TOWN OF BUNKIE, LOUISIANA

Financial Report

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable Bruce Coulon, Mayor,
and Members of the Board of Aldermen
Town of Bunkie, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bunkie, Louisiana (the Town), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Bunkie, Louisiana'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 risks 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, each major fund, and the aggregate remaining fund information of the Town of Bunkie, Louisiana, as of June 30, 2018, 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.

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2018, the Town of Bunkie adopted new accounting guidance, GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of employer's share of net pension liability, and schedules of employer contributions on pages 62 through 66 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Bunkie, Louisiana has omitted management's discussion and analysis that, 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 omitted information.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2019, on our consideration of the Town of Bunkie, 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 the 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 Bunkie, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
January 31, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

TOWN OF BUNKIE, LOUISIANA

Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest bearing deposits	$ 427,225	$ 57,589	$ 484,814
Receivables, net	47,654	213,679	261,333
Due from other governmental agencies	211,776	36,247	248,023
Inventory	-	44,677	44,677
Prepaid items	58,543	-	58,543
Restricted assets:			
Cash and interest bearing deposits	59,432	8,193,598	8,253,030
Capital assets:			
Land and construction in progress	4,347,390	1,332,013	5,679,403
Capital assets, net	4,131,892	10,897,626	15,029,518
Total assets	9,283,912	20,775,429	30,059,341
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	547,425	44,584	592,009
Deferred outflows of resources related to OPEB	320,296	39,588	359,884
Total deferred outflows of resources	867,721	84,172	951,893
LIABILITIES			
Accounts and other payables	109,974	30,673	140,647
Construction and retainage payable	53,802	36,247	90,049
Customer deposits	8,750	95,770	104,520
Interest payable	-	81,676	81,676
Long-term liabilities:			
Capital lease obligations due within one year	41,228	-	41,228
Bonds payable due within one year	-	255,000	255,000
Capital lease obligations due in more than one year	248,888	-	248,888
Bonds due in more than one year	-	8,664,974	8,664,974
Net pension liability	1,812,572	133,187	1,945,759
OPEB obligation payable	1,171,954	144,849	1,316,803
Total liabilities	3,447,168	9,442,376	12,889,544
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	122,148	6,411	128,559
Deferred inflows of resources related to OPEB	165,740	20,485	186,225
Total deferred inflows of resources	287,888	26,896	314,784
NET POSITION			
Net investment in capital assets	8,189,166	11,093,326	19,282,492
Restricted for:			
Debt Service	-	232,491	232,491
Health and welfare	59,432	-	59,432
Streets	106,166	-	106,166
Capital outlay	39,336	-	39,336
Unrestricted net position	(1,977,523)	64,512	(1,913,011)
Total net position	$ 6,416,577	$11,390,329	$17,806,906

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

TOWN OF BUNKIE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2018

Activities	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Business-Type Activities	Net (Expense) Revenues and Changes in Net Position: Total
Governmental activities:							
General government -							
Finance and administrative	$ 700,899	$ -	$ -	$ -	$ (700,899)	$ -	$ (700,899)
Judicial	71,538	-	-	-	(71,538)	-	(71,538)
Public safety -							
Fire protection	598,227	-	-	-	(598,227)	-	(598,227)
Police protection	806,899	29,476	49,966	-	(727,457)	-	(727,457)
Animal control	11,890	-	-	-	(11,890)	-	(11,890)
Public works -							
Streets	562,529	-		256,253	(282,081)	-	(282,081)
Airport	61,690	10,626	24,195	15,007	(36,057)	-	(36,057)
Drivers license office	12,721	-	-	-	(12,721)	-	(12,721)
Culture and recreation	116,387	19,350	-	-	(97,037)	-	(97,037)
Health and welfare	57,438	-	-	-	(57,438)	-	(57,438)
Juvenile Justice	5,450	-	-	185,202	179,752	-	179,752
Industrial park	3,377	-	-	-	(3,377)	-	(3,377)
Total governmental activities	3,009,045	59,452	74,161	456,462	(2,418,970)	-	(2,418,970)
Business-type activities:							
Water	515,575	680,143	-	19,985	-	184,553	184,553
Sewer	1,051,722	667,929	-	237,696	-	(146,097)	(146,097)
Total business-type activities	1,567,297	1,348,072	-	257,681	-	38,456	38,456
Total	$ 4,576,342	$ 1,407,524	$ 74,161	$ 714,143	(2,418,970)	38,456	(2,380,514)

	Governmental Activities	Business-Type Activities	Total
General revenues:			
Taxes -			
Property taxes, levied for general purposes	92,730	-	92,730
Property taxes, levied for specific purposes	-	259,336	259,336
Sales and use taxes, levied for general purposes	560,692	-	560,692
Sales and use taxes, levied for streets	561,932	-	561,932
Franchise taxes	190,177	-	190,177
Beer taxes	8,179	-	8,179
Licenses and permits	177,699	-	177,699
Intergovernmental	234,418	-	234,418
Nonemployer pension contributions	40,303	1,959	42,262
Loss on disposal of asset	(8,058)	-	(8,058)
Miscellaneous	131,060	6,411	137,471
Transfers	437,053	(437,053)	-
Total general revenues and transfers	2,426,185	(169,347)	2,256,838
Change in net position	7,215	(130,891)	(123,676)
Net postion - beginning, as restated	6,409,362	11,521,220	17,930,582
Net position - ending	$ 6,416,577	$ 11,390,329	$ 17,806,906

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

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF BUNKIE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Sales Tax Fund	Other Governmental	Total
ASSETS				
Cash and cash equivalents	$ 317,687	$ -	$ 43,278	$ 360,965
Interest bearing deposits	30,800	94,893	-	125,693
Receivables:				
Taxes	78,725	41,234	-	119,959
Due from other governmental agencies	29,283	-	49,979	79,262
Other	6,165	3,998	-	10,163
Interfund receivables	33,000	-	-	33,000
Prepaid items	58,543	-	-	58,543
Total assets	$ 554,203	$ 140,125	$ 93,257	$ 787,585
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 72,572	$ 667	$ -	$ 73,239
Accrued liabilities	36,443	292	-	36,735
Customer deposits payable	8,750	-	-	8,750
Contracts payable	-	-	53,802	53,802
Interfund payables	-	33,000	-	33,000
Total liabilities	117,765	33,959	53,802	205,526
Fund balances:				
Nonspendable	58,543	-	-	58,543
Restricted for:				
Streets	-	106,166	-	106,166
Capital outlay	-	-	39,336	39,336
Unassigned	377,895	-	119	378,014
Total fund balances	436,438	106,166	39,455	582,059
Total liabilities and fund balances	$ 554,203	$ 140,125	$ 93,257	$ 787,585

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

TOWN OF BUNKIE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balance for governmental funds		$ 582,059
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Capital assets, net		8,479,282
A portion of grants receivable is not available for current resources and, therefore, not reported in the governmental funds.		50,045
Long Term Liabilities:		
Capital leases payable	$ (290,116)	
Net pension liability	(1,812,572)	
Net OPEB obligation payable	(1,171,954)	(3,274,642)
Deferred outflows of resources related to net pension liability		547,425
Deferred inflows of resources related to net pension liability		(122,148)
Deferred outflows of resources related to OPEB		320,296
Deferred inflows of resources related to OPEB		(165,740)
Net position		$ 6,416,577

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

TOWN OF BUNKIE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Sales Tax Fund	Other Governmental	Total
Revenues:				
Taxes -				
Ad Valorem	$ 92,730	$ -	$ -	$ 92,730
Sales	560,692	561,932	-	1,122,624
Franchise	190,177	-	-	190,177
Other	27,055	-	-	27,055
Fees and fines	29,476	-	-	29,476
Licenses and permits	177,819	-	-	177,819
Intergovernmental	374,011	256,198	185,202	815,411
Other	132,551	-	9,120	141,671
Total revenues	1,584,511	818,130	194,322	2,596,963
Expenditures:				
General government -				
Finance and administrative	566,790	50,523	121	617,434
Judicial	62,512	-	-	62,512
Public safety -				
Fire protection	510,924	-	-	510,924
Police protection	724,660	-	-	724,660
Animal control	10,830	-	-	10,830
Public works -				
Streets	416,118	60,835	-	476,953
Airport	41,444	-	-	41,444
Drivers license office	12,721	-	-	12,721
Culture & recreation	26,845	-	-	26,845
Health & welfare	50,781	-	-	50,781
Capital outlay	94,329	302,576	185,151	582,056
Debt service -				
Lease payments	44,785	16,567	-	61,352
Total expenditures	2,562,739	430,501	185,272	3,178,512
Excess (deficiency) of revenues over expenditures	(978,228)	387,629	9,050	(581,549)
Other financing sources (uses):				
Operating transfers in	877,480	-	-	877,480
Operating transfers out	-	(440,427)	-	(440,427)
Total other financing sources (uses)	877,480	(440,427)	-	437,053
Net changes in fund balances	(100,748)	(52,798)	9,050	(144,496)
Fund balances, beginning	537,186	158,964	30,405	726,555
Fund balances, ending	$ 436,438	$ 106,166	$ 39,455	$ 582,059

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

TOWN OF BUNKIE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018

Total net changes in fund balances per the Statement of Revenues, Expenditures and Changes in Fund Balances		$ (144,496)
Capital assets:		
Capital outlay	$ 582,056	
Depreciation expense	(276,304)	305,752
Transactions involving capital assets:		
Loss on disposal of assets		(8,058)
Long-term debt:		
Principal paid on capital lease		61,352
Effect of change in net pension liability and total OPEB liability and the related deferred outflows/inflows of resources:		
Nonemployer pension contributions recognized	40,303	
Change in net OPEB expense	(94,633)	
Change in pension expense	(103,005)	(157,335)
Revenues previously recognized in government wide financials, that became measurable and available in the current period		(50,000)
Total changes in net position per Statement of Activities		$ 7,215

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

TOWN OF BUNKIE, LOUISIANA

Statement of Net Position
Proprietary Funds
June 30, 2018

	Business - Type Actvities - Enterprise Funds		
	Water	Sewer	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 44,006	$ 13,583	$ 57,589
Receivables			
Accounts, net	89,643	77,420	167,063
Unbilled receivables	23,705	22,911	46,616
Due from other governments	-	36,247	36,247
Inventory	44,677	-	44,677
Total current assets	202,031	150,161	352,192
Noncurrent assets:			
Restricted assets -			
Cash and cash equivalents	95,770	8,097,828	8,193,598
Capital assets:			
Land and construction in progress	45,546	1,286,467	1,332,013
Depreciable assets	9,452,869	9,201,003	18,653,872
Accumulated depreciation	(4,004,488)	(3,751,758)	(7,756,246)
Total non current assets	5,589,697	14,833,540	20,423,237
Total assets	5,791,728	14,983,701	20,775,429
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	14,181	30,403	44,584
Deferred outflows of resources related to OPEB	7,198	32,390	39,588
Total deferred outflows of resources	21,379	62,793	84,172
LIABILITIES			
Current liabilities, payable from current assets:			
Accounts payable	18,727	9,558	28,285
Contracts payable	-	36,247	36,247
Accrued liabilities	274	2,114	2,388
Accrued interest payable	-	81,676	81,676
Bonds payable	-	255,000	255,000
Total current liabilities, payable from current assets	19,001	384,595	403,596
Noncurrent liabilities:			
Customer deposits payable	95,770	-	95,770
Bonds payable	-	8,664,974	8,664,974
Net pension liability	42,364	90,823	133,187
OPEB obligation payable	26,336	118,513	144,849
Total noncurrent liabilities	164,470	8,874,310	9,038,780
Total liabilities	183,471	9,258,905	9,442,376
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,039	4,372	6,411
Deferred inflows of resources related to OPEB	3,725	16,760	20,485
Total deferred inflows of resources	5,764	21,132	26,896
NET POSITION			
Net investment in capital assets	5,493,927	5,599,399	11,093,326
Restricted:			
Debt Service	-	232,491	232,491
Unrestricted	129,945	(65,433)	64,512
Total net position	$ 5,623,872	$ 5,766,457	$ 11,390,329

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

TOWN OF BUNKIE, LOUISIANA

Statement of Revenues, Expenses, and Change in Fund Net Position -
Proprietary Funds
For the Year Ended June 30, 2018

	Business - Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for services	$ 653,442	$ 575,956	$ 1,229,398
Delinquent and other charges	26,701	91,973	118,674
Total operating revenues	680,143	667,929	1,348,072
Operating expenses:			
Salaries	34,108	220,281	254,389
Employee benefits	16,924	99,765	116,689
Chemicals and supplies	53,405	47,498	100,903
Repairs and maintenance	50,769	23,181	73,950
Gasoline and oil	1,839	11,840	13,679
Utilities and telephone	55,119	67,629	122,748
Depreciation expense	268,942	261,912	530,854
Other operating expenses	34,469	24,248	58,717
Total operating expenses	515,575	756,354	1,271,929
Operating income (loss)	164,568	(88,425)	76,143
Nonoperating revenues (expenses):			
Nonemployer pension contribution	623	1,336	1,959
Interest income	129	6,282	6,411
Ad valorem taxes	-	259,336	259,336
Grant revenues	19,985	237,696	257,681
Interest expense	-	(295,368)	(295,368)
Total nonoperating revenues (expenses)	20,737	209,282	230,019
Income before transfers	185,305	120,857	306,162
Transfers in (out)			
Transfers in	-	4,623	4,623
Transfers out	(435,197)	(6,479)	(441,676)
Total transfers in (out)	(435,197)	(1,856)	(437,053)
Change in net position	(249,892)	119,001	(130,891)
Net position, beginning, as restated	5,873,763	5,647,457	11,521,220
Net position, ending	$5,623,871	$ 5,766,458	$11,390,329

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

TOWN OF BUNKIE, LOUISIANA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Cash flows from operating activities:			
Receipts from customers	$ 641,308	$ 573,041	$ 1,214,349
Payments to suppliers	(194,596)	(463,450)	(658,046)
Payments to employees	(48,282)	(287,371)	(335,653)
Other receipts	26,701	91,973	118,674
Net cash provided (used) by operating activities	425,131	(85,807)	339,324
Cash flows from noncapital financing activities:			
Customer deposits	(6,211)	-	(6,211)
Transfers from other funds	-	4,623	4,623
Transfers to other funds	(435,197)	(6,479)	(441,676)
Net cash used by noncapital financing activities	(441,408)	(1,856)	(443,264)
Cash flows from capital and related financing activities:			
Capital purchase and construction of capital assets	(6,164)	(492,745)	(498,909)
Proceeds from grants	19,985	226,340	246,325
Proceeds from ad valorem taxes	-	259,336	259,336
Principal paid on bonds	-	(245,000)	(245,000)
Interest paid on revenue bonds	-	(303,356)	(303,356)
Net cash provided (used) by capital and related financing activities	13,821	(555,425)	(541,604)
Cash flows from investing activities:			
Interest	129	6,282	6,411
Net change in cash and cash equivalents	(2,327)	(636,806)	(639,133)
Cash and cash equivalents, beginning of period	142,103	8,748,217	8,890,320
Cash and cash equivalents, end of period	$ 139,776	$ 8,111,411	$ 8,251,187

(continued)

TOWN OF BUNKIE, LOUISIANA

Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2018

	Water System	Sewer System	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 164,568	$ (88,425)	$ 76,143
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	268,942	261,912	530,854
Net pension liability	(3,632)	25,708	22,076
Deferred inflows of resources	2,574	16,616	19,190
Nonemployer pension contributions	623	1,336	1,959
(Increase) decrease in assets:			
Accounts receivable	(15,346)	(7,156)	(22,502)
Unbilled receivable	3,213	4,241	7,454
Inventory	1,622	564	2,186
Deferred outflows of resources	(3,268)	(37,154)	(40,422)
Increase (decrease) in liabilities:			
Accounts and other payables	5,835	(263,449)	(257,614)
Net cash provided (used) by operating activities	$ 425,131	$ (85,807)	$ 339,324
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position			
Cash and cash equivalents, beginning of period -			
Cash and cash equivalents - unrestricted	$ 33,110	$ 17,296	$ 50,406
Cash and cash equivalents - restricted	108,993	8,730,921	8,839,914
Total cash and cash equivalents, beginning of period	142,103	8,748,217	8,890,320
Cash and cash equivalents, end of period -			
Cash and cash equivalents - unrestricted	44,006	13,583	57,589
Cash and cash equivalents - restricted	95,770	8,097,828	8,193,598
Total cash and cash equivalents, end of period	139,776	8,111,411	8,251,187
Net change	$ (2,327)	$ (636,806)	$ (639,133)

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

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Bunkie, Louisiana (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Bunkie, Louisiana was incorporated under the provisions of Louisiana Law in 1885. The Town is governed by its Mayor and a Board of Aldermen consisting of five members.

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

The Town of Bunkie is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Town. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

Governmental Funds –

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Town. The following is the Town's major Special Revenue Fund:

The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for constructing, paving, resurfacing, improving and maintaining public streets, sidewalks, and bridges.

Proprietary Funds –

Proprietary funds are used to account for the Town's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the Town are enterprise funds.

Enterprise Funds

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

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

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis.

Reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Town. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

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

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the Town. Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

For the purpose of the proprietary funds statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the collectability of the particular receivable. An allowance for doubtful accounts was considered immaterial at June 30, 2018. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Interfund receivables and payables

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

Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted for in the proprietary funds as assets when purchased and recorded as expenditures when consumed.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the governmental and proprietary funds that are legally restricted as to their use. The restricted assets recorded in the governmental funds are related to grant monies, while the restricted assets in the proprietary funds are related to the utility bonds and meter deposits.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

Buildings and improvements	40 years
Equipment, furniture and fixtures	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

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

Compensated Absences

The Town does not accumulate unpaid vacation. Sick pay may be accumulated not to exceed 30 days; however, it is not payable upon resignation or termination. Therefore, there is no compensated absences payable at June 30, 2018.

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the general obligation bonds payable.

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

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

a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.

c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not met the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

a. Non-spendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The Town's non-spendable fund balance includes inventories and prepaid items.

b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.

c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Mayor and Alderman and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an ordinance (Law) by the Mayor and Alderman.

d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town administrator and approval of a resolution by the Mayor and Board of Alderman.

e. Unassigned includes fund balance amounts which have not been classified within the categories mentioned above.

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

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

E. Revenues, Expenditures, and Expenses

Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The Town's major revenue sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are two classifications of programmatic revenues for the Town, grant revenue and program revenue. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the Town's general revenues. The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and earned income in connection with the operation of the Town's utility system.

Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in October and are billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor and are collected by the Sheriff. Ad valorem taxes are used for general corporate purposes and are recorded in governmental fund. In the business type activities, ad valorem taxes are assessed and used for the repayment of general obligation bonds related to the sewer department.

Interest income is recorded as earned in the fund holding the interest-bearing asset.

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Expenditures/Expenses

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

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

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

Interfund Transfers

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

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions on Use
Ad valorem	See Note 1E
Sales tax	See Note 6
Sewer revenue	Debt service and utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principle offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be covered or will not be able to recover the collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk; however, under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at June 30, 2018, and the related federal insurance and pledged securities:

Bank balances	$ 8,884,042
Insured	$ 805,969
Uninsured and collateral held by pledging bank not in the Town's name	8,078,073
Total	$ 8,884,042

(3) Restricted Assets

Restricted assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Customer utility deposits	$ -	$ 95,770	$ 95,770
Grant proceeds	59,432	-	59,432
Bond contingency fund	-	50,242	50,242
Bond sinking fund	-	263,925	263,925
Construction account	-	7,783,661	7,783,661
	$ 59,432	$ 8,193,598	$ 8,253,030

(4) Capital Assets

Capital asset activity was as follows:

	Beginning	Additions	Deletions	Ending
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 832,112	$ -	$ -	$ 832,112
Construction in progress	3,218,915	296,363	955,483	2,559,795
Other capital assets:				
Buildings and improvement	4,505,778	1,156,776	-	5,662,554
Equipment, furniture and fixtures	1,821,278	84,400	139,713	1,765,965
Infrastructure	605,488	-	-	605,488
Total capital assets	10,983,571	1,537,539	1,095,196	11,425,914
Less accumulated depreciation				
Buildings	1,665,096	128,772	-	1,793,868
Equipment, furniture and fixtures	1,022,286	122,957	131,655	1,013,588
Infrastructure	114,601	24,575	-	139,176
Total accumulated depreciation	2,801,983	276,304	131,655	2,946,632
Governmental activities, capital assets, net	$8,181,588	$1,261,235	$ 963,541	$ 8,479,282

Depreciation expense was charged to governmental activities as follows:

Finance and administrative	$ 25,647
Health and welfare	153
Judicial	4,276
Fire protection	57,008
Police protection	11,921
Streets	52,180
Airport	26,750
Industrial Park	3,377
Juvenile Justice	5,450
Culture and recreation	89,542
Total depreciation expense	$276,304

	Beginning	Additions	Deletions	Ending
Business-type activities:				
Capital assets not being depreciated:				
Land and rights of way	$ 45,546	$ -	$ -	$ 45,546
Utility construction in process	1,377,056	477,882	568,471	1,286,467
Other capital assets:				
Waterworks system	9,382,193	-	-	9,382,193
Sewer treatment plan	4,750,592	577,934	-	5,328,526
Sewer Collection system	3,622,767	-	-	3,622,767
Utility equipment	142,007	11,564	-	153,571
Vehicles	166,814	-	-	166,814
Total capital assets	19,486,975	1,067,380	568,471	19,985,884
Less accumulated depreciation:				
Waterworks system	3,689,119	265,870	-	3,954,989
Sewer treatment plan	2,251,593	136,303	-	2,387,896
Sewer Collection system	1,130,316	101,692	-	1,232,008
Utility equipment	86,761	6,462	-	93,223
Vehicles	67,602	20,527	-	88,129
Total accumulated depreciation	7,225,391	530,854	-	7,756,245
Business-type activities, capital assets, net	$ 12,261,584	$ 536,526	$ 568,471	$ 12,229,639

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

Water	$ 268,942
Sewer	261,912
Total depreciation expense	$ 530,854

(5) Changes in Long-Term Debt

The following is a summary of long-term debt:

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	$ -	$5,710,000	$5,710,000
Sewer Utility Bonds	-	3,075,000	3,075,000
Capital leases	290,116	-	290,116
Unamortized premium/discount, net	-	134,974	134,974
Total obligations	$ 290,116	$8,919,974	$9,210,090
Due within one year	$ 41,228	$ 255,000	$ 296,228
Due in more than one year	248,888	8,530,000	8,778,888
Unamortized premium/discount, net	-	134,974	134,974
Total obligations	$ 290,116	$8,919,974	$9,210,090

Long-term debt activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Capital lease - Government Capital	$ 307,864	$ -	$ 35,095	$ 272,769
Capital lease - Government Capital	16,567	-	16,567	-
Capital lease - John Deere	9,690	-	9,690	-
Capital lease - Kubota	17,347	-	-	17,347
Total Governmental activities	$ 351,468	$ -	$ 61,352	$ 290,116

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities				
General Obligation Bonds	$ 5,860,000	$ -	$150,000	$ 5,710,000
Sewer Utility bonds	3,170,000	-	95,000	3,075,000
Unamortized premium/discount, net	141,172	-	6,198	134,974
Total Business-type activities	$ 9,171,172	$ -	$251,198	$ 8,919,974

Capital Lease Obligations

The town entered into a capital lease agreement with Kubota Leasing dated September 24, 2015 for an excavator with an original cost of $46,492, bearing interest at a rate of 0% payable in five (5) annual installments beginning on January 1, 2016 and ending on January 1, 2020. The town also entered into a capital lease agreement with Government Capital Corporation dated January 18, 2017 for a fire truck with an original cost of $307,864, bearing interest at a rate of 3.142% payable eight (8) annual installments beginning on December 16, 2017 and ending on December 16, 2024. Future minimum lease payments under these capital lease arrangements are presented as follows:

	Rescue F750		Mini Excavator	
Year Ended June 30th	Principal	Interest	Principal	Interest
2019	$ 35,445	$ 8,570	$ 5,783	$ -
2020	36,559	7,457	5,783	-
2021	37,708	6,308	5,781	-
2022	38,893	5,123	-	-
2023	40,114	3,901	-	-
2024	41,375	2,641	-	-
2025	42,675	1,341	-	-
Total	$ 272,769	$ 35,341	$ 17,347	$ -

Leased equipment and vehicles under capital leases are included in capital assets at June 30, 2018 as follows:

Equipment and vehicles	$ 354,356
Less: Accumulated depreciation	(50,762)
Net	$ 303,594

Depreciation on leased equipment and vehicles under capital leases in the amount of $27,166 for the year ended June 30, 2018 is included in depreciation expense for governmental activities.

Sewer Utility Bonds

Amounts outstanding at year end consist of Sewer Utility Revenue Bonds, Series 2015. Portions of the bond issue mature each year with the final installment due November 1, 2040. Amounts maturing each year range from $80,000 to $190,000 with interest rates ranging from 2.0% to 4.0%.

The bonds are scheduled to mature as follows:

Year Ended June 30th	Sewer Utility Bonds Principal	Sewer Utility Bonds Interest
2019	$ 100,000	$ 97,243
2020	100,000	95,343
2021	105,000	93,395
2022	105,000	91,164
2023	105,000	88,696
2024-2028	575,000	365,261
2029-2033	660,000	345,962
2034-2038	780,000	186,515
2039-2041	545,000	33,300
Sub-Total	3,075,000	1,396,878
Less: Unamortized Discount	(31,915)	-
Total	$ 3,043,085	$ 1,396,878

General Obligation Bonds

Amounts outstanding at year end consist of General Obligation Refunding Bonds, Series 2015. Portions of the bond issue mature each year with the final installment due September 1, 2040. Amounts maturing each year range from $140,000 to $400,000 with interest rates ranging from 3.0% to 4.0%. The bonds are scheduled to mature as follows:

Year Ended June 30th	General Obligation Bonds Principal	General Obligation Bonds Interest
2019	$ 155,000	$ 199,713
2020	160,000	195,063
2021	170,000	190,263
2022	175,000	185,163
2023	185,000	179,913
2024-2028	1,075,000	810,313
2029-2033	1,335,000	625,500
2034-2037	2,055,000	391,838
2038-2041	400,000	16,000
Sub-Total	5,710,000	2,793,763
Plus: Unamortized Premium	166,889	-
Total	$5,876,889	$2,793,763

(6) Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the Town of Bunkie, Louisiana, are dedicated for the following purposes:

> Constructing, paving, resurfacing, improving and maintaining public streets, sidewalks and bridges. Proceeds may also be used to pay principal and interest for bonds issued in connection with those activities.

Proceeds of two 1/2% sales and use tax levied by the Town of Bunkie, Louisiana, are dedicated for the following purposes:

> Paying salaries and related benefits for police, fire and other city employees.

(7) Pension Plans

Substantially all employees of the Town participate in one of four cost-sharing multiple employer public retirement systems. Each system is administered and controlled by a separate board of trustees.

A. Municipal Employees Retirement System of Louisiana (MERS) -

Plan Description: Employees of the Town are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town are members of Plan A. The system issues a publicly available financial report that may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement: Any member of Plan A, who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

a. Any age with twenty-five (25) or more years of creditable service.
b. Age 60 with a minimum of ten (10) years of creditable service.
c. Any age with five (5) years of creditable service eligible for disability benefits.
d. Survivor's benefits require five (5) years creditable service with legal spouse at least 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
e. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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

Any member of Plan A Tier 2 can retire providing he meets one of the following requirements:

a. Age 67 with seven (7) or more years of creditable service.
b. Age 62 with ten (10) or more years of creditable service.
c. Age 55 with thirty (30) or more years of creditable service.
d. Any age with twenty-five (25) years of creditable service with an actuarially reduced early benefit.
e. Survivor's benefits require five (5) or more years creditable service with legal spouse at least 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings.

Survivor Benefits: Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in MERS.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

Cost of Living Increases: The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits: Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement; benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution rate was 22.75% for Plan A. For the year ended June 30, 2017, the actuarially determined employer contribution rate was 19.75% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. Contributions to the pension plan from the Town were $114,068 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018 the Town reported a liability of $1,009,355 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.241275%, which was an increase of 0.00162% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town's MERS plan recognized pension expense of $185,355.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ 30,741
Change in assumptions	16,878	-
Change in proportion and differences between the employer's contributions and the proportionate share of contributions	3,395	17,850
Net difference between projected and actual earnings on pension plan investments	203,538	-
Contributions subsequent to the measurement date	114,068	-
Total	$ 337,879	$ 48,591

Deferred outflows of resources of $114,068 related to MERS resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense (benefit) as follows:

Year Ended June 30:	
2019	$ 39,140
2020	82,790
2021	44,162
2022	9,128
	$ 175,220

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the System to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the System's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability of the System as of June 30, 2018 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Life	Plan A 2017 3 years 2016 3 years 2015 3 years
Actuarial Assumptions:	
Investment rate of return	7.400%, net of investment expense
Projected Salary Increases	5.000% (2.775% Inflation, 2.225% Merit)
Mortality rates	RP-2000 Healthy Annuitant Sex Distinct Mortality Table set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. RP-2000 Employee Sex Distinct Table set back 2 years for both males and females. RP-2000 Disabled Lives Mortality Tables set back 5 years for males and 3 years for females.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocations as of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50%	2.3%
Public fixed income	35%	1.6%
Alternatives	15%	0.7%
Totals	100%	4.6%
Inflation		2.6%
Expected Arithmetic Nominal Return		7.2%

Discount rate: The discount rate used to measure the System's total pension liability was 7.40% for the year ended June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statues and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the System's net pension liability of the participating employers calculated using the discount rate of 7.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.40%), or one percentage point higher (8.40%) than the current rate (assuming all other assumptions remain unchanged) as of June 30, 2017:

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Net Pension Liability	$1,286,254	$ 1,009,355	$ 773,169

B. Municipal Employees Police Retirement System of Louisiana (MPERS) –

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the system in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. The System issues a publicly available financial report that may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013 - A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or $200 per month, whichever is greater.

Membership Commencing January 1, 2013 - Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statues, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or $200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based of the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan: In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

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

For the year ended June 30, 2017, total contribution due for employers and employees was 41.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.75% and 10.0%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5%, respectively. The actuarial required employer and employee combined contribution for June 30, 2017 was 41.75%. Contributions to the pension plan from the Town totaled $46,089 for the year ended June 30, 2018.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the Town reported a liability of $531,892 for its proportionate share of the Net Pension Liability of MPERS. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.060924%, which was a decrease of 0.001065% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town's MPERS plan recognized pension expense of $83,811.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 3,483	$ 4,088
Changes of assumptions	37,847	-
Change in proportion and differences between the employer's contributions and the proportionate share of contributions	44,462	6,090
Net difference between projected and actual earnings on pension plan investments	23,284	-
Contributions subsequent to the measurement date	46,089	-
Total	$ 155,165	$ 10,178

Deferred outflows of resources of $46,089 related to MPERS resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended June 30:	
2019	$ 55,606
2020	38,807
2021	16,967
2022	(12,482)
	$ 98,898

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining MPERS total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal Cost	
Investment rate of return	7.325%, net of investment expense	
Expected Remaining Service Lives	2017-4 Years	
Inflation rate	2.7%	
Salary increases, including inflation and merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Helathy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scal AA (set back 1 year for females) for health annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for active members	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.	

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2017 are summarized in the following table:

Asset Class		Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity		53.00%	3.66%
Fixed Income		21.00%	0.52%
Alternative		20.00%	1.10%
Other		6.00%	0.16%
	Totals	100.00%	5.44%
	Inflation		2.75%
	Expected Nominal Return		8.19%

Discount Rate: The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.325%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.325%, or one percentage point higher 8.325% than the current rate.

	1% Decrease 6.325%	Current Discount Rate 7.325%	1% Increase 8.325%
Net Pension Liability	$ 734,860	$ 531,892	$ 361,617

C. Firefighters Retirement System of Louisiana (FRS) –

Plan Description: The Firefighters' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in FRS is a condition of employment for any full-time firefighters who earn more than $375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the FRS. The FRS provides retirement benefits for their members. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the FRS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general informational purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the FRS, unless the person becomes a member by reasons of a merger or unless the FRS received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen year shall become a member of the FRS. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits there from may become a member of FRS, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with the FRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Deferred Benefits: After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan: Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs): Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statue related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in the form of "X x (A+B)," where "X" is any amount up to $1 per month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member of retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

Contributions: Employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0%, respectively. Contributions to the pension plan from the Town totaled $38,913 for the year ended June 30, 2018.

Non-employer Contributions: FRS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the Town reported a liability of $357,352 for its proportionate share of the Net Pension Liability of FRS. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.062345%, which was a decrease of 0.004215% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town's FRS plan recognized pension expense of $52,164 plus employer's net amortization of deferred amortization from changes in proportionate share of contributions of $1,095.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ 19,928
Changes of assumptions	14,946	85
Change in proportion and differences between the employer's contributions and proportionate share of contributions	7,831	48,620
Net difference between projected and actual earnings on plan investments	30,743	-
Contributions subsequent to the measurement date	38,913	-
Total	$ 92,433	$ 68,633

Deferred outflows of resources of $38,913 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended June 30:	
2019	$ 3,887
2020	10,043
2021	(3,594)
2022	(20,572)
2023	(2,288)
2024	(2,589)
	$ (15,113)

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of FRS's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability of FRS as of June 30, 2018 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Live	7 years, closed period
Investment rate of return	7.40% per annum(net of investment expenses, including inflation)
Inflation rate	2.775% per annum
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years; includes inflation and merit increases
Cost of Living Adjustments	For the purpose of determining the present value of benefits COLAs were deemed not to be substantively automatic and only those previously granted were include.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the FRS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting and expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 8.29% as of June 30, 2017. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2017 are summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.00%	6.15%
	Non-U.S. Equity	20.00%	7.45%
	Global Equity	10.00%	6.85%
Fixed Income	Fixed Income	23.00%	2.04%
Alternatives	Real Estate	6.00%	4.62%
	Private Equity	4.00%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	4.40%
	Risk Parity	5.00%	4.79%
		100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the FRS's actuary. Based on those assumptions, FRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents FRS's net pension liability of the participating employers calculated using the discount rate of 7.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.40%, or one percentage point higher 8.40% than the current rate.

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Net Pension Liability	$ 513,501	$ 357,352	$ 226,086

D. Louisiana State Employees' Retirement System (LASERS)

Plan Description: Certain employees of the Town are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefits terms, investments, and funding of the plan. LSERS issues a publicly available financial report that can be obtained at www.lsers.net.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement: The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of credible service or at age 60 upon completing five to ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015, may retire at age 62 upon completing five years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirement, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Benefits: The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits: Active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor Benefits: Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child. The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Permanent Benefit Increases/Cost-of-Living Adjustments: As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions: Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2017 for the various plans follow:

Plan	Plan Status ORP	Employer Contribution Rate
Regular Employees		
Pre Act 75 (hired before 07/01/06)	Closed	35.80%
Pre Act 75 (hired on or after 07/01/06)	Closed	35.80%
Pre Act 75 (hired on or after 01/01/11)	Closed	35.80%
Pre Act 75 (hired on or after 07/01/15)	Open	35.80%
Optional Retirement Plan (ORP)		
Pre Act 75 (hired before 07/01/06)	Closed	35.80%
Pre Act 75 (hired after 06/30/06)	Closed	35.80%
Hazardous Duty	Open	36.10%

The agency's contractually required composite contribution rate for the year ended June 30, 2017 was 35.8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Town totaled $4,734 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the Town reported a liability of $47,160 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Obligation was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.00067%, which was a increase of 0.00002% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of $5,045.

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ -	$ 865
Net difference between projected and actual earnings on pension plan investments	1,534	-
Change in assumptions	186	-
Change in proportion and differences between employer contributions and proportionate share of contributions	78	292
Contributions subsequent to the measurement date	4,734	-
Total	$ 6,532	$ 1,157

Deferred outflows of resources related to pensions of $4,734 resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended June 30:	
2019	$ (257)
2020	1,234
2021	613
2022	(949)
	$ 641

Contributions – Proportionate Share: Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2017
Actuarial cost method	Entry Age Normal Cost
Actuarial Assumptions:	
Excepted remaining service lives	3 years
Investment rate of return	7.70% per annum
Inflation rate	2.75% per annum
Mortality rates	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with motality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability and Retirement	Termination, disability, and retirement assumptions were projected bassed on a five year (2009-2013) experience study if the System's members
Salary increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.69% for 2017. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.24%
Domestic equity	4.31%
International equity	5.35%
Domestic Fixed Income	1.73%
International Fixed Income	2.49%
Alternative Investments	7.41%
Global Asset Allocation	2.84%
Total	5.26%

Discount Rate: The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current active plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.70%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.70%) or one percentage-point higher (8.70%) than the current rate:

	1% Decrease 6.70%	Current Discount Rate 7.70%	1% Increase 8.70%
Net Pension Liability	$ 59,204	$ 47,160	$ 36,920

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2017 Comprehensive Annual Financial Report at www.lasersonline.org.

(8) Litigation and Claims

At June 30, 2018, the Town is a defendant in pending litigation. While damages are alleged, their outcome cannot be predicted with certainty.

(9) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(10) Interfund Transactions

A. Interfund receivables and payables at June 30, 2018 consisted of the following:

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	$ 33,000	$ -
Sales Tax Fund	-	33,000
Total	$ 33,000	$ 33,000

Balances at June 30, 2018, resulted from the routine lag between the dates that interfund goods or services are provided and reimbursable expenditures occur. Transactions are recorded in the accounting system, and payments between funds are made to satisfy the balances.

B. Transfers consisted:

	Transfers In	Transfers Out
Major governmental funds:		
General fund	$ 877,480	$ -
Sales Tax Fund	-	440,427
Total governmental funds	877,480	440,427
Propriety Funds:		
Water System Fund	-	435,197
Sewer System Fund	4,623	6,479
Total proprietary funds	4,623	441,676
Total	$ 882,103	$ 882,103

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the different funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(11) Compensation of Town Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2018 as follows:

Travis Armand	$ 4,200
Clayton "Rick" Henderson	4,200
Brenda Sampson	4,200
Greg Prudhomme	4,200
Lem Thomas	4,200
	$ 45,960

(12) Compensation Benefits and Other Payments to Mayor

A detail of compensation, benefits and other payments made to Mayor Michael Robertson for the year ended June 30, 2018 as follows:

Purpose	Amount
Salary	$ 24,960
Benefits - retirement	5,702
Benefits - insurance	15,810
Expense allowance	1,200
Travel reimbursements	586
	$ 48,258

(13) Post Retirement Health Care and Life Insurance Benefits (OPEB)

Plan Description: The Town of Bunkie provides continuing health care benefits for retired employees who have reached the normal retirement age while employed by the Town. The program is a multiple-employer defined health plan administered by Risk Management through the Louisiana Municipal Association. The Mayor and Town Council have the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

Postemployment Benefit Plan Eligibility Requirements: An employee is eligible to elect medical coverage upon retiring or disability. Eligibility is based on a minimum of ten years of service at one reaching the age of sixty and twenty-five years of service at any age. Spouses of retiring members are also eligible for health and life benefits under the program, however they are responsible for the full cost of coverage.

Monthly retiree contributions: Below are the total monthly retiree premiums as determined by The Town.

2017/2018	Retiree + Spouse	
Pre-65	$	289.67
Post-65	$	191.50

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms: 39 active participants, and 6 retirees.

The Town's total OPEB liability of $1,316,803 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017, calculated based on the following discount rate and actuarial assumptions.

The employer does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the July 1, 2017 accounting valuation.

Valuation Timing	The most recent valuation was performed as of July 1, 2017.

Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal
Inflation	2.30%
Salary increases	3.70%
Discount Rate	3.87% (based on the Bond Buyer's 20-year bond general obligation index)
Health Care Cost Trend Rates	
Pre-65	4.3% for 2017, gradually decreasing to an ultimate rate of 3.9% for 2075 and beyond
Post-65	6.9% for 2017, gradually decreasing to an ultimate rate of 4.1% for 2084 and beyond

Mortality Rates: Pre-retirement - RP 2014 Total Dataset Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2017 on a generational basis with healthy annuitant rates after benefit commencement. Post-retirement – RP-2014 Total Dataset Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2017 on a generational basis with healthy annuitant rates after benefit commencement. Disability retirement – RP-2014 Disabled Retiree Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2017 on a generational basis with disabled annuitant rates after benefit commencement.

The plan has not had a formal actuarial experience study performed.

Actuarial Cost Method: The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. These gains and losses result from the difference between the actual experience under the plan and what was anticipated by the actuarial assumptions.

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long-term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

Under this method a projected retirement benefit at assumed retirement age is computed for each participant using anticipated future pay increases. The normal cost for each participant is computed as the level percentage of pay which, if paid from each participant's date of employment by the employer or any predecessor employer (thus, entry age) to his assumed retirement date, would accumulate with interest at the rate assumed in the valuation to an amount sufficient to fund his projected retirement benefit. The normal cost for the plan is the total of the individually computed normal costs for all participants including the costs for any death or disability benefits under the plan.

The accrued liability at any point in time for an active participant is the theoretical fund that would have been accumulated on his behalf from his normal cost payments and the earnings thereon for all prior years if the plan had always been in effect. For persons receiving benefits or entitled to a deferred vested retirement income, the accrued liability cost is equal to the present value of their future benefit payments. The accrued liability for the plan is the total of the individually computed accrued liability for all participants. The unfunded accrued liability for the plan is the excess of the accrued liability over the assets which have been accumulated for the plan.

It should be noted that the accrued liability as of any date is not the actuarially computed present value of accrued or accumulated plan benefits as of that date. The accrued liability is the portion of the ultimate cost assigned to prior years by the cost method being used.

Changes in actuarial methods since prior valuation: The actuarial cost method has not changed since the prior year valuation.

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates.

The following presents changes in the total OPEB liability.

Balance as of June 30, 2017	$ 1,036,816
Changes for the year:	
Service cost	57,067
Interest on total OPEB liability	38,561
Effect of economic/demographic gains or losses	452,162
Effect of assumptions, changes, or inputs	(233,975)
Benefit payments	(33,828)
Balance as of June 30, 2018	$ 1,316,803

There have been no significant changes between the valuation date and the fiscal year end.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Town of Bunkie, calculated using the discount rate of 3.87%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB liability	$ 1,544,358	$ 1,316,803	$ 1,135,168

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Town of Bunkie, calculated using the current healthcare cost trend rates as well as what the Town's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 1,101,330	$ 1,316,803	$ 1,598,586

For the year ended June 30, 2018, the Town recognized OPEB expense of $110,327. At June 30, 2018, the Town reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 359,884	$ -
Changes of assumptions	-	186,225
Total	$ 359,884	$ 186,225

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	$ 44,528
2020	44,528
2021	44,528
2022	40,075
	$ 173,659

(14) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen and firemen $49,966 of supplemental pay during the year ended June 30, 2018. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(15) New accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases.* The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the Town's financial statements has not yet been determined.

During the fiscal year ended June 30, 2018, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* See Note 16 for the effect of implementation.

During the fiscal year ended June 30, 2018, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period.* The statement will (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest costs incurred before the end of a construction period. The statement is effective for reporting periods beginning after December 15, 2019, however, the Town has elected to early adopt and implement GAB 89 for the year ending June 30, 2018. The effect of implementation on the financial statements resulted in the full amount of interest expense related to the Sewer Bonds ($303,356) being expensed, versus a portion being capitalized with the costs of constructed assets as dictated under previous guidance.

(16) Beginning Net Position Adjustment

During the fiscal year ended June 30, 2018, the Town adopted Governmental Accounting Standards Board (GASB) Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This resulted in a restatement of previously reported net position, as follows;

	Governmental Activities	Business Type Activities	Water	Sewer
July 1, 2017 net position, as reported	$ 7,064,810	$ 11,602,230	$ 5,888,492	$ 5,713,738
Prior period adjustment:				
Change in accounting principle:				
Net effect of recording total OPEB liability	(655,448)	(81,010)	(14,729)	(66,281)
July 1, 2017 net position, as restated	$ 6,409,362	$ 11,521,220	$ 5,873,763	$ 5,647,457

REQUIRED
SUPPLEMENTARY INFORMATION

TOWN OF BUNKIE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes -				
Property taxes	$ 97,000	$ 92,547	$ 92,730	$ 183
Sales	560,810	560,810	560,692	(118)
Franchise fees	195,000	184,227	190,177	5,950
Other	27,750	25,804	27,055	1,251
Fees and Fines	23,000	28,439	29,476	1,037
Licenses and permits	170,500	171,740	177,819	6,079
Intergovernmental	397,546	298,403	374,011	75,608
Other	89,160	123,624	132,551	8,927
Total revenues	1,560,766	1,485,594	1,584,511	98,917
Expenditures:				
General government -				
Finance and administrative	532,210	591,351	566,790	24,561
Judicial	60,000	62,275	62,512	(237)
Public safety -				
Fire protection	483,463	494,140	510,924	(16,784)
Police protection	735,336	777,403	724,660	52,743
Animal control	11,475	11,381	10,830	551
Public works -				
Streets	450,333	438,550	416,118	22,432
Airport	13,900	42,349	41,444	905
Drivers license office	12,040	14,536	12,721	1,815
Culture and recreation	35,800	37,011	26,845	10,166
Health and welfare	94,323	61,028	50,781	10,247
Capital expenditures	22,673	107,524	94,329	13,195
Debt service -				
Lease payments	53,601	54,189	44,785	9,404
Total expenditures	2,505,154	2,691,737	2,562,739	128,998
Deficiency of revenues over expenditures	(944,388)	(1,206,143)	(978,228)	227,915
Other financing sources:				
Operating transfers in	945,333	841,249	877,480	36,231
Net change in fund balance	945	(364,894)	(100,748)	264,146
Fund balance, beginning	537,186	537,186	537,186	-
Fund balance, ending	$ 538,131	$ 172,292	$ 436,438	$ 264,146

TOWN OF BUNKIE, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes -				
Sales	$ 560,811	$ 557,704	$ 561,932	$ 4,228
Intergovernmental	-	256,201	256,198	(3)
Total revenues	560,811	813,905	818,130	4,225
Expenditures:				
General government -				
Finance and administrative	52,975	65,829	50,523	15,306
Public works -				
Streets	-	68,406	60,835	7,571
Capital outlay	31,800	309,015	302,576	6,439
Debt service -				
Lease payments	22,820	18,775	16,567	2,208
Total expenditures	107,595	462,025	430,501	31,524
Excess of revenues over expenditures	453,216	351,880	387,629	35,749
Other financing sources (uses):				
Operating transfers out	(450,333)	(431,550)	(440,427)	(8,877)
Net change in fund balance	2,883	(79,670)	(52,798)	26,872
Fund balance, beginning	158,964	158,964	158,964	-
Fund balance, ending	$ 161,847	$ 79,294	$ 106,166	$ 26,872

TOWN OF BUNKIE, LOUISIANA

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

	2018
Changes for the year:	
Service cost	$ 57,067
Interest on total OPEB liability	38,561
Changes of benefit terms	-
Effect of economic/demographic gains or (losses)	452,162
Effect of assumptions, changes, or inputs	(233,975)
Benefit payments	(33,828)
Net change in total OPEB liability	279,987
Total OPEB liability, beginning	1,036,816
Total OPEB liability, ending *	$ 1,316,803
Covered payroll	$ 1,273,877
Total OPEB liability as a % of covered payroll	103.37%

* Equal to net OPEB liability

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF BUNKIE, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2018

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System					
2018	0.241275%	$ 1,009,355	$ 438,173	230.4%	63.49%
2017	0.239655%	$ 982,275	$ 421,616	233.0%	62.11%
2016	0.254971%	$ 910,796	$ 435,171	209.3%	66.18%
2015	0.228816%	$ 587,244	$ 481,053	122.1%	73.99%
Municipal Police Employees' Retirement System					
2018	0.060924%	$ 531,892	$ 179,092	297.0%	70.08%
2017	0.061989%	$ 581,012	$ 188,072	308.9%	66.04%
2016	0.057789%	$ 452,716	$ 153,730	294.5%	70.73%
2015	0.044431%	$ 277,964	$ 186,555	149.0%	75.10%
Firefighter's Retirement System					
2018	0.062345%	$ 357,352	$ 145,567	245.5%	73.55%
2017	0.066560%	$ 435,363	$ 150,152	289.9%	68.16%
2016	0.066491%	$ 358,855	$ 141,306	254.0%	72.45%
2015	0.076402%	$ 339,978	$ 156,269	217.6%	76.02%
Louisiana State Employees' Retirement System					
2018	0.000670%	$ 47,160	$ 11,954	394.5%	62.50%
2017	0.000650%	$ 51,199	$ 11,630	440.2%	57.70%
2016	0.000670%	$ 45,230	$ 11,670	387.6%	62.70%
2015	0.000630%	$ 39,582	$ 11,385	347.7%	65.00%

* The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF BUNKIE, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2018

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Municipal Employees' Retirement System					
2018	$ 114,068	$ 114,068	$ -	$ 460,881	24.75%
2017	$ 99,684	$ 99,684	$ -	$ 438,173	22.75%
2016	$ 83,271	$ 83,271	$ -	$ 421,626	19.75%
2015	$ 85,946	$ 85,946	$ -	$ 435,171	19.75%
Municipal Police Employees' Retirement System					
2018	$ 46,089	$ 46,089	$ -	$ 149,884	30.75%
2017	$ 57,746	$ 57,746	$ -	$ 179,092	32.24%
2016	$ 59,243	$ 59,243	$ -	$ 188,072	31.50%
2015	$ 48,425	$ 48,425	$ -	$ 153,730	31.50%
Firefighter's Retirement System					
2018	$ 38,913	$ 38,913	$ -	$ 146,842	26.50%
2017	$ 36,756	$ 36,756	$ -	$ 145,567	25.25%
2016	$ 40,916	$ 40,916	$ -	$ 150,152	27.25%
2015	$ 41,332	$ 41,332	$ -	$ 141,306	29.25%
Louisiana State Employees' Retirement System					
2018	$ 4,734	$ 4,734	$ -	$ 11,954	39.60%
2017	$ 4,387	$ 4,387	$ -	$ 11,954	36.70%
2016	$ 4,920	$ 4,920	$ -	$ 11,630	42.30%
2015	$ 4,318	$ 4,318	$ -	$ 11,670	37.00%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to the Required Supplementary Information
Year Ended June 30, 2018

(1) Budget and Budgetary Accounting

The Town Charter establishes the fiscal year as the twelve-month period beginning July 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The Mayor and Town Clerk prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed Budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. 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.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

(2) Retirement Systems

A. Municipal Employee's Retirement System of Louisiana (MERS)

Changes of assumptions – The investment rate of return decreased from 7.500% in 2016, to 7.400% in 2017. The inflation rate decreased from 2.875% in 2016 to 2.775% in 2017. The salary increases percentage, increased from 2.125% in 2016, to a range of 2.225% in 2017.

B. Municipal Employees Police Retirement System of Louisiana (MPERS)

Change of assumptions – The investment rate of return decreased from 7.500% in 2016 to 7.325% in 2017. The inflation rate decreased from 2.875% in 2016 to 2.700% in 2017.

C. Firefighters Retirement System of Louisiana

Changes of assumptions – The investment rate of return decreased from 7.50% in 2016, to 7.40% in 2017. The inflation rate decreased from 2.875% in 2016 to 2.775% in 2017.

D. Louisiana State Employees' Retirement System (LASERS)

Changes in assumptions – The investment rate of return decreased from 7.75% in 2016 to 7.70% in 2017. The inflation rate decreased from 3.00% in 2016 to 2.75% in 2017. The salary increases percentage decreased from a range of 3.6% to 14.5% in 2016 to a range of 2.8% to 14.3% in 2017.

(3) Other Post Employment Benefits

Changes of assumptions – No changes of assumptions and other inputs noted.

INTERNAL CONTROL,
COMPLIANCE AND
OTHER MATTERS

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

The Honorable Bruce Coulon, Mayor
and Members of the Board of Aldermen
Town of Bunkie, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bunkie, Louisiana (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 31, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and managements corrective action plan as items 2018-001 through 2018-005 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and managements corrective action plan as items 2018-006 and 2018-007.

Town of Bunkie, Louisiana's Response to Audit Findings

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

Purpose of this report

This 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
January 31, 2019

TOWN OF BUNKIE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2018

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2018-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2007

CONDITION: The Town of Bunkie does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C §265.A37 identifies the following as a deficiency in the design of (internal) controls:

> "... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements."

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Bruce Coulon, Mayor has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2018

2018-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2015

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

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

> "Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will segregate duties to ensure that these accounting functions are not performed by the same individual.

2018-003 Policies and procedures

Fiscal year finding initially occurred: 2015

CONDITION: The Town did not adopt written policies and procedures for capital assets, confiscated evidence and traffic tickets.

CRITERIA: Written policies and procedures are necessary to provide a clear understanding of day to day operations.

CAUSE: The Town of Bunkie has not properly documented policies and procedures that should be followed for the areas of day to day operations above.

EFFECT: Failure to have written policies and procedures increases the risk of not having continuity of operations and the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should adopt formal written policies and procedures for each of the functions noted above.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Administration is in the process of drafting a formal, written policy and procedure manual to establish guidelines that will be followed for all operations.

2018-004 Traffic Tickets

Fiscal year finding initially occurred: 2015

CONDITION: The Chief of Police is not ensuring that all tickets and citations are accounted for in accordance with La R.S 32:398.1 and 32:398.2

CRITERIA: La R.S. 32:398.1 and La R.S 32:398.2

CAUSE: The Bunkie Police Department has not accounted for all tickets and citations.

EFFECT: Failure to account for all tickets and citations increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: The Chief of Police should ensure that all tickets and citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Police Department has a software program for traffic tickets and citations. All ticket information is entered into the software. Police personnel are unable to print a report to assure all tickets are accounted for. The Chief of Police will work with the program to ensure all tickets are accounted for and reported.

2018-005 Utility Accounts Receivable and Customer Deposits Subsidiary Ledger

Fiscal year finding initially occurred: 2018

CONDITION: The town is not maintaining an accurate subsidiary ledger for utility accounts receivables and customer deposits, and the subsidiary ledgers are not being reconciled to the meter cash account balances and general ledger accounts.

CRITERIA: Internal controls should be in place to reconcile the subsidiary ledgers for utility accounts receivable and customer deposits to the general ledger and meter cash account to ensure all activity is properly recorded.

CAUSE: The cause of the condition is the fact that the Town is not reconciling the accounts receivables and customer deposit subsidiary ledgers to the general ledgers on a reoccurring basis.

EFFECT: Failure to reconcile these subsidiary ledgers could result in cash missing and customers not receiving proper credit on billings and their deposits.

RECOMMENDATION: The accounts receivable and customer deposit subsidiary ledgers should be reconciled to the cash account and general ledger on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management of the Town of Bunkie will review procedures related to the collections and recording of utility receivables and customer deposits, and implement the proper procedures to reconcile the subsidiary ledgers on a monthly basis.

B. Compliance and other matters

2018-006 Late Filing

CONDITION: The Town of Bunkie failed to comply with LA R.S. 24:513, by not submitting their financial statements to the Louisiana Legislative Auditor within six months after their fiscal year end.

CRITERIA: LA R.S. 24:513

CAUSE: The Town of Bunkie did not receive information necessary to record and implement GASB 75 within a reasonable time before the six months expired.

EFFECT: The Town is not in compliance with state law.

RECOMMENDATION: The Town of Bunkie should ensure compliance with LA R.S. 24:513 by obtaining adequate information in a timely fashion.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town of Bunkie is aware of the filing requirements of LA R.S. 24:513 and will monitor their compliance with this statute by ensuring all records are available to properly present their financial statements with the applicable standards.

2018-007 Malfeasance in Office

CONDITION: In October 2018, The Town of Bunkie's former Chief of Police was arrested on charges of malfeasance in office, malfeasance in office by tampering with evidence, and injuring public records.

CRITERIA: La. R.S. 14:134(A) provides that, "Malfeasance in office is committed when any public officer or public employee shall: (1) Intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or (2) Intentionally perform any such duty in an unlawful manner; or (3) Knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him, or to perform any such duty in an unlawful manner."

La. R.S. 42:1461(A) states that, "Officials, whether elected or appointed and whether compensated or not, and employees of any 'public entity,' which, for purposes of this section shall mean and include any department, division, office, board, agency, commission, or other organizational unit of any of the three branches of state government or of any parish, municipality, school board or district, court of limited jurisdiction, or any other political subdivision or district, or the office of any sheriff, district attorney, coroner, or clerk of court, by the act of accepting such office or employment assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed."

CAUSE: The Louisiana State Police Bureau of Investigations Alexandria Field Office received a criminal complaint in July 2018, regarding alleged misconduct in office by the former Police Chief. An investigation was performed regarding this allegation and as a result of their investigation, the former Chief of Police was arrested in October of 2018, for charges related to mishandling evidence, mishandling a felony case, failing to process traffic citations, tampering with the Bunkie Police Department's surveillance system and shredding official department files.

EFFECT: Failure to follow proper policies and procedures over confiscated evidence and proper processing of traffic citations, exposes the Town of Bunkie to the possibility of misappropriation of assets.

RECOMMENDATION: The Town of Bunkie should develop policies and procedures over confiscated evidence and review their policies and procedures over proper processing of traffic citations with their newly elected Chief of Police to prevent any other instances of misappropriation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town of Bunkie is aware of the allegations against the former Chief of Police and is in the process of developing policies and procedures over maintaining evidence and properly processing and maintaining traffic citations with the newly elected Chief of Police who took office as of July 1, 2018.

TOWN OF BUNKIE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2018

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2017-001 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Town of Bunkie does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2018-001.

2017-002 Inadequate Segregation of Accounting Functions

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

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2018-002.

2017-003 Policies and procedures

CONDITION: Neither the Town nor Police Department have adopted any formal adopted written policies and procedures.

RECOMMENDATION: Management should adopt formal written policies and procedures for each function of the Town's operations.

CURRENT STATUS: Partial. See Item 2018-003.

TOWN OF BUNKIE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2018

2017-004 Traffic Tickets

CONDITION: The Chief of Police is not ensuring that all tickets and citations are accounted for in accordance with La R.S 32:398.1 and 32:398.2

RECOMMENDATION: The Chief of Police should ensure that all tickets and citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2.

CURRENT STATUS: Unresolved. See item 2018-004

2017-005 Budget noncompliance

CONDITION: Expenditures of the Sales Tax Fund exceeded budgeted expenditures by more than 5%.

RECOMMENDATION: The town should periodically compare actual activity to budgeted amounts and budgetary amendments as necessary to cause compliance.

CURRENT STATUS: Resolved.

Town of Bunkie
Bunkie, Louisiana

Agreed-Upon Procedures Report

Period Ended June 30, 2018

KOLDER, SLAVEN & COMPANY, LLC
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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman of the
Town of Bunkie, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Bunkie 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, 2017 through June 30, 2018. The Town of Bunkie'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. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   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.

   c) ***Disbursements***, including processing, reviewing, and approving.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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.

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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

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.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

   a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

   b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

   c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. Obtained a listing of <u>deposit sites</u> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).

5. For each deposit site selected, obtained a listing of <u>collection locations</u> and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:

   a) Observed that receipts are sequentially pre-numbered.

   b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   c) Traced the deposit slip total to the actual deposit per the bank statement.

   d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

   e) Traced the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

   b) At least two employees are involved in processing and approving payments to vendors.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:

    a) Observed that the disbursement matched the related original invoice/billing statement.

    b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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

12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:

    a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.)]

    b) Observed that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

    a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

    b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

    c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

    d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

    a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

    b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

    c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.

    d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:

    a) Observed that 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.)

    b) Observed that supervisors approved the attendance and leave of the selected employees/officials.

    c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

19. Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:

    a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

    b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.

22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Written Policies and Procedures, Disbursements, Credit/Debit/Fuel Cards, Contracts or Other.

No exceptions were found as a result of applying procedures listed above except:

Bank Reconciliations:

Bank reconciliations for the Town of Bunkie's accounts do not include evidence of management or board member review.

Three of the five bank accounts held by the Town of Bunkie did not include evidence of management researching outstanding items of 12 months or older.

Collections:

The person responsible for collecting cash is also responsible for recording the deposit in the general ledger for the Town of Bunkie.

Eight out of the ten deposits tested were not made within one business day of receipt.

One of the deposits tested could not be traced to the general ledger due to the client posting several days of deposits in one entry.

Travel & Related Expense Reimbursement:

Of five reimbursements selected for testing, it was noted that none had documentation of review or approval by someone other than the person receiving the reimbursement.

Payroll:

Of the five employees selected for testing, it was noted that none had documentation of supervisor approval for attendance or sick leave.

The Town of Bunkie's policies and procedures do not address documenting pay rate changes in the employee's files.

Per inquiry of management, the quarterly L1 State Withholding form for the second quarter of 2018 was not filed by the required deadline.

Ethics:

The Town of Bunkie does not have documentation attesting that each employee has read the entity's ethics policy for the fiscal period.

Management's Response:

Management of the Town of Bunkie concurs with the exceptions and are working to address the deficiencies identified.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
January 31, 2019