

TOWN OF MERRYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable David Eaves, Mayor
and Members of the Board of Aldermen
Town of Merryville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Merryville, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, the business-type activities and each major fund of the Town of Merryville, Louisiana as of June 30, 2017, 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 30 through 31 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 the 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 inquires 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Merryville, Louisiana's basic financial statements. The schedule of per diem paid to board members, combining schedule of net position, combining schedule of revenues, expenses and changes in net position, and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem paid to board members, combining schedule of net position, combining schedule of revenues, expenses and changes in net position, and schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements 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 per diem paid to board members, combining schedule of net position, combining schedule of revenues, expenses and changes in net position, and schedule of compensation, benefits and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017, on our consideration of the Town of Merryville, Louisiana'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 Merryville, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
November 14, 2017

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 89,978	\$ 53,475	\$ 143,453
Receivables:			
Ad valorem	13,993	-	13,993
Sales taxes	28,856	-	28,856
Franchise taxes	7,036	-	7,036
Traffic fines	2,275	-	2,275
Accounts	-	19,621	19,621
Intergovernmental:			
Alcohol taxes	706	-	706
State mowing contract	3,170	-	3,170
Restricted Federal grant	-	2,916	2,916
Due from utility fund	5,130	-	5,130
Restricted cash and cash equivalents	30,181	88,392	118,573
Capital assets not being depreciated	10,600	101,327	111,927
Capital assets being depreciated, net	395,349	2,877,479	3,272,828
Total assets	\$ 587,274	\$ 3,143,210	\$ 3,730,484
LIABILITIES			
Accounts payable	\$ 16,537	\$ 9,684	\$ 26,221
Contracts payable	-	2,916	2,916
Payroll taxes payable	8,048	3,316	11,364
Due to general fund	-	5,130	5,130
Accrued interest payable	-	2,725	2,725
Noncurrent liabilities:			
Due within one year	-	30,000	30,000
Due in more than one year	-	31,375	31,375
Customer deposits	-	17,737	17,737
Total liabilities	\$ 24,585	\$ 102,883	\$ 127,468
NET POSITION			
Net investment in capital assets	\$ 405,949	\$ 2,917,431	\$ 3,323,380
Restricted for:			
Revenue bond retirement	-	55,667	55,667
Sales taxes	58,474	-	58,474
Unrestricted	98,266	67,229	165,495
Total net position	\$ 562,689	\$ 3,040,327	\$ 3,603,016
Total liabilities and net position	\$ 587,274	\$ 3,143,210	\$ 3,730,484

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2017

	Expenses	Program Revenues			Net (Expenses) 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
Program Activities							
Governmental activities:							
General government and administration	\$ 157,491	\$ -	\$ 8,330	\$ -	\$ (149,161)	\$ -	\$ (149,161)
Public safety	222,736	253,763	-	-	31,027	-	31,027
Public works	223,615	42,825	-	30,000	(150,790)	-	(150,790)
Total governmental activities	\$ 603,842	\$ 296,588	\$ 8,330	\$ 30,000	\$ (268,924)	\$ -	\$ (268,924)
Business-type activities:							
Water and sewer	438,538	224,231	-	293,661	-	79,354	79,354
Total government	<u>\$ 1,042,380</u>	<u>\$ 520,819</u>	<u>\$ 8,330</u>	<u>\$ 323,661</u>	<u>\$ (268,924)</u>	<u>\$ 79,354</u>	<u>\$ (189,570)</u>
General revenues:							
Taxes:							
Ad valorem					35,461	-	35,461
Sales					295,709	-	295,709
Alcohol					2,467	-	2,467
Franchise					38,205	-	38,205
Occupational licenses and permits					39,661	-	39,661
Investment earnings					-	63	63
Gain on sale of assets					600	700	1,300
Rentals					5,946	-	5,946
Transfers					(90,292)	90,292	-
Total general revenues and transfers					<u>327,757</u>	<u>91,055</u>	<u>418,812</u>
Change in net position					58,833	170,409	229,242
Net position at beginning of year					503,856	2,869,918	3,373,774
Net position at end of year					<u>\$ 562,689</u>	<u>\$ 3,040,327</u>	<u>\$ 3,603,016</u>

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
June 30, 2017

		Major Fund Special Revenue Fund	
	General	Sales Tax Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 89,978	\$ -	\$ 89,978
Receivables:			
Ad valorem taxes	13,993	-	13,993
Sales taxes	-	28,856	28,856
Franchise taxes	7,036	-	7,036
Traffic fines	2,275	-	2,275
Intergovernmental:			
Alcohol taxes	706	-	706
State mowing contract	3,170	-	3,170
Due from utility fund	5,130	-	5,130
Restricted cash and cash equivalents	-	30,181	30,181
	<u>\$ 122,288</u>	<u>\$ 59,037</u>	<u>\$ 181,325</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 15,974	\$ 563	\$ 16,537
Payroll taxes payable	8,048	-	8,048
	<u>\$ 24,022</u>	<u>\$ 563</u>	<u>\$ 24,585</u>
Fund Balances:			
Unassigned	\$ 98,266	\$ -	\$ 98,266
Restricted	-	58,474	58,474
	<u>\$ 98,266</u>	<u>\$ 58,474</u>	<u>\$ 156,740</u>
Total liabilities and fund balances	<u>\$ 122,288</u>	<u>\$ 59,037</u>	<u>\$ 181,325</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2017

Total fund balance - total governmental funds	\$ 156,740
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	<u>405,949</u>
Net position of governmental activities	<u><u>\$ 562,689</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

		<u>Major Fund</u> <u>Special Revenue</u> <u>Fund</u>	Total Governmental Funds
	<u>General Fund</u>	<u>Sales Tax Fund</u>	
Revenues			
Taxes:			
Ad valorem	\$ 35,461	\$ -	\$ 35,461
Sales	-	295,709	295,709
Alcohol	2,467	-	2,467
Franchise	38,205	-	38,205
Charges for services	42,825	-	42,825
Intergovernmental:			
Federal grants	8,330	-	8,330
State grants	30,000	-	30,000
Occupational licenses and permits	1,610	38,051	39,661
Fines and forfeitures	253,763	-	253,763
Rentals	5,946	-	5,946
Total revenues	<u>\$ 418,607</u>	<u>\$ 333,760</u>	<u>\$ 752,367</u>
Expenditures			
General government	\$ 140,903	\$ 6,492	\$ 147,395
Public safety	214,287	-	214,287
Public works	215,587	-	215,587
Capital outlay	74,592	-	74,592
Total expenditures	<u>\$ 645,369</u>	<u>\$ 6,492</u>	<u>\$ 651,861</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (226,762)</u>	<u>\$ 327,268</u>	<u>\$ 100,506</u>
Other financing sources (uses)			
Transfer in	\$ 237,160	\$ -	\$ 237,160
Transfer out	(2,245)	(325,207)	(327,452)
Gain on sale of assets	1,590	-	1,590
Total other financing sources (uses)	<u>\$ 236,505</u>	<u>\$ (325,207)</u>	<u>\$ (88,702)</u>
Net change in fund balance	\$ 9,743	\$ 2,061	\$ 11,804
Fund balances at beginning of year	<u>88,523</u>	<u>56,413</u>	<u>144,936</u>
Fund balances at end of year	<u><u>\$ 98,266</u></u>	<u><u>\$ 58,474</u></u>	<u><u>\$ 156,740</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$ 11,804
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(26,923)
Interest expense reported in the proprietary fund but associated with general obligation debt has been transferred to governmental activities in the government wide statement of activities.	350
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	74,592
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(990)
Change in net position of governmental activities	<u>\$ 58,833</u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Fund
June 30, 2017

	Business-type Activities - Enterprise Fund Water and Sewer
<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 53,475
Receivables:	
Accounts	19,621
Intergovernmental:	
Restricted Federal grant	2,916
Total current assets	<u>\$ 76,012</u>
Noncurrent Assets	
Restricted cash and cash equivalents	\$ 88,392
Capital assets not being depreciated	101,327
Capital assets being depreciated, net	2,877,479
Total noncurrent assets	<u>\$ 3,067,198</u>
Total assets	<u><u>\$ 3,143,210</u></u>
<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable	\$ 9,684
Payroll taxes payable	3,316
Due to general fund	5,130
Total current liabilities	<u>\$ 18,130</u>
Liabilities payable from restricted assets	
Contracts payable	\$ 2,916
Accrued interest payable	2,725
Current portion of revenue bonds payable	30,000
Total liabilities payable from restricted assets	<u>\$ 35,641</u>
Noncurrent Liabilities	
Customer deposits	\$ 17,737
Revenue bonds payable	31,375
Total noncurrent liabilities	<u>\$ 49,112</u>
Total liabilities	<u>\$ 102,883</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 2,917,431
Restricted for:	
Revenue bond retirement	55,667
Unrestricted	<u>67,229</u>
Total net position	<u>\$ 3,040,327</u>
Total liabilities and net position	<u><u>\$ 3,143,210</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Fund
 For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund Water and Sewer
Operating revenues	
Charges for services	\$ 224,231
Operating expenses	
Personal services	\$ 125,074
Supplies	30,189
Contractual services	113,712
Depreciation	164,550
Total operating expenses	\$ 433,525
Income (loss) from operations	\$ (209,294)
Nonoperating revenues (expenses)	
Investment income	\$ 63
Interest expense	(4,662)
Sale of assets	700
Total nonoperating revenues (expenses)	\$ (3,899)
Income (loss) before contributions and transfers	\$ (213,193)
Transfers in	\$ 90,292
Capital contributions	293,661
Change in net position	\$ 170,760
Net position at beginning of year	\$ 2,869,567
Net position at end of year	\$ 3,040,327

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues,
Expenses, and Changes in Net Position
of Proprietary Funds to the Statement of Activities
For the Year Ended June 30, 2017

Net change in net position - total proprietary funds	\$ 170,760
Interest expense reported in the proprietary fund but associated with general obligation debt has been transferred to governmental activities in the government wide statement of activities.	<u>(351)</u>
Change in net position of proprietary activities	<u><u>\$ 170,409</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 224,215
Cash payments to suppliers for goods and services	(143,802)
Cash payments to employees for services	(124,602)
Net cash used by operating activities	<u>\$ (44,189)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	<u>\$ 82,651</u>
Net cash provided by noncapital financing activities	<u>\$ 82,651</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (302,102)
Interest paid on bonds	(6,256)
Retirement of bonds	(68,000)
Sale of assets	700
Capital contributions received	<u>290,745</u>
Net cash used by capital and related financing activities	<u>\$ (84,913)</u>
Cash flow from investing activities:	
Interest on cash and investments	<u>\$ 63</u>
Net increase (decrease) in cash and cash investments	\$ (46,388)
Cash and cash equivalents, July 1, 2016	<u>188,255</u>
Cash and cash equivalents, June 30, 2017	<u>\$ 141,867</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds
	<u>Water and Sewer</u>
Reconciliation of income (loss) from operations to net cash used by operating activities:	
Loss from operations	\$ (209,294)
Adjustments to reconcile income (loss) from operations to net cash used by operating activities:	
Depreciation	\$ 164,550
Change in assets and liabilities:	
Increase in accounts receivable	(925)
Increase in payroll taxes payable	472
Increase in accounts payable	99
Increase in customer deposits payable	<u>909</u>
Net cash used by operating activities	<u>\$ (44,189)</u>
	(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Town of Merryville, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

INTRODUCTION

The Town of Merryville was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Merryville 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 Town maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 15 miles of roads and streets, and water, sewer, and garbage collection services to approximately 600 residents.

The Town is located within Beauregard Parish in the southwestern part of the State of Louisiana and is comprised of approximately 1,200 residents. The governing board is composed of five elected aldermen that are compensated for regular and special board meetings. There are approximately thirteen employees who maintain the water and sewer systems and handle the clerical work for the Town. The police department consists of an elected chief of police and approximately four patrolmen.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

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 of the general government, except for those in another fund.

The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources, that are restricted, or committed to expenditures for specific purposes other than debt service or capital projects.

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided 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.

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 governments' 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. 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. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Town's enterprise fund. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The municipality has not established a policy for use of its unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

Notes to the Financial Statements (Continued)

C. Deposits and Investments

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

D. Receivables and 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 non-current 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The municipality levies taxes on real and business personal property located within the boundaries of the Town. Property taxes are levied by the Town on property values assessed by the Beauregard Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the Town. Collections are remitted to the Town monthly. The Town recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2016
Levy date	June 30, 2016
Tax bills mailed	October 15, 2016
Total taxes are due	December 31, 2016
Penalties & interest due	January 31, 2017
Lien date	January 31, 2017
Tax sale	May 15, 2017

For the year ended June 30, 2016, taxes of 8.50 mills were levied on property with an assessed valuation totaling \$2,537,175, and were dedicated as follows:

	Authorized <u>Millage</u>	Levied <u>Millage</u>	Expiration <u>Date</u>
Taxes due for:			Renewed
General corporate tax	8.50	8.50	Annually

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff's sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected; therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

The following are the principal taxpayers and related property tax revenue for the municipality:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Central Louisiana Electric, Co.	Utility	\$ 189,380	7.46%	\$ 1,610
Texas Petroleum Investment Co.	Gas & Oil	357,972	14.11%	3,043
Total		\$ 547,352	21.57%	\$ 4,653

Sales Tax

The Town of Merryville receives a one-percent sales and use tax, for a period of twenty years beginning January 1, 2013 and ending December 31, 2033, the revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and maintaining streets for the Town.

The Town of Merryville also receives a one-percent sales and use tax for a period of twenty years beginning January 1, 2013 and ending December 31, 2033. The revenues derived from said sales and use tax to be dedicated and used for the purpose of operating, maintaining and administering solid waste disposal facilities.

The Town of Merryville receives a one-percent perpetual sales and use tax. The revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewage disposal works.

E. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Sinking fund – The Utility Revenue Bonds dated August 10, 1978 require that a sinking fund be established. Money in this account is used to pay the maturing principal and interest on the bonds.

Bond reserve fund – The Utility Revenue Bonds dated August 10, 1978 require that a reserve fund be established. Money in this account is used to pay the maturing principal and interest on the bonds when sufficient money is not available in the sinking fund.

Depreciation and contingency fund – The Utility Revenue Bonds dated August 10, 1978 require that a depreciation and contingency fund be established. Money in this account is used for extensions, additions, improvements and replacements necessary to properly operate the system.

F. 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 historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the Town of Merryville was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

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.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the current fiscal year was \$4,662. No interest was included as part of the cost of capital assets under construction in construction projects.

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

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

G. Compensated Absences

The municipality has the following policy relating to vacation and sick leave:

Each fulltime and part time permanent municipal employee shall earn annual vacation and sick leave as follows:

Vacation

- Five (5) days with pay after one (1) year employment.
- Ten (10) days with pay after two (2) years employment.

Vacation days cannot be carried over from year to year.

The least amount of vacation taken at one time is one half (1/2) day.

The board may, at its discretion, pay as terminal pay all accumulated unused annual leave time up to a maximum of ten (10) days of such annual leave upon the retirement or resignation of an employee. An employee dismissed for cause shall not be paid for any accumulated annual leave.

Employees required to work on an observed holiday shall receive compensatory time off. Holidays observed by the municipality shall not be counted as vacation leave.

Leave from work with pay may be charged as sick leave if the absence is due to sickness, bodily injury, quarantine, required physical or dental examinations, or treatment, exposure to a contagious disease when continued work might jeopardize the health of others, illness in the immediate family of the employee which requires the care of the employee. All such absences, except those resulting from intemperance or immorality, shall be charged against the sick leave credit of the employee. Immediate family as used here shall consist of the husband or wife, as the case may be the father or mother, or children of the employee whether half or full blood.

Each employee shall earn two and one half (2 ½) days after six (6) months of employment and two and one half (2 ½) days will be earned every six months thereafter with a maximum of five (5) days per year being earned.

The least amount of time taken for sick leave is one half (1/2) day.

Sick leave may not be accumulated for an indefinite period, and there is no maximum amount of sick leave, which may be accumulated.

Notes to the Financial Statements (Continued)

The supervising board or official shall determine when a certificate from a doctor is required to substantiate the necessity of sick leave, provided that sick leave claimed for three days or less shall not require such certificate. Department heads and/or the board are responsible for the application of this provision so that there will be no abuse of sick leave privileges.

There will be no pay for unused sick leave upon resignation or retirement of an employee.

Sick leave may be used as maternity leave.

H. Long-Term Obligations

In the government-wide financial statements, and the proprietary funds 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. Fund Balances

Unassigned	Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.
Restricted	Amounts that are restricted to a specific purpose should be reported as restricted fund balance. Fund balance should be reported as restricted when constraints placed on the use of resources are either: <ul style="list-style-type: none">a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; orb. Imposed by law through constitutional provisions or enabling legislation.

Notes to the Financial Statements (Continued)

L. Restricted Net Position

For government-wide statement of net position and the proprietary fund net position, net position is reported as restricted when constraints placed on net position use either:

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The municipality uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts or as originally adopted, or as amended from time to time by the Board of Aldermen.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2017.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 563,229	\$ 644,609	\$ 645,369	\$ 760

3. CASH AND CASH EQUIVALENTS

At June 30, 2017, the municipality has cash and cash equivalents (book balances) totaling \$262,026 as follows:

Demand deposits	\$ 188,829
Petty cash	200
Money market investment accounts	72,997
Total	<u>\$ 262,026</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

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

At June 30, 2017, the municipality has \$279,601 in deposits (collected bank balances). These deposits are secured from risk by \$279,601 of federal deposit insurance.

4. RECEIVABLES

The receivables of \$78,573 at June 30, 2017, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:				
Ad valorem	\$ 13,993	\$ -	\$ -	\$ 13,993
Sales and use	-	28,856	-	28,856
Franchise	7,036	-	-	7,036
Alcohol	706	-	-	706
Accounts	-	-	19,621	19,621
Traffic fines	2,275	-	-	2,275
Intergovernmental:				
State mowing contract	3,170	-	-	3,170
Federal grant	-	-	2,916	2,916
Total	<u>\$ 27,180</u>	<u>\$ 28,856</u>	<u>\$ 22,537</u>	<u>\$ 78,573</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 10,600	\$ -	\$ -	\$ 10,600
Total capital assets not being depreciated	<u>\$ 10,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,600</u>
Capital assets being depreciated				
Buildings	\$ 317,938	\$ -	\$ -	\$ 317,938
Vehicles	105,097	36,345	80,864	60,578
Improvements other than buildings	304,510	38,246	-	342,756
Machinery and equipment	217,415	-	4,045	213,370
Total capital assets being depreciated	<u>\$ 944,960</u>	<u>\$ 74,591</u>	<u>\$ 84,909</u>	<u>\$ 934,642</u>
Less accumulated depreciation for:				
Buildings	\$ 121,818	\$ 9,277	\$ -	\$ 131,095
Vehicles	99,924	5,044	79,874	25,094
Improvements other than buildings	179,763	11,008	-	190,771
Machinery and equipment	194,784	1,594	4,045	192,333
Total accumulated depreciation	<u>\$ 596,289</u>	<u>\$ 26,923</u>	<u>\$ 83,919</u>	<u>\$ 539,293</u>
Total capital assets being depreciated, net	<u>\$ 348,671</u>	<u>\$ 47,668</u>	<u>\$ (990)</u>	<u>\$ 395,349</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 37,666	\$ -	\$ -	\$ 37,666
Construction in progress	25,294	297,268	258,901	63,661
Total capital assets not being depreciated	<u>\$ 62,960</u>	<u>\$ 297,268</u>	<u>\$ 258,901</u>	<u>\$ 101,327</u>
Capital assets being depreciated				
Buildings	\$ 18,328	\$ -	\$ -	\$ 18,328
Improvements other than buildings	6,388,186	258,900	-	6,647,086
Machinery and equipment	217,229	7,750	-	224,979
Vehicles	17,907	-	17,907	-
Total capital assets being depreciated	<u>\$ 6,641,650</u>	<u>\$ 266,650</u>	<u>\$ 17,907</u>	<u>\$ 6,890,393</u>
Less accumulated depreciation for:				
Buildings	\$ 3,530	\$ 460	\$ -	\$ 3,990
Improvements other than buildings	3,666,336	159,458	-	3,825,794
Machinery and equipment	178,499	4,631	-	183,130
Vehicles	17,907	-	17,907	-
Total accumulated depreciation	<u>\$ 3,866,272</u>	<u>\$ 164,549</u>	<u>\$ 17,907</u>	<u>\$ 4,012,914</u>
Total capital assets being depreciated, net	<u>\$ 2,775,378</u>	<u>\$ 102,101</u>	<u>\$ -</u>	<u>\$ 2,877,479</u>

Depreciation expense of \$26,923 for the year ended June 30, 2017, was charged to the following governmental functions:

Public works	\$ 8,028
Public safety	8,449
General administration	10,446
Total	<u>\$ 26,923</u>

6. CONSTRUCTION COMMITMENTS

The municipality had an active construction project as of June 30, 2017. The municipality is in the process of improving its sewer system. At year end the commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Goss Road Sewer Expansion	<u>\$ 63,661</u>	<u>\$ 613,339</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

As of year end three one-percent sales and use taxes had passed and were being collected and deposited into a special revenue sales tax fund. The money is then transferred out of the sales tax fund and split between the general fund and proprietary fund according to the percentage found in the sales tax resolution. These transfers are completed on a monthly basis and are routine transfers for the town.

	Transfer in	Transfer out
Special revenue fund	\$ -	\$ 325,207
General fund	237,160	2,245
Proprietary fund	90,292	-
Total	<u>\$ 327,452</u>	<u>\$ 327,452</u>

8. ACCOUNTS AND OTHER PAYABLES

The payables of \$60,963 at June 30, 2017, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Payroll taxes	\$ 8,048	\$ -	\$ 3,316	\$ 11,364
Accounts	15,974	563	9,684	26,221
Contracts payable	-	-	2,916	2,916
Accrued interest	-	-	2,725	2,725
Customer deposits	-	-	17,737	17,737
Total	<u>\$ 24,022</u>	<u>\$ 563</u>	<u>\$ 36,378</u>	<u>\$ 60,963</u>

9. DUE TO/FROM OTHER FUNDS

The composition of interfund balances on June 30, 2017, are as follows:

	Due to	Due from
General fund	\$ -	\$ 5,130
Utility fund	5,130	-
Total	<u>\$ 5,130</u>	<u>\$ 5,130</u>

These small balances result from one fund paying expenditures/expenses of another fund and will be liquidated during the following year.

10. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2017.

	Bonded Debt
Long-term obligations at beginning of year	\$ 129,375
Additions	-
Deductions	(68,000)
Long-term obligations at end of year	<u>\$ 61,375</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

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, 2017:

	<u>Bonded Debt</u>
Current portion	\$ 30,000
Long-term portion	31,375
Total	<u>\$ 61,375</u>

Revenue bonds outstanding at June 30, 2017 for \$61,375, have maturities from 2016 to 2019 and interest at the rate of 5%. Bond principal and interest payable in the next fiscal year are \$30,000 and \$3,061 respectively. The individual issues are as follows:

<u>Bond</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Utilities Revenue Refunding Bonds Series 1978	\$ -	0.00%	8/10/2018	\$ -	\$ -	Water revenues

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2018	\$ 30,000	\$ 3,061	\$ 33,061
2019	31,375	1,560	32,935
Total	<u>\$ 61,375</u>	<u>\$ 4,621</u>	<u>\$ 65,996</u>

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2017, the statutory limit is \$880,012 and outstanding bonded debt totals \$61,375.

11. RESTRICTED NET POSITION

The Proprietary Fund – The Utility Fund had restricted net position available as follows:

Restricted assets:	
Sinking fund, reserve and contingency accounts	\$ 88,392
Federal grant receivable	2,916
Total	<u>\$ 91,308</u>
Less:	
Liabilities payable from restricted assets:	
Current portion of bond	\$ 30,000
Accrued interest on bonds	2,725
Contracts payable	2,916
Total	<u>\$ 35,641</u>
Restricted net position	<u>\$ 55,667</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Concluded)

The Special Revenue Fund – The Sales Tax Fund had restricted fund balance as follows:

Restricted assets:	
Cash	\$ 30,181
Accounts receivable	<u>28,856</u>
Total	<u>\$ 59,037</u>
Less:	
Liabilities payable from restricted assets:	
Sales tax collection fees	<u>\$ 563</u>
Restricted fund balance	<u>\$ 58,474</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 35,000	\$ 22,000	\$ 35,461	\$ 13,461
Alcohol	3,000	2,500	2,467	(33)
Tobacco	1,700	-	-	-
Franchise fees	43,000	40,000	38,205	(1,795)
Charges for services	36,840	36,340	42,825	6,485
Intergovernmental:				
Federal grants	5,000	-	8,330	8,330
State grants	35,000	40,000	30,000	(10,000)
Permits	2,000	2,000	1,610	(390)
Fines and forfeitures	178,500	258,500	253,763	(4,737)
Rentals	6,000	6,000	5,946	(54)
Total revenues	<u>\$ 346,040</u>	<u>\$ 407,340</u>	<u>\$ 418,607</u>	<u>\$ 11,267</u>
Expenditures				
General government and administration	\$ 144,500	\$ 135,400	\$ 140,903	\$ (5,503)
Public safety	183,629	225,209	214,287	10,922
Public works	207,100	220,000	215,587	4,413
Capital outlay	28,000	64,000	74,592	(10,592)
Total expenditures	<u>\$ 563,229</u>	<u>\$ 644,609</u>	<u>\$ 645,369</u>	<u>\$ (760)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (217,189)</u>	<u>\$ (237,269)</u>	<u>\$ (226,762)</u>	<u>\$ 10,507</u>
Other financing sources:				
Transfer in	\$ 253,000	\$ 238,000	\$ 237,160	\$ (840)
Gain on sale of assets	-	-	1,590	1,590
Transfer out	-	-	(2,245)	(2,245)
Total other financing sources	<u>\$ 253,000</u>	<u>\$ 238,000</u>	<u>\$ 236,505</u>	<u>\$ (1,495)</u>
Net change in fund balance	\$ 35,811	\$ 731	\$ 9,743	\$ 9,012
Fund balances at beginning of year	<u>50,000</u>	<u>88,523</u>	<u>88,523</u>	<u>-</u>
Fund balances at end of year	<u>\$ 85,811</u>	<u>\$ 89,254</u>	<u>\$ 98,266</u>	<u>\$ 9,012</u>

Special Revenue Fund
Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 345,000	\$ 296,000	\$ 295,709	\$ (291)
Occupational licenses	31,000	38,000	38,051	51
Total revenues	<u>\$ 376,000</u>	<u>\$ 334,000</u>	<u>\$ 333,760</u>	<u>\$ (240)</u>
Expenditures				
General government and administration	<u>\$ 8,000</u>	<u>\$ 6,500</u>	<u>\$ 6,492</u>	<u>\$ 8</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 368,000</u>	<u>\$ 327,500</u>	<u>\$ 327,268</u>	<u>\$ (232)</u>
Other financing sources (uses):				
Transfers out	<u>\$ (368,000)</u>	<u>\$ (326,000)</u>	<u>\$ (325,207)</u>	<u>\$ 793</u>
Net change in fund balance	\$ -	\$ 1,500	\$ 2,061	\$ 561
Fund balances at beginning of year	<u>55,000</u>	<u>56,413</u>	<u>56,413</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 55,000</u></u>	<u><u>\$ 57,913</u></u>	<u><u>\$ 58,474</u></u>	<u><u>\$ 561</u></u>

OTHER SUPPLEMENTAL INFORMATION

Schedule of Per Diem Paid to Board Members
Year Ended June 30, 2017

<u>Board Members</u>	<u>Total Paid</u>
Mark Allen	\$ 1,325
Beaver Knighton	1,325
Sara Sellers	125
Amanda Pointer	1,325
Dale Reinhardt	1,325
Jackie Womack	1,050
	<u>\$ 6,475</u>

Combining Schedule of Net Position
Proprietary Fund
June 30, 2017

	Business-type Activities - Enterprise Fund		
	Water System	Sewer System	Utility Fund Total
ASSETS			
Cash and cash equivalents	\$ 53,475	\$ -	\$ 53,475
Receivables:			
Accounts	10,481	9,140	19,621
Intergovernmental:			
Restricted Federal grant	-	2,916	2,916
Restricted cash and cash equivalents	-	88,392	88,392
Capital assets not being depreciated	541	100,786	101,327
Capital assets being depreciated, net	500,231	2,377,248	2,877,479
Total assets	\$ 564,728	\$ 2,578,482	\$ 3,143,210
LIABILITIES			
Accounts payable	\$ 6,042	\$ 3,642	\$ 9,684
Contracts payable	-	2,916	2,916
Payroll taxes payable	1,326	1,990	3,316
Accrued interest payable	-	2,725	2,725
Customer deposits	9,468	8,269	17,737
Due to general fund	2,719	2,411	5,130
Noncurrent liabilities:			
Due within one year	-	30,000	30,000
Due in more than one year	-	31,375	31,375
Total liabilities	\$ 19,555	\$ 83,328	\$ 102,883
NET POSITION			
Net Investment in capital assets	\$ 500,772	\$ 2,416,659	\$ 2,917,431
Restricted for:			
Revenue bond retirement	-	55,667	55,667
Unrestricted	44,401	22,828	67,229
Total net position	\$ 545,173	\$ 2,495,154	\$ 3,040,327
Total liabilities and net position	\$ 564,728	\$ 2,578,482	\$ 3,143,210

Combining Schedule of Revenues, Expenses and Changes in Net Position
 Proprietary Fund
 For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund		
	Water System	Sewer System	Utility Fund Total
Operating revenues			
Charges for services	\$ 106,634	\$ 117,597	\$ 224,231
Operating expenses			
Personal services	\$ 48,734	\$ 76,340	\$ 125,074
Supplies	11,472	18,717	30,189
Contractual services	43,210	70,502	113,712
Depreciation	24,861	139,689	164,550
Total operating expenses	\$ 128,277	\$ 305,248	\$ 433,525
Income (loss) from operations	\$ (21,643)	\$ (187,651)	\$ (209,294)
Nonoperating revenues (expenses)			
Investment income	\$ 8	\$ 55	\$ 63
Interest expense	-	(4,662)	(4,662)
Sale of assets	700	-	700
Total nonoperating revenues (expenses)	\$ 708	\$ (4,607)	\$ (3,899)
Income (loss) before contributions and transfers	\$ (20,935)	\$ (192,258)	\$ (213,193)
Transfers in	\$ 34,311	\$ 55,981	\$ 90,292
Capital contributions	-	293,661	293,661
Change in net position	\$ 13,376	\$ 157,384	\$ 170,760
Net position at beginning of year	531,797	2,337,770	2,869,567
Net position at end of year	\$ 545,173	\$ 2,495,154	\$ 3,040,327

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year ended June 30, 2017

<u>Agency Head Name - David Eaves</u>	<u>Amount</u>
Salary	\$ 8,400
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

OTHER REPORTS

Schedule of Prior Year Audit Findings and Management's Response
Year Ended June 30, 2017

There were no prior year audit findings as of June 30, 2016.

Schedule of Current Year Audit Findings and Management's Response
Year Ended June 30, 2017

There were no current year audit findings as of June 30, 2017.

Windham & Reed, L.L.C.

Certified Public Accountants

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Tel: (337) 462-3211
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John A. Windham, CPA
Charles M. Reed, Jr., CPA

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 David Eaves, Mayor
and the Members of the Board of Aldermen
Town of Merryville, 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 Merryville, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Merryville, Louisiana's basic financial statements, and have issued our report thereon dated November 14, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Merryville, Louisiana'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable David Eaves, Mayor
and Members of the Board of Aldermen

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.

A handwritten signature in black ink that reads "John A. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana
November 14, 2017

Windham & Reed, L.L.C.

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable David Eaves, Mayor
and the Members of the Board of Aldermen
Town of Merryville, Louisiana

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
Written policies and procedures were obtained and address the functions above.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Written policies and procedures were obtained and address the functions above.
 - c) ***Disbursements***, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions above.
 - d) ***Receipts***, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
Written policies and procedures were obtained and address the functions above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
Written policies and procedures were obtained and address the functions above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
There was no written policy for ethics.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
There was no written policy for debt service.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
The Board of Aldermen meet monthly with a quorum.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
The minutes do not reference monthly budget-to-actual comparisons for the General Fund and Special Revenue Fund.
 - .
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes do reference non-budgetary financial information monthly.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a complete listing of the Town's bank accounts and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Monthly bank statements and bank reconciliations were obtained for selected bank accounts each month of the fiscal year. No exceptions were noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations do not provide evidence of management review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Not applicable.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

A listing of cash collection locations and management's representation has been obtained. All cash collections take place at the Town of Merryville, Louisiana's office.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Not all individuals responsible for collecting cash are bonded. One cash drawer is used at the location. At times the same person collecting cash, deposits the cash in the bank, records the transaction and reconciles the related bank accounts.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Town has no formal process to reconcile cash collections to the general ledger. The Town's clerk performs this reconciliation and at times is also the person taking cash at this location.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions were noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections were supported by related collection reports and documentation.

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

There was no written policy or procedure specifically defined to determine completeness of all collections, including EFTs, for each revenue source by a person not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained a listing along with management's representation.

- 9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

A purchase order or requisition system is used. Approval for disbursements is made by the Mayor and payments are processed by the Town Clerk.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Approval for disbursements is made by the Mayor and payments are processed by the Town Clerk.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Each examined invoice had proper approval without any exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments is not prohibited from adding vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The person with signing authority can also initiate or record purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Observations and inquiries were made. Unused checks are maintained in a locked location and the Town Clerk with signatory authority also has access to these unused checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No signature stamp was used.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of active credit cards along with management's representation was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statements were obtained. No exceptions were noted.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There was evidence that approximately twenty dollars of finance charges or late fees were assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions were noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Obtained documentation of the business purpose. No exceptions were noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

A listing of all travel and related expense reimbursements along with management's representation was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Obtained the Town's written policies related to travel and expense reimbursements, noting amounts to be reimbursed are paid in accordance with the board's policy. No amounts exceeded the U.S. General Services Administration guidelines.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions were noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Each expense was supported by an itemized receipt.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Business purposes were documented.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each travel and related reimbursement payment had proper supporting documentation. Each payment was reviewed and approved by someone other than the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained a listing of all contracts in effect along with management's representation.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Formal or written contracts were noted for the selected vendors.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Each contract complied with all legal requirements.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Invoices and related payments were in compliance with contract terms and conditions.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

There is documentation of board approval for all contracts selected.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Obtained a listing of employees with their related salaries along with management's representation.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions were noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no changes made to the selected employees.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
The selected employees documented their daily attendance and leave.
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
No exceptions were noted.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
No exceptions were noted.
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
Not applicable.
25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.
No exceptions were noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
Obtained ethics compliance documentation, only the elected officials, the Mayor and Chief of Police had completed the required ethics training.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.
No alleged ethics violations were reported to the entity during the year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The entity made scheduled debt service payments during the year and properly maintained all debt sinking and reserve funds.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The entity had no misappropriation of public funds reported during the year.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Town has not posted the required notice on its premises or on their website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were noted.

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

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

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
November 14, 2017