

***TOWN OF LECOMPTE***

***ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017***



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

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**Rozier Harrington  
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August 31, 2018

Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen  
Town of Lecompte, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

We were engaged to audit 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 Lecompte as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the Basis for Disclaimer of Opinion paragraph; however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

Detailed records and supporting evidence related to various financial statement amounts were not properly maintained. The remaining records were not sufficient to permit the application of audit procedures that would be adequate for us to express an opinion on the accompanying financial statements.

DISCLAIMER OF OPINIONS

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

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

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Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the required supplementary information referred to above.

**Other Supplemental Information**

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

- Combining Balance Sheet – Non-Major Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds
- Schedule of Per Diem Paid to Board Members
- Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the required supplementary information referred to above.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2018, on our consideration of the Town of Lecompte's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lecompte's internal control over financial reporting and compliance.

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants



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

August 31, 2018

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*

To the Honorable Mayor  
and the Board of Aldermen  
Town of Lecompte, Louisiana

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lecompte, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Lecompte's basic financial statements, and have issued our report thereon dated August 31, 2018.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Town of Lecompte'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 of Lecompte's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we identified one deficiency in internal control (2017-1) that we consider to be material weaknesses. We did not identify any deficiencies in internal control that we consider to be a significant deficiency.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Town of Lecompte'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 six instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-2 through 2017-7.

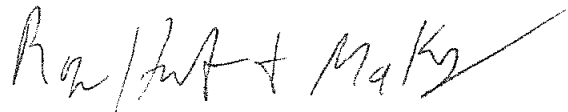
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**TOWN OF LECOMPTE'S RESPONSE TO FINDINGS**

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

**PURPOSE OF THIS REPORT**

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



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# **Town of Lecompte**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2017**

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

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

#### **Government –Wide Financial Statements**

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 1980) and all of the Town's liabilities (including long-term debt).

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

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

#### **Fund Financial Statements**

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

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

# **Town of Lecompte**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2017**

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### **Financial Analysis of the Town as a Whole**

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

### **Net Position**

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

	<b>For the Year Ended June 30, 2017</b>			<b>For the Year Ended June 30, 2016</b>
	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	
<b><u>Assets:</u></b>				
Current and Other Assets	\$ 376,272	\$ 396,486	\$ 772,758	\$ 1,597,557
Internal Balances	(202,922)	202,922	----	----
Capital Assets	1,907,091	3,473,170	5,380,261	4,759,094
Total Assets	2,080,441	4,072,578	6,153,019	6,356,651
Deferred Outflow of Resources	295,252	----	295,252	159,720
<b><u>Liabilities:</u></b>				
Current and Other Liabilities	268,339	30,272	298,611	910,974
Long-term Liabilities	600,028	773,097	1,373,125	1,159,262
Total Liabilities	868,367	803,369	1,671,736	2,070,236
Deferred Inflow of Resources	39,053	----	39,053	79,568
<b><u>Net Position:</u></b>				
Invested in Capital Assets (Net)	1,749,420	2,700,073	4,449,493	3,848,344
Restricted	14,285	569,136	583,421	349,253
Unrestricted	(295,432)	----	(295,432)	168,970
Total Net Position	\$ 1,468,273	\$ 3,269,209	\$ 4,737,482	\$ 4,366,567

As the presentation appearing above demonstrates, the majority of the Town's net position (93.92%) is invested in capital assets. Net position invested in capital assets consists of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

The Town's remaining net position is composed of assets restricted to the operation, maintenance, and improvement of the Town's sewer facility. Recognizing long-term liabilities associated with providing retirement benefits to the Town's employees has eliminated the Town's remaining unrestricted net position. Despite the absence of unrestricted net position, the Town has sufficient resources to meet these obligations for the foreseeable future.

### **Changes in Net Position**

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



# ***Town of Lecompte***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2017**

	For the Year Ended June 30, 2017			For the Year Ended June 30, 2016
	Govern- mental Activities	Business- Type Activities	Total	
<b>Revenues:</b>				
Program Revenue:				
Charges for Services	\$ 191,230	\$ 257,664	\$ 448,894	\$ 542,938
Operating Grants and Contributions	18,235	----	18,235	----
Capital Grants and Contributions	589,375	----	589,375	1,226,607
General Revenue:				
Property Taxes	36,387	----	36,387	93,660
Sales Taxes	501,726	----	501,726	467,202
Franchise Fees	68,757	----	68,757	68,439
Occupational Licenses	48,597	----	48,597	----
Intergovernmental	----	----	----	3,053
Other	60,510	----	60,510	41,816
Total Revenue	1,514,817	257,664	1,772,481	2,443,715
<b>Program Expenses:</b>				
General Government	450,736	----	450,736	554,079
Public Safety	430,203	----	430,203	453,465
Public Works	173,662	----	173,662	350,044
Culture and Recreation	128,720	----	128,720	----
Utility Service	----	181,821	181,821	----
Other	6,214	30,210	36,424	----
Total Expenses	1,189,535	212,031	1,401,566	1,357,588
Increase in Net Position Before Transfers	325,282	45,633	370,915	1,086,127
Transfers	(578,704)	578,704	----	----
Changes in Net Position	(253,422)	624,337	370,915	1,086,127
Net Position Beginning as Originally Reported	3,909,632	----	3,909,632	2,823,505
Prior Period Adjustment	(2,187,937)	2,644,872	456,935	----
As Restated	1,721,695	2,644,872	4,366,567	2,823,505
Net Position Ending	\$ 1,468,273	\$ 3,269,209	\$ 4,737,482	\$ 3,909,632

Governmental activities decreased the Town's net position by \$253,422. The decrease is due primarily to transfers of fixed assets to the Town's sewer system.

Business-type activities increased the Town's net position by \$624,337, due primarily to transfers of capital assets from the Town's governmental funds.

# **Town of Lecompte**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2017**

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### **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

- The Town's governmental funds reported a combined fund deficit of \$ 93,387 which represents a decrease of \$159,675 in comparison to the previous balance. The decrease is primarily due to the increase of expenditures across several general fund departments, as well as an increase in expenditures in the One Cent Sales Tax fund.
- The Town's general fund, which is available for spending at the Town's discretion, reported a fund balance of \$54,504. The general fund balance decreased by \$76,313 due to consumption of a portion of the fund's reserves.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

### **GENERAL FUND BUDGET HIGHLIGHTS**

The Town's general fund and sales tax funds are required to adopt an annual budget and the budgets are amended as necessary. The Town did not amend the budget in the current fiscal year.

### **CAPITAL ASSET ADMINISTRATION**

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

- Equipment purchases include new pumps for the Town's fire trucks, a mower and tractor for the Town's sewer system, and new vehicles for the Town's police department.
- Work was continued on the Town's sewer treatment plant, which was not completed by the end of the fiscal year.
- The Town also completed a gateway sign, and completed a street restoration project.

### **DEBT ADMINISTRATION**

The Town began payments on the Town's outstanding Sewer Revenue Bonds, and began payments on a municipal lease for the purchase of two new police vehicles. In addition, the Town continued payments on the Town's Series 2010 bonds, which were initially issued for the purchase of a fire truck.

### **FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS**

At the present time, no events or conditions have been identified that are expected to have a significant influence on future operations.

# **Town of Lecompte**

## **STATEMENT OF NET POSITION**

**June 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 91,667	\$ -	\$ 91,667
Receivables (net)	277,718	23,525	301,243
Restricted asset			
Cash	6,887	372,961	379,848
Internal balances	(202,922)	202,922	-
Capital assets			
Non depreciable capital assets	-	2,889,943	2,889,943
Depreciable capital assets, net	1,907,091	583,227	2,490,318
<b>Total assets</b>	<b>2,080,441</b>	<b>4,072,578</b>	<b>6,153,019</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension funding deferrals	295,252	-	295,252
<b><u>LIABILITIES</u></b>			
Accounts and other payables	266,737	30,272	297,009
Accrued interest	1,602	-	1,602
Long-term liabilities			
Net Pension Liability	442,357	-	442,357
Long-term Debt			
Due within one year	20,644	13,341	33,985
Due in more than one year	137,027	759,756	896,783
<b>Total liabilities</b>	<b>868,367</b>	<b>803,369</b>	<b>1,671,736</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension funding deferrals	39,053	-	39,053
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	1,749,420	2,700,073	4,449,493
Restricted:			
Capital projects and equipment acquisition	1,729	-	1,729
Sewer System Operations	-	569,136	569,136
Other purposes	12,556	-	12,556
Unrestricted	(295,432)	-	(295,432)
<b>Total net position</b>	<b>\$ 1,468,273</b>	<b>\$ 3,269,209</b>	<b>\$ 4,737,482</b>

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

# **Town of Lecompte**

## **STATEMENT OF ACTIVITIES**

### **Year Ended June 30, 2017**

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Net (Expenses) Revenue
<b><u>Governmental Activities:</u></b>					
General Government	\$ 369,629	\$ -	\$ 18,235	\$ 580,065	\$ 228,671
Sanitation	81,107	71,352	-	-	(9,755)
Police Department	313,123	119,878	-	-	(193,245)
Fire Department	117,080	-	-	-	(117,080)
Public Works	173,662	-	-	9,310	(164,352)
Culture & Recreation	128,720	-	-	-	(128,720)
Interest on Long-Term Debt	<u>6,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,214)</u>
Total Governmental Activities	<u>1,189,535</u>	<u>191,230</u>	<u>18,235</u>	<u>589,375</u>	<u>(390,695)</u>
<b><u>Business-Type Activities:</u></b>					
Sewer Sytem	181,821	257,664	-	-	75,843
Interest On Long-Term Debt	<u>30,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,210)</u>
Total Business-Type Activities	<u>212,031</u>	<u>257,664</u>	<u>-</u>	<u>-</u>	<u>45,633</u>
Total	<u>\$ 1,401,566</u>	<u>\$ 448,894</u>	<u>\$ 18,235</u>	<u>\$ 589,375</u>	<u>\$ (345,062)</u>

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

# **Town of Leconte**

## ***STATEMENT OF ACTIVITIES (Continued)*** ***Year Ended June 30, 2017***

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (390,695)	\$ 45,633	\$ (345,062)
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	36,387	-	36,387
Sales	501,726	-	501,726
Licenses & Permits			
Franchise Fees	68,757	-	68,757
Occupational Licenses	48,597	-	48,597
Other	60,510	-	60,510
Transfers	(578,704)	578,704	-
Total General Revenues, Special Items and Transfers	137,273	578,704	715,977
Change in Net Position	(253,422)	624,337	370,915
Net Position Beginning - As Originally Reported	3,909,632	-	3,909,632
Prior Period Adjustment	(2,187,937)	2,644,872	456,935
Net Position Beginning, As Restated	1,721,695	2,644,872	4,366,567
Net Position Ending	\$ 1,468,273	\$ 3,269,209	\$ 4,737,482

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

# **Town of Lecompte**

## **Balance Sheet**

### **Governmental Funds - June 30, 2017**

	General Fund	One Cent Sales Tax	Sewer Construction	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ 73,475	\$ 34,773	\$ 108,248
Receivables (net)	92,594	37,771	128,469	18,884	277,718
Interfund Receivables	65,708	-	-	14,035	79,743
Restricted Cash	6,887	-	-	-	6,887
<b>Total assets</b>	<b>\$ 165,189</b>	<b>\$ 37,771</b>	<b>\$ 201,944</b>	<b>\$ 67,692</b>	<b>\$ 472,596</b>
<b>Liabilities and Fund Balance</b>					
<b><u>Liabilities</u></b>					
Cash Overdraft	\$ 4,812	\$ 11,769	\$ -	\$ -	\$ 16,581
Accounts Payable	105,873	4,966	128,469	27,429	266,737
Interfund Payables	-	155,065	71,833	55,767	282,665
<b>Total liabilities</b>	<b>110,685</b>	<b>171,800</b>	<b>200,302</b>	<b>83,196</b>	<b>565,983</b>
<b><u>Fund Balance</u></b>					
Restricted For:					
Capital Improvements	87	-	1,642	-	1,729
Other Special Purposes	-	-	-	12,556	12,556
Unassigned	54,417	(134,029)	-	(28,060)	(107,672)
<b>Total Fund Balances</b>	<b>54,504</b>	<b>(134,029)</b>	<b>1,642</b>	<b>(15,504)</b>	<b>(93,387)</b>
<b>Total Liabilities and Fund</b>					
<b>Balance</b>	<b>\$ 165,189</b>	<b>\$ 37,771</b>	<b>\$ 201,944</b>	<b>\$ 67,692</b>	<b>\$ 472,596</b>

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

# **Town of Lecompte**

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

**Year Ended June 30, 2017**

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Total Fund Balances - Governmental Funds	\$ (93,387)
Amounts reported for governmental activities in the statement of net position are different because:	
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(601,630)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(39,053)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,907,091
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	<u>295,252</u>
Net Position of Governmental Activities	<u>\$ 1,468,273</u>

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

# **Town of Lecompte**

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

	General	One Cent	Sewer	Other	Total
	Fund	Sales Tax	Construction	Governmental	Governmental
				Funds	Funds
<b><u>Revenues:</u></b>					
Taxes:					
Ad Valorem	\$ 36,387	\$ -	\$ -	\$ -	\$ 36,387
Sales	283,042	145,794	-	72,890	501,726
Licenses & Permits:					
Franchise Fees	68,757	-	-	-	68,757
Occupational Licenses	48,597	-	-	-	48,597
Intergovernmental	5,500	-	580,245	27,365	613,110
Sanitation	71,352	-	-	-	71,352
Fines and Forfeitures	114,378	-	-	-	114,378
Other	42,207	2,615	2	15,686	60,510
<b>Total Revenues</b>	<b>670,220</b>	<b>148,409</b>	<b>580,247</b>	<b>115,941</b>	<b>1,514,817</b>
<b><u>Expenditures:</u></b>					
Current:					
General Government					
General and Administrative	313,658	-	-	-	313,658
Sanitaion	-	81,107	-	-	81,107
Public Safety					
Police Department	241,776	38,864	-	-	280,640
Fire Department	-	70,007	-	-	70,007
Public Works					
Street Maintenance	118,060	-	-	-	118,060
Recreation Department	33,701	-	-	86,897	120,598
Other Expenditures	-	-	36	18,269	18,305
Capital Expenditures	77,454	29,823	-	12,445	119,722
Debt Service	14,512	-	-	12,880	27,392
<b>Total Expenditures</b>	<b>799,161</b>	<b>219,801</b>	<b>36</b>	<b>130,491</b>	<b>1,149,489</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(128,941)</b>	<b>(71,392)</b>	<b>580,211</b>	<b>(14,550)</b>	<b>365,328</b>

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



# **Town of Lecompte**

**Continued**

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

	General Fund	One Cent Sales Tax	Sewer Construction	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(128,941)	(71,392)	580,211	(14,550)	365,328
<b><u>Other Financing Sources (Uses):</u></b>					
Proceeds From Long-Term Debt	53,701	-	-	-	53,701
Operating Transfers In	-	-	-	13,211	13,211
Operating Transfers Out	(1,073)	(12,137)	(578,705)	-	(591,915)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(76,313)	(83,529)	1,506	(1,339)	(159,675)
Fund Balance (Deficit) - Beginning of Year, As Originally Reported	86,907	(75,993)	136	593,383	604,433
Prior Period Adjustment	43,910	25,493	-	(607,548)	(538,145)
Fund Balance (Deficit) Beginning, As Restated	130,817	(50,500)	136	(14,165)	66,288
Fund Balance (Deficit) - End of Year	\$ 54,504	\$ (134,029)	\$ 1,642	\$ (15,504)	\$ (93,387)

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

# **Town of Lecompte**

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

**Year Ended June 30, 2017**

---

Net change in fund balances of Governmental Funds	\$ (159,675)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. The effect of capital expenditures and depreciation are presented as follows:	
Capital Expenditures	66,021
Depreciation	(125,492)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds.	(1,602)
Governmental funds report pension expense based on contributions required for the current year; however, pension expense reported on the government wide basis is influenced by actuarial considerations.	(37,655)
	(17,799)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	22,780
Change in net position of governmental activities	<u>\$ (253,422)</u>

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

# **Town of Lecompte**

## **Statement of Net Position**

**Proprietary Funds - June 30, 2017**

---

	Sewer System
<b><u>ASSETS:</u></b>	
Current Assets:	
Receivables (net)	\$ 23,525
Interfund receivables	<u>202,922</u>
Total current assets	226,447
Restricted Assets:	
Cash and cash equivalents	372,961
Noncurrent Assets:	
Construction in process	2,889,943
Depreciable capital assets, net	<u>583,227</u>
Total assets	<u>4,072,578</u>
 <b><u>LIABILITIES:</u></b>	
Current Liabilities:	
Accounts and other payables	30,272
Current portion of long-term debt	<u>13,341</u>
Noncurrent Liabilities:	
Long-term debt	<u>759,756</u>
Total liabilities	<u>803,369</u>
 <b><u>NET POSITION:</u></b>	
Invested in capital assets, net of related debt	2,700,073
Restricted for Sewer Operations	<u>569,136</u>
Total net position	<u>\$ 3,269,209</u>

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

# **Town of Lecompte**

## ***Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - June 30, 2017***

---

	Sewer System
<u>Operating Revenues:</u>	
Service Fees	\$ 257,664
Total Operating Revenues	<u>257,664</u>
<u>Operating Expenses:</u>	
Legal and Professional	28,412
Repairs & Maintenance	70,642
Supplies & Chemicals	559
Utilities	48,155
Permits and Testing	1,474
Depreciation	30,528
Other	<u>2,051</u>
Total Operating Expenses	<u>181,821</u>
Operating Income (Loss)	75,843
<u>Nonoperating Revenues (Expenses):</u>	
Interest Revenue	246
Interest Expense	<u>(30,457)</u>
Change in Net Position Before Contributions and Transfers	45,632
<u>Contributions and Transfers:</u>	
Operating Transfers In	<u>578,705</u>
Change in Net Position	624,337
Total Net Position - Beginning, As Originally Reported	-
Prior Period Adjustment	<u>2,644,872</u>
Total Net Position Beginning, As Restated	<u>2,644,872</u>
Total Net Position - Ending	<u>\$ 3,269,209</u>

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

# **Town of Lecompte**

## **Statement of Cash Flows**

**Proprietary Funds - Year Ended June 30, 2017**

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	<u>Sewer System</u>
<b><u>Cash flow from operating activities:</u></b>	
Cash received from customers	\$ 243,234
Cash payments to suppliers of goods and services	(123,637)
Cash payments to employees for services	<u>-</u>
Net cash provided (used) by operating activities	<u>119,597</u>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Change in interfund balances	(96,087)
Transfers	<u>578,705</u>
Net cash provided (used) by non-capital financing activities	<u>482,618</u>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Capital expenditures	(697,171)
Principle paid on revenue bonds	(10,903)
Interest paid on debt instruments	<u>(30,457)</u>
Net cash provided (used) by capital and related financing activities	<u>(738,531)</u>
<b><u>Cash flows from investing activities:</u></b>	
Interest and other income	<u>247</u>
Net cash provided (used) by investing activities	<u>247</u>
Net increase (decrease) in cash	(136,069)
Beginning cash balance	<u>509,030</u>
Ending cash balance	372,961
Restricted cash and cash equivalents	<u>372,961</u>
Cash and cash equivalents	<u>\$ -</u>

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

# **Town of Lecompte**

## ***Statement of Cash Flows (Continued)***

### ***Proprietary Funds - Year Ended June 30, 2017***

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	<u>Sewer System</u>
<b><u>Reconciliation of operating income (loss)</u></b>	
<b><u>to net cash provided (used) by operating</u></b>	
<b><u>activities</u></b>	
Operating income (loss)	\$ 77,894
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	30,528
(Increase) decrease in accounts receivable	(14,430)
(Decrease) increase in accounts and other payables	<u>25,605</u>
Net cash provided (used) by operating activities	<u>\$ 119,597</u>

#### **Supplemental disclosures of cash flow information:**

During the year ended June 30, 2017 there were no operating, financing, or investing activities during the year that did not result in cash receipts.

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

# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Lecompte was incorporated under the provisions of the Lawrason Act. The Town is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the Town include police protection, fire protection, street maintenance, recreation and sanitation. The Town also operates a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

#### **Financial Reporting Entity**

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

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

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

Based on the criteria presented above, the Town has no component units.

#### **Basic Financial Statements**

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

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

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

# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

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### **Government-Wide Financial Statements**

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

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

### **Fund Financial Statements**

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

#### **Major Governmental Funds**

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

One Cent Sales Tax Fund – The One Cent Sales Tax is a special revenue fund designed to receive a portion of sales tax in order to fund the expenses of the fire department and pay for garbage disposal.

Sewer Construction Fund – The Sewer Construction Fund is a capital project fund that is used to account for funds granted to the Town by the USDA, for the construction of a sewer treatment facility.

#### **Major Business-Type Funds**

Sewer Maintenance Fund – The Sewer Maintenance Fund is used to account for the operation of the Town's sewer system, which is supported by user charges.

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

### **Basis of Accounting and Measurement Focus**

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

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

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



# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

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

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Restricted Assets:**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

### **Budget Practices:**

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. Town budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

### **Capital Assets**

Capital assets, which include property, equipment, and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 3 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

### **Cash and Cash Equivalents:**

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

### **Internal Activity:**

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

# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

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

### **Compensated Absences**

Full time and regular part-time employees earn vacation at rates that vary depending on length of service. Employees are not allowed to carry over significant amounts of vacation time from year to year.

### **Fund Balance Classification:**

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

### **NOTE 2 - ACCOUNTS RECEIVABLE**

Accounts receivable for the year ended June 30, 2017 are summarized as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<u>Accounts Receivable</u>			
Charges for Services	\$ 6,726	\$ 23,525	\$ 30,251
Franchise Taxes	12,924	----	12,924
Other	4,017	----	4,017
Total Accounts Receivable	23,667	23,525	47,192
<u>Due From Other Governmental Units</u>			
Grant Reimbursements	128,469	----	128,469
Sales Taxes	125,582	----	125,582
Total Due From Other Governments	254,051	----	254,051
Total Receivables	277,718	23,525	301,243
Allowance for Doubtful Accounts	----	----	----
Receivables (Net)	\$ 277,718	\$ 23,525	\$ 301,243

### **NOTE 3 - CASH AND CASH EQUIVALENTS**

At June 30, 2017, cash and cash equivalents included the following amounts:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash Deposited in Banks	\$ 98,354	\$ 372,961	\$ 471,315
Petty Cash	200	----	200
Total Cash	98,554	372,961	471,515
Restricted Cash	6,887	372,961	379,848
Cash and Cash Equivalents	\$ 91,667	\$ ----	\$ 91,667

# ***Town of Lecompte***

## **Notes To Financial Statements**

**June 30, 2017**

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the Town had \$ 471,315 in deposits (\$522,500 collected bank balance). These deposits are secured from risk by \$324,598 of federal deposit insurance and \$652,556 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Bank overdrafts are presented as current liabilities on the balance sheet.

### **NOTE 4 - LONG-TERM DEBT**

Debt attributable to the acquisition of the Town's utility system and the operation of the utility system is reported as an obligation of the Town's business-type enterprise funds. Remaining debts are reported as governmental activities. The Town's debts are summarized as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Certificates of Indebtedness	\$ 118,482	\$ ----	\$ 118,482
Capital Leases	39,189	----	39,189
Revenue Bonds	----	773,097	773,097
Total Obligations	157,671	773,097	930,768
Due Within One Year	20,644	13,341	33,985
Due in More Than One Year	\$ 137,027	\$ 759,756	\$ 896,783

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b><u>Governmental Activities</u></b>				
Certificates of Indebtedness	\$ 126,750	\$ ----	\$ 8,268	\$ 118,482
Installment Purchase Agreement	----	53,701	14,512	39,189
Total Governmental Activities	126,750	53,701	22,780	157,671
<b><u>Business-Type Activities</u></b>				
Revenue Bonds	784,000	----	10,903	773,097
Total Business-Type Activities	784,000	----	10,903	773,097
Total Long-term Debts	\$ 910,750	\$ 53,701	\$ 33,683	\$ 930,768

# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

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### **Certificates of Indebtedness**

The Town has issued certificates which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the Town. Certificates of indebtedness outstanding at June 30, 2017 are described as follows:

\$181,000 Certificates of Indebtedness, Series 2010 bearing interest at a rate of 3.75%.  
Principle is payable in monthly installments of \$1,073, with the final installment due  
December 21, 2030.

\$ 118,482

### **Capital Leases**

The Town has executed a capital lease agreement to finance the acquisition of two police vehicles. Terms of the agreement are described as follows:

\$53,701 Capital Lease Agreement payable in 4 yearly installments of \$14,512  
including interest based on a rate of 5.45%, with the final installment due March 8,  
2020.

\$ 39,189

Year Ended June 30	
2018	\$ 14,512
2019	14,512
2020	14,512
Total Minimum Payments	<u>43,536</u>
Amounts Representing Interest	<u>4,347</u>
Present Value of Future Minimum Lease Payments	<u>\$ 39,189</u>

### **Revenue Bonds**

The Town has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at June 30, 2017 are described as follows:

\$784,000 Sewer Revenue Bonds Series 2013; payable over 40 years and bears  
interest at a rate of 2.125%. The first payment, due August 11, 2016 was interest only,  
and the Town began paying monthly installments of interest and principle of \$2,470  
until August 11, 2055.

\$ 773,097

# **Town of Lecompte**

## **Notes To Financial Statements** **June 30, 2017**

### **Maturity of Long-term Debt**

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended June 30<sup>th</sup></u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal Installments</u>	<u>Interest</u>	<u>Principal Installments</u>	<u>Interest</u>
2018	\$ 8,583	\$ 4,297	\$ 13,341	\$ 16,299
2019	8,911	3,969	13,627	16,013
2020	9,251	3,629	13,920	15,720
2021	9,604	3,276	14,219	15,421
2022	9,970	2,910	14,524	15,116
2023 - 2027	55,855	8,545	77,429	70,771
2028 - 2032	16,308	426	86,100	62,100
2033 - 2037	-	-	95,743	52,457
2038 - 2042	-	-	106,466	41,734
2043 - 2047	-	-	118,390	29,810
2048 - 2052	-	-	131,649	16,551
2053 - 2055	-	-	87,689	2,958
Total Governmental	\$ 118,482	\$ 27,052	\$ 773,097	\$ 354,950

### **NOTE 5 – AD VALOREM TAXES**

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended June 30, 2017, the Town has levied ad valorem taxes as follows:

<u>Description</u>	<u>Mills Levied</u>
Levied for general alimony as permitted by State Law. Revenue from taxes levied for general alimony is reported by the general fund.	7.28

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

### **NOTE 6 – CAPITAL ASSETS**

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

<u>Governmental Activities</u>	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Depreciable Capital Assets				
General Fixed Assets	\$ 2,823,507	\$ ----	\$ (268,127)	\$ 2,555,380
Sanitation Assets	20,627	----	----	20,627
Recreation and Community Center	409,547	----	(41,638)	367,909
Fire	1,114,554	18,550	(97,262)	1,035,842
Streets and Highways	1,724,384	36,198	(74,084)	1,686,498
Police	303,144	64,974	(51,665)	316,453
Accumulated Depreciation	(4,445,247)	(125,492)	495,121	(4,075,618)
Total Governmental Activities	\$ 1,950,516	\$ (5,770)	\$ (37,655)	\$ 1,907,091

# ***Town of Lecompte***

## **Notes To Financial Statements**

**June 30, 2017**

### **Business-Type Activities**

Non Depreciable Capital Assets				
Sewer Construction in Process	\$ 2,311,238	\$ 578,705	\$ ----	\$ 2,889,943
Total Construction in Process	<u>2,311,238</u>	<u>578,705</u>	<u>----</u>	<u>2,889,943</u>
Depreciable Capital Assets				
Sewer System	923,398	118,466	(32,267)	1,009,597
Accumulated Depreciation	(426,058)	(30,528)	30,216	(426,370)
Total	<u>497,340</u>	<u>87,938</u>	<u>(2,051)</u>	<u>583,227</u>
Total Business-Type Activities	<u>\$ 2,808,578</u>	<u>\$ 666,643</u>	<u>\$ (2,051)</u>	<u>\$ 3,473,170</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General and Administrative	\$ 8,676	\$ ----	\$ 8,676
Police Department	6,019	----	6,019
Fire Department	47,073	----	47,073
Street Maintenance	55,602	----	55,602
Recreation Department	8,122	----	8,122
Sewer System	----	30,528	30,528
Total Depreciation Expense	<u>\$ 125,492</u>	<u>\$ 30,528</u>	<u>\$ 156,020</u>

### **NOTE 7 – ACCOUNTS AND OTHER PAYABLES**

Details related to amounts reported as accounts and other payables are provided as follows:

	Governmental Activities				
	General Fund	Capital Improve-ments	One Cent Sales Tax Fund	Non-Majors	Total
Payable to Vendors	\$ 56,477	\$ ----	\$ 4,966	\$ 27,429	\$ 88,872
Construction Contract Retainage	----	128,469	----	----	128,469
Payroll Taxes and Withholding	49,396	----	----	----	49,396
Total	\$ 105,873	\$ 128,469	\$ 4,966	\$ 27,429	\$ 266,737

The Sewer System Maintenance Fund had \$30,272 of payables to vendors as of the year ended June 30, 2017. The Sewer System Maintenance Fund did not have any other accounts payable outstanding.

### **NOTE 8- RISK MANAGEMENT**

The Town is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town insures against these risks by participation in public entity risk

# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

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pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

### **NOTE 9 - RESTRICTED RESOURCES**

The Town's net position is subject to restrictions described as follows:

- Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.
- Certain sales taxes proceeds are available only for certain expenditures.
- The Town's sewer revenue collections are restricted to the operation and maintenance of the Town's sewer system.

### **NOTE 10 – PENSION PLANS:**

Substantially all Town's employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. A summary of amounts reported in connection with participation in these plans is summarized as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System	\$ 235,405	\$ 140,432	\$ 7,966
Municipal Police Employees' Retirement System of Louisiana	206,952	154,820	31,087
Total	442,357	295,252	39,053
Portion Applicable to Business Type Activities	---	---	---
Portion Applicable to Government Type Activities	\$ 442,357	\$ 295,252	\$ 39,053

Further information regarding each of the retirement systems presented above is furnished as follows:

### **Municipal Employees' Retirement System of Louisiana:**

**Plan Description** -The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town participating in the retirement system are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

# **Town of Lecompte**

## ***Notes To Financial Statements***

***June 30, 2017***

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**Funding Policy** - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by State law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the system were equal to the required contributions for the year.

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

Net Pension Liability	\$ 82,890,844
Town's Proportionate Share (Percentage)	.28399 %
Town's Proportionate Share (Amount)	<u>\$ 235,405</u>

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

Beginning Net Pension Liability		\$ 153,752
Employer Contributions		(19,822)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	42,364	
Changes in Proportion	5,037	
Employee Contributions	<u>(6,992)</u>	40,409
Change in Deferred Outflows of Resources		55,516
Change in Deferred Inflows of Resources		<u>5,550</u>
Ending Net Pension Liability		<u>\$ 235,405</u>

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



# ***Town of Lecompte***

## ***Notes To Financial Statements***

***June 30, 2017***

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 1,931	\$ 3,401	\$ (1,470)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	57,701	----	57,701
Changes of Assumptions	11,730	----	11,730
Changes in Proportion	26,926	4,565	22,361
Employer Contributions Made After the Measurement Date	42,144	----	42,144
Total Deferrals	140,432	7,966	132,466
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	42,144	----	42,144
Deferrals Subject to Amortization	<u>\$ 98,288</u>	<u>\$ 7,966</u>	<u>\$ 90,322</u>

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

For the Year Ending:

June 30, 2017	\$ 24,685
June 30, 2018	30,059
June 30, 2019	26,796
June 30, 2020	<u>8,782</u>
Total	<u>\$ 90,322</u>

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Projected Salary Increases	5.00% (2.875% Inflation, 2.125% Merit)
Mortality Rates	RP-2000 Disabled Lives Mortality Table for employees (set back 5 years for males and set back 3 years for females) RP-2000 Healthy Annuitant Sex Distinct Table for healthy annuitants (set forward 2 years for males and 1 year for females projected to 2028 using scale AA.) RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B

# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

### **Cost of Living Adjustments**

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

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

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates 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 to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<b>1% Decrease 6.5% Discount Rate</b>	<b>Current Discount Rate 7.5%</b>	<b>1% Increase 8.5 % Discount</b>
Net Pension Liability	\$ 304,528	\$ 235,405	\$ 176,430

### **Municipal Police Employees' Retirement System of Louisiana**

**Plan Description** - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**Funding Policy** - Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of

# ***Town of Lecompte***

## **Notes To Financial Statements**

**June 30, 2017**

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the valuation for the prior fiscal year. The Town's contributions to the plan were equal to the required contributions for the year.

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

Net Pension Liability	\$ 937,281,735
Town's Proportionate Share (Percentage)	.02208%
Town's Proportionate Share (Amount)	<u>\$ 206,952</u>

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

Beginning Net Pension Liability		\$ 94,760
Employer Contributions		(18,265)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	26,354	
Amortization	14,335	
Employee Contributions	<u>(4,109)</u>	36,580
Change in Deferred Outflows of Resources		65,842
Change in Deferred Inflows of Resources		<u>28,035</u>
Ending Net Pension Liability		<u>\$ 206,952</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ ----	\$ 3,292	\$ (3,292)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	31,844	----	31,844
Changes of Assumptions	10,062	12	10,050
Changes in Proportion	102,816	27,783	(75,033)
Employer Contributions Made After the Measurement Date	<u>10,097</u>	<u>-----</u>	<u>10,097</u>
Total Deferrals	154,819	31,087	123,732
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>10,097</u>	<u>----</u>	<u>10,097</u>
Deferrals Subject to Amortization	<u>\$ 144,722</u>	<u>\$ 31,087</u>	<u>\$ 113,635</u>

# ***Town of Lecompte***

## ***Notes To Financial Statements*** ***June 30, 2017***

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

<u>For the Year Ending:</u>	
June 30, 2017	\$ 22,857
June 30, 2018	51,463
June 30, 2019	31,228
June 30, 2020	<u>8,087</u>
Total	<u>\$ 113,635</u>

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

Valuation Date	June 30, 2016								
Actuarial Cost Method	Entry Age Normal Cost								
Investment Rate of Return	7.5% per annum								
Expected Remaining Service Lives	4 Years								
Inflation Rate	2.875% per annum								
Projected Salary Increases Including Inflation and Merit	<table><tr><th><u>Years of Service</u></th><th><u>Salary Growth Rate</u></th></tr><tr><td>1 - 2</td><td>9.75%</td></tr><tr><td>3 - 23</td><td>4.75%</td></tr><tr><td>23 &amp; Over</td><td>4.25%</td></tr></table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1 - 2	9.75%	3 - 23	4.75%	23 & Over	4.25%
<u>Years of Service</u>	<u>Salary Growth Rate</u>								
1 - 2	9.75%								
3 - 23	4.75%								
23 & Over	4.25%								

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.69%
Fixed Income	21%	0.49%
Alternatives	20%	1.11%
Other	6%	0.21%
Totals	<u>100%</u>	<u>5.50%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.25%</u>

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates 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.

# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

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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

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

	1% Decrease 6.5% Discount Rate	Current Discount Rate 7.5%	1% Increase 8.5 % Discount
Net Pension Liability	\$ 275,885	\$ 206,952	\$ 149,077

### **NOTE 11 – CONTINGENCIES:**

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

#### **Litigation:**

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with the Town Attorney, the ultimate outcome of litigation that is pending or anticipated cannot be estimated at the present time. The Town is currently in litigation regarding expenditures of the One Cent Sales Tax Fund. In dispute is whether the Town is able to expend these funds on the police department. While it is not certain at this time whether the Town will be required to repay any funds to the One Cent Sales Tax Fund, the amount could be as high as \$110,023.

#### **Grant Compliance:**

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

### **NOTE 12 – PRIOR PERIOD ADJUSTMENT**

Prior period adjustments were necessary to correct various components of beginning net position and fund balance. The nature of each prior period adjustment is presented as follows:

#### **Additional Construction in Progress**

At the end of the previous year, the Town was engaged in construction activity financed by grant funds. Amounts reported as construction in progress and related grant reimbursements excluded certain amounts that were subject to accrual because the relevant exchange of goods and services had been completed. An adjustment was necessary to record the additional construction in progress and the related grant receivable.

#### **Presentation of Sewer Maintenance**

Generally accepted accounting principles require operations that are financed by user charges to be reported as business-type activities. Since operation of the Town's Sewer System depends on collection of user charges, an adjustment was necessary to report sewer operations as a business-type activity.

# ***Town of Lecompte***

## ***Notes To Financial Statements***

***June 30, 2017***

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### Sales Tax Receivables

Previous sales tax revenues were limited to amounts that were on deposit at year end. This process excluded amounts that were collected by others on the Town's behalf at year end. Accordingly, a prior period adjustment was needed to report the amounts collected by others.

### Depreciation

The Town's depreciation schedule included assets that had been depreciated beyond the original cost. The excess depreciation resulted in reporting a deficit for various assets. A prior period adjustment was needed to eliminate the deficits.

The effect of restatement on beginning net position for the government wide presentation is presented as follows:

	<u>Total Governmental</u>	<u>Total Business- Type</u>	<u>Total Government</u>
To Properly Present Construction in Progress	\$ ----	\$ 305,933	\$ 305,933
To Present the Sewer System as a Business-Type Activity	(2,338,939)	2,338,939	----
To Report Sales Tax Receivable	82,062	----	82,062
To Eliminate Excess Depreciation	68,940	----	68,940
Total Prior Period Adjustment	(2,187,937)	2,644,872	456,935
Beginning Net Position – As Originally Reported	3,909,632	----	3,909,632
Beginning Net Position – As Restated	<u>\$ 1,721,695</u>	<u>\$ 2,644,872</u>	<u>\$ 4,366,567</u>

The effect of restatement on beginning Fund Balances for governmental funds is presented as follows:

	<u>General Fund</u>	<u>One Cent Sales Tax Fund</u>	<u>Other Governmental Funds</u>
To Present the Sewer System as a Business-Type Activity	\$ ----	\$ ----	\$ (620,293)
To Report Sales Tax Receivable	43,910	25,493	12,745
Total Prior Period Adjustment	43,910	25,493	(607,548)
Beginning Fund Balance – As Originally Reported	86,907	(75,993)	593,383
Beginning Fund Balance – As Restated	<u>\$ 130,817</u>	<u>\$ (50,500)</u>	<u>\$ (14,165)</u>

# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

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The effect of restatement on beginning net position for business-type funds is presented as follows:

	<u>Sewer System</u>
To Properly Present Construction in Progress	\$ 305,933
To Present the Sewer System as a Business-Type Activity	<u>2,338,939</u>
Total Prior Period Adjustment	2,644,872
Beginning Net Position – As Originally Reported	<u>----</u>
Beginning Net Position – As Restated	<u>\$ 2,644,872</u>

It was not practical to determine the effect of the restatement on changes in net position and changes in fund balances for the preceding period.

### **NOTE 13 – ON BEHALF PAYMENTS**

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 5,500
Fire Department	<u>----</u>
Total	<u>\$ 5,500</u>

### **NOTE 14: FUND DEFICIT**

As of June 30, 2017, the funds listed below had deficit balances. It is management's policy to cover shortfalls in non-major funds with monies from the Town's General Fund.

<u>Fund</u>	<u>Deficit</u>
One Cent Sales Tax Fund	134,029
Park Fund	8,771
Millage	23,637
Street Improvement	4,423
Red River Delta	2,180

### **NOTE 15 – INTERNAL BALANCES**

Details related to internal balances are presented as follows:

<u>Governmental Activities</u>	<u>Receivable (Payable)</u>	<u>Purpose</u>
General	\$ 65,708	The Town routinely lends money between funds to cover necessary expenses. This results in interfund receivables and payables.
Sewer Construction	(71,833)	
1% Dedicated Sales Tax	(155,065)	
Non-major Governmental Funds	(55,767)	
	<u>\$ (202,922)</u>	

# **Town of Lecompte**

## **Notes To Financial Statements**

**June 30, 2017**

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<u>Business-Type Activities</u>	<u>Receivable (Payable)</u>	<u>Purpose</u>
Sewer System	\$ 202,922	The Town routinely lends money between funds to cover necessary expenses. This results in interfund receivables and payables.

### **NOTE 16 - TRANSFERS**

In the current year, the Town transferred \$1,073 from the General Fund and \$12,137 from the One Cent Sales Tax Fund to the Public Equipment Reserve Fund, to enable it to make loan payments to the USDA. The only other transfer is from the Sewer Construction Fund to the Sewer Maintenance Fund of \$578,705, which was the construction in progress the Sewer Construction Fund paid for on behalf of the Sewer Maintenance Fund.



# **Town of Lecompte**

## General Fund

### Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<b><u>Revenues:</u></b>				
Taxes:				
Ad Valorem	\$ 33,000	\$ 33,000	\$ 36,387	\$ 3,387
Sales	245,000	245,000	283,042	38,042
Licenses & Permits:				
Franchise Fees	70,000	70,000	68,757	(1,243)
Occupational Licenses	50,000	50,000	48,597	(1,403)
Other	3,600	3,600	-	(3,600)
Intergovernmental	-	-	5,500	5,500
Sanitation	60,000	60,000	71,352	11,352
Fines and Forfeitures	200,000	200,000	114,378	(85,622)
Other	10,050	10,050	42,207	32,157
<b>Total revenues</b>	<b>671,650</b>	<b>671,650</b>	<b>670,220</b>	<b>(1,430)</b>
<b><u>General Government:</u></b>				
General Government	279,690	279,690	313,658	(33,968)
Police Department	236,410	236,410	241,776	(5,366)
Street Maintenance	121,360	121,360	118,060	3,300
Recreation Department	33,190	33,190	33,701	(511)
Capital Expenditures	1,000	1,000	77,454	(76,454)
Debt Service	-	-	14,512	(14,512)
<b>Total expenditures</b>	<b>671,650</b>	<b>671,650</b>	<b>799,161</b>	<b>(127,511)</b>

# **Town of Lecompte**

## General Fund

### Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Budget and Actual - Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Excess (Deficiency) of				
Revenues Over Expenditures	-	-	(128,941)	(128,941)
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Financing			53,701	53,701
Operating Transfers Out	-	-	(1,073)	(1,073)
Excess (Deficiency) of				
Revenues and Other Sources				
Over Expenditures and Other				
Uses	-	-	(76,313)	(76,313)
Fund Balance (Deficit) -				
Beginning of Year, As Restated	86,907	86,907	130,817	43,910
Fund Balance (Deficit) -				
End of Year	<u>\$ 86,907</u>	<u>\$ 86,907</u>	<u>\$ 54,504</u>	<u>\$ (32,403)</u>

# **Town of Lecompte**

## One Cent Sales Tax Fund

### Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b><u>Revenues:</u></b>				
Sales Taxes	\$ 125,000	\$ 125,000	\$ 145,794	\$ 20,794
Other	-	-	2,615	2,615
<b>Total revenues</b>	<u>125,000</u>	<u>125,000</u>	<u>148,409</u>	<u>23,409</u>
<b><u>General Government:</u></b>				
Sanitation	80,000	80,000	81,107	(1,107)
Police	21,500	21,500	38,864	(17,364)
Fire	30,000	30,000	70,007	(40,007)
Capital Expenditures	<u>60,000</u>	<u>60,000</u>	<u>29,823</u>	<u>30,177</u>
<b>Total expenditures</b>	<u>191,500</u>	<u>191,500</u>	<u>219,801</u>	<u>(28,301)</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	(66,500)	(66,500)	(71,392)	(4,892)
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers Out	<u>(16,350)</u>	<u>(16,350)</u>	<u>(12,137)</u>	<u>4,213</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues and Other Sources</b>				
<b>Over Expenditures and Other</b>				
<b>Uses</b>	(82,850)	(82,850)	(83,529)	(679)
<b>Fund Balance (Deficit) -</b>				
<b>Beginning of Year, As Restated</b>	<u>82,850</u>	<u>82,850</u>	<u>(50,500)</u>	<u>-</u>
<b>Fund Balance (Deficit) -</b>				
<b>End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (134,029)</u>	<u>\$ (679)</u>

# **Town of Lecompte**

## ***Schedule of Net Pension Liability Data Cost Sharing Retirement Systems***

Retirement System / Measurement Date	Share of Collective		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Net Pension Liability				
	Percent	Amount			
Municipal Employees' Retirement System					
June 30, 2014	0.22622%	99,470	156,965	63.4%	76.9%
June 30, 2015	0.21866%	153,752	208,653	73.7%	68.7%
June 30, 2016	0.28399%	235,405	263,400	89.4%	63.3%
Municipal Police Employees' Retirement System					
June 30, 2014	0.00000%	-	32,874	0.0%	75.1%
June 30, 2015	0.01211%	94,760	61,852	153.2%	70.7%
June 30, 2016	0.02208%	206,952	32,479	637.2%	66.0%

### Notes to Schedule:

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

# **Town of Lecompte**

## ***Schedule of Employer Contributions Cost Sharing Retirement Systems***

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Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2014	14,912	14,912	-	156,968	9.50%
June 30, 2015	19,822	19,822	-	208,653	9.50%
June 30, 2016	22,225	22,225	-	263,400	8.44%
Municipal Police Employees' Retirement System					
June 30, 2014	10,191	10,191	-	32,874	31.00%
June 30, 2015	18,246	18,246	-	61,851	29.50%
June 30, 2016	9,864	9,864	-	32,479	30.37%

Notes to Schedule:

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

# **Town of Lecompte**

## **Combining Balance Sheet Non Major Governmental Funds June 30, 2017**

	Public Equipment Sinking & Reserve	Park	Half-Cent Sales Tax	Pie Festival	Millage	Street Improvement	LCDBG	Red River Delta	Sewer Maintenance Fund	Total Non Major Funds
<b>Assets</b>										
Cash and Cash Equivalents	\$ 8,754	\$ 1	\$ 3,528	\$ 4,216	\$ 7,397	\$ 9,737	\$ 213	\$ 927	\$ -	\$ 34,773
Receivables (net)	-	-	18,884	-	-	-	-	-	-	18,884
Interfund Receivables	-	-	-	-	6,300	-	7,735	-	-	14,035
<b>Total assets</b>	<u>\$ 8,754</u>	<u>\$ 1</u>	<u>\$ 22,412</u>	<u>\$ 4,216</u>	<u>\$ 13,697</u>	<u>\$ 9,737</u>	<u>\$ 7,948</u>	<u>\$ 927</u>	<u>\$ -</u>	<u>\$ 67,692</u>
<b>Liabilities and Fund Balance</b>										
<b>Liabilities</b>										
Accounts payable	\$ -	\$ -	\$ 9,982	\$ -	\$ 9,712	\$ -	\$ 7,735	\$ -	\$ -	27,429
Interfund Payables	1,228	8,772	741	-	27,622	14,160	137	3,107	-	55,767
<b>Total liabilities</b>	<u>1,228</u>	<u>8,772</u>	<u>10,723</u>	<u>-</u>	<u>37,334</u>	<u>14,160</u>	<u>7,872</u>	<u>3,107</u>	<u>-</u>	<u>83,196</u>
<b>Fund Balance</b>										
Restricted For:										
Other Special Purposes	7,526	(8,771)	11,689	4,216	-	-	76	(2,180)	-	12,556
Unassigned	-	-	-	-	(23,637)	(4,423)	-	-	-	(28,060)
<b>Total Fund Balances</b>	<u>7,526</u>	<u>(8,771)</u>	<u>11,689</u>	<u>4,216</u>	<u>(23,637)</u>	<u>(4,423)</u>	<u>76</u>	<u>(2,180)</u>	<u>-</u>	<u>(15,504)</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 8,754</u>	<u>\$ 1</u>	<u>\$ 22,412</u>	<u>\$ 4,216</u>	<u>\$ 13,697</u>	<u>\$ 9,737</u>	<u>\$ 7,948</u>	<u>\$ 927</u>	<u>\$ -</u>	<u>\$ 67,692</u>

# **Town of Lecompte**

## **Combining Statement of Revenues, Expenditures and Changes in Fund Balance** **Non Major Governmental Funds - Year Ended June 30, 2017**

	Public Equipment		Half-Cent		Street		Sewer		Total
	Sinking	Park	Sales Tax	Pie Festival	Millage	Improvement	LCDBG	Red River Delta	Non Major
									Funds
<b><u>Revenues:</u></b>									
Sales Taxes	\$ -	\$ -	\$ 72,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,890
Intergovernmental	-	-	-	-	19,630	-	7,735	-	27,365
Other	-	750	-	14,936	-	-	-	-	15,686
<b>Total Revenues</b>	<u>-</u>	<u>750</u>	<u>72,890</u>	<u>14,936</u>	<u>19,630</u>	<u>-</u>	<u>7,735</u>	<u>-</u>	<u>115,941</u>
<b><u>Expenditures:</u></b>									
Current:									
Recreation/Beautification	-	-	69,217	17,680	-	-	-	-	86,897
Capital Expenditures	-	-	-	-	12,445	-	-	-	12,445
Other	34	-	-	-	10,500	-	7,735	-	18,269
Debt Service	12,880	-	-	-	-	-	-	-	12,880
<b>Total Expenditures</b>	<u>12,914</u>	<u>-</u>	<u>69,217</u>	<u>17,680</u>	<u>22,945</u>	<u>-</u>	<u>7,735</u>	<u>-</u>	<u>130,491</u>
<b>Excess (Deficiency) of</b>									
<b>Revenues Over Expenditures</b>	(12,914)	750	3,673	(2,744)	(3,315)	-	-	-	(14,550)
<b><u>Other Financing Sources (Uses):</u></b>									
Operating Transfers In	13,211	-	-	-	-	-	-	-	13,211
<b>Excess (Deficiency) of</b>									
<b>Revenues and Other Sources</b>									
<b>Over Expenditures and Other</b>									
<b>Uses</b>	297	750	3,673	(2,744)	(3,315)	-	-	-	(1,339)
<b>Fund Balance (Deficit)</b>									
Beginning of Year	7,229	(9,521)	(4,729)	6,960	(20,322)	(4,423)	76	(2,180)	593,383
Changes from Correction of Error	-	-	12,745	-	-	-	-	-	(607,548)
Beginning of Year, As Restated	<u>7,229</u>	<u>(9,521)</u>	<u>8,016</u>	<u>6,960</u>	<u>(20,322)</u>	<u>(4,423)</u>	<u>76</u>	<u>(2,180)</u>	<u>(14,165)</u>
End of Year	<u>\$ 7,526</u>	<u>\$ (8,771)</u>	<u>\$ 11,689</u>	<u>\$ 4,216</u>	<u>\$ (23,637)</u>	<u>\$ (4,423)</u>	<u>\$ 76</u>	<u>\$ (2,180)</u>	<u>\$ (15,504)</u>

# **Town of Lecompte**

## ***Schedule of Compensation Paid to Board Members For the year ended June 30, 2017***

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Robert Baxter	14,400
Virginia Bailey	6,000
Patrick Baker	6,000
George Clark	6,000
Lonnell Clark	6,000
Tamara Williams	<u>6,000</u>
Total Compensation	<u>\$ 44,400</u>



# **Town of Lecompte**

## ***Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the year ended June 30, 2017***

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### **Agency Head (Mayor) - Robert Baxter**

#### **Purpose:**

Compensation		\$ 14,400
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#### **Benefits**

Payroll Taxes	1,102	
Retirement	<u>1,584</u>	2,686

Reimbursements		-
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# **TOWN OF LECOMPTTE**

## ***Summary of Findings and Questioned Cost***

***June 30, 2017***

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### **PART I - SUMMARY OF AUDITOR'S RESULTS:**

- The Independent Auditor's Report on the financial statements for the Town of Lecompte as of June 30, 2017 and for the year then ended reported a disclaimer of opinion.
- A material weakness in internal control was reported in connection with the audit, as listed below.
- Six acts of noncompliance material to the financial statements of the Town of Lecompte were disclosed during the audit as listed below.

### **PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

#### **2017-1: MONITORING OF CLERICAL OPERATIONS**

For a portion of the year, personnel responsible for essential components of the Town's clerical and accounting operations failed to perform their duties properly. Due to the extent of the poor performance, it was not possible for auditors to express an opinion. In order to avoid future problems of this nature, the Mayor and Alderman should establish a process for monitoring clerical and accounting activities. The monitoring process should be structured in such a manner that would identify inadequate performance and permit corrective action in a timely manner.

#### **2017-2: DISCLAIMER OF OPINION**

Due to the condition of the Town's records, it was impossible to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. The disclaimer of opinion is considered a violation of State Law.

#### **2017-3: LATE SUBMISSION OF REPORT**

Louisiana State Law requires that an annual audit be submitted to the Legislative Auditor within six months after the close of the fiscal year. The Town did not submit the annual audit report within the required time frame.

#### **2017-4: IMPROPER SEGREGATION OF FUNDS**

Prior to accepting grant funding, the USDA required the Town to segregate all funds associated with the construction of a sewer treatment facility into a separate fund called the "Sewer Construction Fund". In the current year, the Town deposited monies into this account in error.

#### **2017-5: DEBT COVENANTS**

Prior to accepting a loan from the USDA, the Town agreed to make monthly transfers of \$2,034 into a short-lived assets account. The Town has not made any transfers into this account in the current year.

#### **2017-6: NON-PAYMENT OF PAYROLL TAXES AND RETIREMENT**

Federal law requires employers to remit payment for employment taxes, as well as federal taxes withheld from the payroll checks of employees. The Town did not make all required payments. In addition, the Town participates in a cost-sharing retirement system. All required payments were not made to the retirement system, and forms were not submitted when due.

#### **2017-7: TECHNICAL BUDGET VIOLATION**

In the current year, the expenditures in the General Fund and One Cent Sales Tax Fund exceeded budgeted amounts by more than 5%, which is a violation of the Louisiana Budget Law.

# **TOWN OF LECOMPTÉ**

## ***Management's Corrective Action Plan***

***June 30, 2017***

<b>SECTION I</b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>2017-1: MONITORING OF CLERICAL OPERATIONS</u></b> For a portion of the year, personnel responsible for essential components of the Town's clerical and accounting operations failed to perform their duties properly. Due to the extent of the poor performance, it was not possible for auditors to express an opinion. In order to avoid future problems of this nature, the Mayor and Alderman should establish a process for monitoring clerical and accounting activities. The monitoring process should be structured in such a manner that would identify inadequate performance and permit corrective action in a timely manner.	<b><u>2017-1: MONITORING OF CLERICAL OPERATIONS</u></b> The Town discovered the performance issues, and corrective action has been taken. We will use the knowledge gained from this process to develop procedures that will identify future performance issues at an earlier date and permit more prompt corrective action.
<b><u>2017-2: DISCLAIMER OF OPINION</u></b> Due to the condition of the Town's records, it was impossible to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. The disclaimer of opinion is considered a violation of State Law.	<b><u>2017-2: DISCLAIMER OF OPINION</u></b> We expect the measures described above to prevent future disclaimers of opinion.
<b><u>2017-3: LATE SUBMISSION OF REPORT</u></b> Louisiana State Law requires that an annual audit be submitted to the Legislative Auditor within six months after the close of the fiscal year. The Town did not submit the annual audit report within the required time frame.	<b><u>2017-3: LATE SUBMISSION OF REPORT</u></b> We will insure that in the future our audit report is submitted in a timely fashion as required by Louisiana Law.
<b><u>2017-4: IMPROPER SEGREGATION OF MONIES</u></b> Prior to accepting grant funding, the USDA required the Town to segregate all monies associated with the construction of a sewer treatment facility into a separate bank account called the "Sewer Construction Fund". In the current year, the Town deposited monies into this account in error.	<b><u>2017-4: IMPROPER SEGREGATION OF FUNDS</u></b> When we became aware of this error, we immediately took all monies back out of the account. We will develop procedures that insure this will not happen again.
<b><u>2017-5: DEBT COVENANTS</u></b> Prior to accepting a loan from the USDA, the Town agreed to make monthly transfers of \$2,034 into an account dedicated to the replacement of short-lived assets. The Town has not made any transfers into this account in the current year.	<b><u>2017-5: DEBT COVENANTS</u></b> We will begin making all required transfers monthly, and develop a tickler system so that we can insure compliance in the future.

# **TOWN OF LECOMPTE**

## ***Management's Corrective Action Plan***

***June 30, 2017***

### **2017-6: NON-PAYMENT OF PAYROLL TAXES AND RETIREMENT**

Federal law requires employers to remit payment for employment taxes, as well as federal taxes withheld from the payroll checks of employees. The Town did not make all required payments. In addition, the Town participates in a cost-sharing retirement system. All required payments were not made to the retirement system, and forms were not submitted when due.

### **2017-7: TECHNICAL BUDGET VIOLATION**

In the current year, the expenditures in the General Fund and One Cent Sales Tax Fund exceeded budgeted amounts by more than 5%, which is a violation of the Louisiana Budget Law.

### **2017-6: NON-PAYMENT OF PAYROLL TAXES AND RETIREMENT**

We will develop an internal tickler system so that we can insure compliance in the future, and pay amounts due such authorities in a timely manner. The Town is committed to paying all monies owed to these agencies in the future.

### **2017-7: TECHNICAL BUDGET VIOLATION**

We have examined our budgeting process, and will take corrective action so that we can better predict our revenues and expenditures in future years.

## **SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

### **FINDINGS**

No Findings of this nature.

### **RESPONSE**

No response necessary

## **SECTION III MANAGEMENT LETTER**

### **FINDINGS**

No Findings of this nature.

### **RESPONSE**

No response necessary

# **TOWN OF LECOMPTE**

## ***Prior Year Findings***

***June 30, 2017***

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<b>SECTION I</b> <b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>2016-1</u></b> The Town does not have adequate segregation of duties within the administrative office.	<b><u>Partially Resolved</u></b> The lack of segregation of duties is mitigated by the involvement of the Mayor, who oversees office workers nearly every day. However, clerical operations were not effectively monitored.
<b><u>2016-2</u></b> The job description for Town Clerk does not describe all of the requirements necessary so that the Town will hire someone with sufficient training and knowledge that has the ability to prepare financial statements in accordance with GAAP.	<b><u>Partially Resolved</u></b> The Town is unable to afford the financial burden of hiring someone capable of preparing financial statements in accordance with GAAP. However, in the 18-19 fiscal year, the Town hired a new clerk, who is capable of providing timely, accurate financial information on a framework acceptable to management.
<b><u>2016-3</u></b> The Town did not properly calculate and remit payments to the MERS and MPERS for both employee and employer pension contributions.	<b><u>Unresolved</u></b> This finding has been repeated as Finding 2017-6.
<b><u>2016-4</u></b> Bank Reconciliations were not properly prepared.	<b><u>Unresolved</u></b> This finding is part of Finding 2017-1.
<b><u>2016-5</u></b> The Town did not remit \$108 per month to the Equipment Reserve Fund for the last nine months of the fiscal year.	<b><u>Resolved</u></b> The Town remitted all required monies to the Equipment Reserve Fund in the current year.
<b><u>2016-6</u></b> Multiple vendor invoices were not available for inspection by the auditor.	<b><u>Unresolved</u></b> This finding is part of Finding 2017-1.
<b><u>2016-7</u></b> The accounts payable function was not used to record invoices to be paid in several funds.	<b><u>Resolved</u></b> The Town has recently switched software vendors, which eliminates the need to use the Accounts Payable Function of the previous software.
<b><u>2016-8</u></b> Some employees did not have the proper amounts of FICA withheld from their pay and remitted to the IRS.	<b><u>Unresolved</u></b> The Town has withheld the proper amounts from employees, however the Town has not remitted all amounts to the IRS.
<b><u>2016-9</u></b> The Town of Lecompte used restricted sales tax receipts for expenses that were not eligible under the ordinance.	<b><u>Resolved</u></b> The Town did not pay police salaries out of the One Cent Fund in the current year.

# **TOWN OF LECOMPTE**

## ***Prior Year Findings***

***June 30, 2017***

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SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>FINDINGS</u>  <u>No Findings of this nature.</u>	<u>RESPONSE</u>  <u>No response necessary</u>
SECTION III MANAGEMENT LETTER	
<u>FINDINGS</u>  <u>No Findings of this nature.</u>	<u>RESPONSE</u>  <u>No response necessary</u>

**APPENDIX A**  
**Statewide Agreed-Upon Procedures**



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

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

To the Town of Lecompte and  
the Louisiana Legislative Auditor:

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

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

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

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

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

Rozier, Harrington and McKay  
Certified Public Accountants  
Alexandria, Louisiana  
August 31, 2018



## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response**

---

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories. <ul style="list-style-type: none"><li>• Budgeting</li><li>• Purchasing</li><li>• Disbursements</li><li>• Receipts</li><li>• Payroll/Personnel</li><li>• Contracting</li><li>• Credit Cards</li><li>• Travel and expense reimbursements</li><li>• Ethics</li><li>• Debt</li></ul>	<p>The Town does not have any written procedures regarding the following functions:</p> <ul style="list-style-type: none"><li>○ Budgeting</li><li>○ Purchasing</li><li>○ Disbursements</li><li>○ Receipts</li><li>○ Contracting</li><li>○ Credit Cards</li><li>○ Debt Service</li></ul> <p>The Town's written policies did not address all of the required elements of the following functions:</p> <ul style="list-style-type: none"><li>○ Payroll</li><li>○ Travel and expense reimbursement</li><li>○ Ethics</li></ul>	<b><i>We will examine our written procedures and the Legislative Auditor's "Best Practices" and develop written policies for the specified functions.</i></b>

## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response**

---

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
2 Obtain and inspect 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) Observe 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, observe 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. <i>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.</i>	RHM has reviewed the board and committee minutes for the fiscal period.  The governing board meet monthly with a quorum.  Budget-to-Actual comparisons are not included as part of the Boards monthly report.	<b><i>The results did not contain any critical comments.</i></b>  <b><i>The results did not include findings or criticisms.</i></b>  <b><i>The Town will begin to include budget-to-actual comparisons as part of the Boards monthly report</i></b>

**Town of Lecompte**

**Statewide Agreed-Upon Procedures**

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

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Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe 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.	The General Fund did not have a deficit balances in the previous audit report.	<b><i>The results did not include findings or criticisms.</i></b>

## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response**

---

<b>Bank Reconciliations</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
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 include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);  b) Bank reconciliations include 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.	RHM obtained a listing of the Town's bank accounts and selected five for testing  Bank reconciliations had not been prepared for all accounts.  There is no evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.  There is no documentation reflecting that management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.	<b><i>The results did not contain any critical comments.</i></b>  <b><i>The Town will begin having the Town Clerk prepare the bank reconciliations as part of their month end process.</i></b>  <b><i>In the future, reviews will be performed and documented as necessary.</i></b>  <b><i>The Town will begin having management research reconciling items that have been outstanding for more than 12 months from the statement closing date.</i></b>

## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response**

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Collections		
Agreed-Upon Procedure	Results	Managements' Response
4 Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).	A list of deposit sites and collection locations has been furnished and management has represented that the list is complete.	<b><i>The results did not include findings or criticisms.</i></b>
5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect 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 observe 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.	The facility includes a single cash drawer and computer terminal.	

# **Town of Lecompte**

## **Statewide Agreed-Upon Procedures**

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

Collections		
Agreed-Upon Procedure	Results	Managements' Response
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.	The administrative staff consist of a few people. As a result, opportunities for segregation are limited.	<i>An absence of resources prevents opportunities for segregation but the town plans to put in place procedures to mitigate exposure resulting from these limitations.</i>
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.	The administrative staff consist of a few people. As a result, opportunities for segregation are limited.	<i>An absence of resources prevents opportunities for segregation but the town plans to put in place procedures to mitigate exposure resulting from these limitations.</i>
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.	The administrative staff consist of a few people. As a result, opportunities for segregation are limited.	<i>An absence of resources prevents opportunities for segregation but the town plans to put in place procedures to mitigate exposure resulting from these limitations.</i>
6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.	The administrative staff is covered by an insurance policy that protects against theft.	<i>The results did not include findings or criticisms.</i>
7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select 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	The Town did not have the proper documentation to perform this test. The Town does not have deposit statements that are able to be traced to the bank account, or other primary documentation.	<i>The Town will examine its procedures, and develop a policy that enables the town to better trace collections in the future.</i>

## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

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

Collections		
Agreed-Upon Procedure	Results	Managements' Response
collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:		
a. Observe that receipts are sequentially pre-numbered.	The Town utilizes sequentially numbered receipts.	<i>The results did not include findings or criticisms.</i>
b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.	The Town did not have the proper documentation to perform this test.	<i>The Town will use sequentially pre-numbered receipts that agree to amounts deposited into the bank in the future.</i>
c. Trace the deposit slip total to the actual deposit per the bank statement.	The Town did not have the proper documentation to perform this test.	<i>The Town will prepare and maintain deposit slips that match the actual amount deposited.</i>
d. Observe 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).	Deposits were made within one day of collection	<i>The results did not include findings or criticisms.</i>
e. Trace the actual deposit per the bank statement to the general ledger.	The Town did not have the proper documentation to perform this test. The general ledger could not be traced to the actual deposit per the bank statement.	<i>The Town will work towards being able to provide the appropriate documentation to trace deposits toward the general ledger in the future.</i>

## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response**

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Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).	All disbursements are processed at Town Hall on Weems Avenue.	<b><i>The results did not include findings or criticisms.</i></b>
9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe 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.	The Town does not utilize purchase orders or a formal purchasing process.	<b><i>The Town will implement formal purchasing processes that will allow management to review all purchases.</i></b>
b) At least two employees are involved in processing and approving payments to vendors.	Checks require dual signatures.	<b><i>The results did not include findings or criticisms.</i></b>
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.	The Town Clerk has signatory authority on the checks. The Town Clerk is involved in adding vendors.	<b><i>The absence of restriction is mitigated by checks requiring dual signatures. This allows another member of the administration staff to review disbursements to vendors.</i></b>
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.	The Town Clerk mails the checks. The Town Clerk has signatory authority on the checks and is responsible for processing payments.	<b><i>Town will have someone without signatory authority mail payment to vendors.</i></b>



**Town of Lecompte**

**Statewide Agreed-Upon Procedures**

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

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Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:  a. Observe that the disbursement matched the related original invoice/billing statement.  b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.	Disbursements selected are supported by documentation.  Segregation of duties was not observed on disbursement documentation.	<b><i>The results did not include findings or criticisms.</i></b>  <b><i>The Town will have a member of management review disbursement documentation and document their review.</i></b>

## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response**

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<b>Credit Cards/Debit Cards/Fuel Cards/P-Cards</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
11 Obtain 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. Obtain management's representation that the listing is complete.	Management provided a listing of all active cards and card numbers, as well as the names of the persons who maintained possession of the cards.	<b><i>The results did not include findings or criticisms.</i></b>
12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:  a. Observe 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.  b. Observe that finance charges and late fees were not assessed on the selected statements.	  There is no evidence on the monthly statement that someone other than the authorized card holder reviewed the statement.        The statements examined did not have finance charges or late fees assessed.	        <b><i>The Town will have a member of management other than the authorized card holder review the statement and document their review.</i></b>        <b><i>The results did not include findings or criticisms.</i></b>

**Town of Lecompte****Statewide Agreed-Upon Procedures****Schedule of Procedures, Results and Managements' Response (Continued)**

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Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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).	Transactions totaling \$785.13 did not have supporting documentation or written documentation of the business / public purpose.	<b><i>The Town will have employees submit supporting documentation and written documentation of the business / public purpose of credit card purchases.</i></b>

**Town of Lecompte****Statewide Agreed-Upon Procedures****Schedule of Procedures, Results and Managements' Response**

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
14 Obtain 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 select 5 reimbursements, obtain 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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ( <a href="http://www.gsa.gov">www.gsa.gov</a> ).  b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.  c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).  d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.	The Town Clerk was unable to produce a listing of all travel and travel-related expense reimbursements during the fiscal period. The Town Clerk stated those expenses were not recorded in a way that the accounting software would allow management to produce those expenses.  See Above  See Above  See Above  See Above	<b><i>The Town will record travel and travel-related expense reimbursement in the accounting software so that they can be filtered to review in writing those related expenses. These expenses will be supported by original itemized receipt that identifies precisely what was purchased and documentation of the business/public purpose.</i></b>  <b><i>See Above</i></b>  <b><i>See Above</i></b>  <b><i>See Above</i></b>  <b><i>See Above</i></b>

## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

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

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<b>Contracts</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
15 Obtain 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. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:  a. Observe 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. Observe 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), observe that the original contract terms provided for such an amendment.  d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.	An active vendor list was produced by the town's general ledger software and the Town Clerk represented that the listing was complete.  None of the contracts randomly selected were required by law to be bid in accordance with the Louisiana Public Bid Law.  None of the contracts randomly selected were required by policy or law to be approved by the governing body/board.  None of the contracts randomly selected were amended.  The payments selected for the five contracts agree to contract terms, the invoice, and the related payment.	<b><i>The results did not include findings or criticisms.</i></b>  <b><i>The results did not include findings or criticisms.</i></b>  <b><i>The results did not include findings or criticisms.</i></b>  <b><i>The results did not include findings or criticisms.</i></b>

## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response**

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Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.	Authorized salaries and pay rates are not documented in the personnel file.	<i>Pay rates are typically approved by the governing board and documented in the minutes. In the future, we will include relevant excerpts from the minutes in the personnel file to document the rate of pay in a convenient location.</i>
17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:  a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).  b. Observe that supervisors approved the attendance and leave of the selected employees/officials.  c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.	Daily attendance was documented.  Attendance was not properly approved.  Leave accrued or taken during the pay period is recorded and maintained in a cumulative leave record by the Town Clerk.	<i>The results did not include findings or criticisms.</i>  <i>The Town will have a member of management approve employee's attendance records for approval of attendance.</i>  <i>The results did not include findings or criticisms.</i>
18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records,	Management has represented that no termination payments were made.	<i>The results did not include findings or criticisms.</i>

**Town of Lecompte**

**Statewide Agreed-Upon Procedures**

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

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Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.  19 Obtain 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.	Management has represented that payments and filings have not been completed on time.	<b><i>The Town will have the Town Clerk make payments and filings on time for payroll taxes and retirement contributions.</i></b>

**Town of Lecompte**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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Ethics		
Agreed-Upon Procedure	Results	Managements' Response
20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:  a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.  b. Observe 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.	Documentation demonstrates each employee or official completed one hour of ethics training during the fiscal period.  The Town has not adopted a written ethics policy.	<i><b>The results did not include findings or criticisms.</b></i>  <i><b>Due to the size of our workforce, standards of ethical behavior can be clearly communicated without adopting written policies or requiring formal acknowledgement.</b></i>



## **Town of Lecompte**

### **Statewide Agreed-Upon Procedures**

#### **Schedule of Procedures, Results and Managements' Response**

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Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	The Town entered into a municipal lease for new police vehicles. Supporting documentation was reviewed. This lease did not have to be approved by the State Bond Commission.	<b><i>The results did not include findings or criticisms.</i></b>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	Management provided a listing of all bonds/notes outstanding at the end of the fiscal period and represented that the listing is complete. The Series 2011 Bond was randomly selected. Supporting documentation regarding the debt covenants was inspected. The Town made the required payments and maintained the reserve balance for the debt covenants in the fiscal year.	<b><i>The results did not include findings or criticisms.</i></b>

**Town of Lecompte**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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Other		
Agreed-Upon Procedure	Results	Managements' Response
23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	Based on management's representations, there were no misappropriations.	<b><i>The results did not include findings or criticisms.</i></b>
24 Observe 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.	The poster was noticed in the lobby of town hall. The town does not have a website.	<b><i>The results did not include findings or criticisms.</i></b>