u>
Total municipal court costs	<u>5,200</u>	<u>2,400</u>	<u>2,200</u>	<u>200</u>
Other -				
Community activities	<u>4,300</u>	<u>1,700</u>	<u>1,269</u>	<u>431</u>
Total general government	<u>168,000</u>	<u>165,000</u>	<u>160,510</u>	<u>4,490</u>

(continued)

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2020

	Actual		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety -				
Police:				
Salaries	119,200	123,900	120,845	3,055
On-behalf salaries	12,000	17,500	18,000	(500)
Payroll taxes	10,000	11,600	11,361	239
Auto fuel	15,000	13,700	11,914	1,786
Auto maintenance	5,700	4,800	5,711	(911)
Conference	1,600	1,900	1,444	456
Dues	150	-	-	-
Employee testing	200	400	150	250
Insurance	24,400	25,000	25,724	(724)
Miscellaneous	100	300	239	61
Office expense	4,000	4,800	4,413	387
Supplies	1,300	800	590	210
Training	400	100	90	10
Uniforms	2,500	2,900	2,268	632
Total police	<u>196,550</u>	<u>207,700</u>	<u>202,749</u>	<u>4,951</u>
Fire:				
LPFD #2	5,000	5,000	5,000	-
Total public safety	<u>201,550</u>	<u>212,700</u>	<u>207,749</u>	<u>4,951</u>
Public works -				
Streets:				
Salaries	18,000	20,400	21,041	(641)
Payroll taxes	1,400	1,800	1,885	(85)
Auto fuel	7,800	6,500	6,110	390
Conference	-	-	-	-
Supplies	1,500	1,900	420	1,480
Street maintenance	10,000	10,000	2,593	7,407
Equipment maintenance	1,500	2,200	1,620	580
Street lights	8,200	10,500	10,303	197
Insurance	6,500	6,400	7,205	(805)
Utilities	1,000	500	535	(35)
Total streets	<u>55,900</u>	<u>60,200</u>	<u>51,712</u>	<u>8,488</u>
Sanitation:				
Collection	64,300	66,000	65,226	774

(continued)

TOWN OF SPRINGFIELD, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cemetery:				
Maintenance	7,700	6,800	4,900	1,900
Other	-	-	1,232	(1,232)
Total cemetery	<u>7,700</u>	<u>6,800</u>	<u>6,132</u>	<u>668</u>
Total public works	<u>127,900</u>	<u>133,000</u>	<u>123,070</u>	<u>9,930</u>
Capital outlay:				
General government	10,000	-	-	-
Public safety -				
Police	<u>35,800</u>	<u>42,500</u>	<u>43,101</u>	<u>(601)</u>
Total expenditures	<u>\$ 543,250</u>	<u>\$ 553,200</u>	<u>\$ 534,430</u>	<u>\$ 18,770</u>

TOWN OF SPRINGFIELD, LOUISIANA
Enterprise Fund
Sewer Fund

Schedule of Number of Sewer Customers
(Unaudited)
June 30, 2020

Records maintained by the Town indicated the following number of customers were being served during the month of June 30, 2020:

<u>Department</u>	<u>Customers</u>	<u>Rate</u>
Residential	100	\$35.00 per month
Commercial	33	\$70.00 per month
Schools	2	\$325.00 per month
Apartments	1	\$595.00 per month

TOWN OF SPRINGFIELD, LOUISIANA
Enterprise Fund
Sewer Fund

Schedule of Aged Accounts Receivable
(Unaudited)
June 30, 2020

At June 30, 2020, the receivables due from customers are as follows:

Account receivable:	
Current	\$ 8,359
31 - 60 days	392
over 60 days	<u>24,281</u>
Subtotal	33,032
Less: allowance for doubtful accounts	<u>(23,977)</u>
Accounts receivables, net	<u>\$ 9,055</u>

TOWN OF SPRINGFIELD, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2020

<u>Description of Coverage</u>	<u>Coverage Amounts</u>	<u>Effective Dates</u>
General liability-		
Premises operations per occurrence	\$ 500,000	05/20/20 - 05/20/21
Medical payments-		
Per person	1,000	
Per accident	10,000	
Fire legal liability per occurrence	50,000	
Law enforcement officer	500,000	
Errors and omissions	500,000	
Automobile	500,000	
Police Equipment	167,439	10/10/19 - 10/10/20
Property-		03/07/20 - 03/07/21
Town Hall Building	119,418	
Personal property	50,000	
Treatment Plant Building	632,914	
Pump stations	341,775	

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
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Stephen J. Anderson, CPA*
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Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

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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*

The Honorable Thomas Abels, Mayor
and Members of the Board of Aldermen
Town of Springfield, 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, and each major fund of the Town of Springfield, Louisiana (the Town) 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 and have issued our report thereon dated November 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying summary schedule of current year audit findings and management's corrective action plan as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current year audit findings and management's corrective action plan as item 2020-003.

The Town of Springfield, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Town'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
November 20, 2020

TOWN OF SPRINGFIELD, LOUISIANA

Summary Schedule of Current Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended June 30, 2020

A. Internal Control Finding -

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2018

CRITERIA: The Town should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CAUSE: Due to the size of the Town, there are a small number of available employees.

EFFECT: The Town has employees that are performing more than one related function.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2020-002 Failure to Remit Payroll Taxes Timely

Fiscal year finding initially occurred: 2019

CRITERIA: The Town should have controls over their payroll process to ensure that payroll taxes are remitted timely.

CONDITION: The Town did not have adequate controls to ensure all payroll taxes were remitted to the appropriate agencies by the prescribed deadlines.

CAUSE: The Town did not have adequate procedures in place to ensure that payroll tax deposits were remitted timely.

EFFECT: The Town did not remit payroll tax deposits timely during the fiscal year resulting in penalties and late charges.

RECOMMENDATION: The Town should establish policies and procedures to ensure all payroll tax deposits are remitted to the appropriate agencies by the prescribed deadline.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town has revised their payroll procedures and has implemented online payments to the appropriate agencies to ensure payroll tax deposits are made timely.

TOWN OF SPRINGFIELD, LOUISIANA

Summary Schedule of Current Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended June 30, 2020

B. Compliance Findings -

2020-003 Failure to Remit Payroll Taxes Timely

See Internal Control finding 2020-002.

TOWN OF SPRINGFIELD, LOUISIANA

Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020

Internal Control Findings –

2019-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved – See Internal Control Finding 2020-001.

2019-002 Failure to Remit Payroll Taxes

CONDITION: The Town did not have adequate controls to ensure all payroll taxes were properly remitted to the Department of the Treasury.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town has revised their payroll procedures and has implemented online payments to the appropriate agencies to ensure payroll tax deposits are made timely.

CURRENT STATUS: Unresolved – See Internal Control Finding 2020-002.

Compliance Findings –

2019-003 Failure to Comply with the Local Budget Act

CONDITION: The Town had proposed expenditures in their fiscal year 2019–2020 budget and did not advertise the availability of their proposed budget in their official journal.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will ensure the public is allowed the opportunity to participate in the budget process by advertising in their official journal the availability of their budget and the place, time, and date of the of the public hearing.

CURRENT STATUS: Resolved

2019-004

See Internal Control finding 2019-002.