

TOWN OF MAMOU, LOUISIANA

Financial Report

Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Ricky Fontenot, Mayor
and Members of the Board of Aldermen
Town of Mamou, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund (except as described below), and the aggregate remaining fund information of the Town of Mamou, Louisiana (the Town), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Adverse
General Fund	Unmodified
Sales Tax Special Revenue Fund	Unmodified
Utility Enterprise Fund	Unmodified
Savoy Medical Management Group, Inc.	Adverse
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinions on Savoy Medical Management Group, Inc. Fund and Business-Type Activities

Management has not included the Savoy Medical Management Group, Inc. Fund in the Town’s financial statements. Accounting principles generally accepted in the United States of America require the Savoy Medical Management Group, Inc. Fund to be presented as a major enterprise fund and financial information about the Savoy Medical Management Group, Inc. Fund to be part of the business-type activities, thus increasing that activity’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses, and changing its net position. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the omitted major fund would have been increased by \$9,753,551, \$2,862,154, \$6,891,397, \$21,651,300, and \$23,344,344, respectively.

Additionally, because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the business-type activities would have been reported as \$13,513,487, \$3,110,798, \$10,402,689, \$21,979,387, and \$24,740,680, respectively.

Adverse Opinions

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinions on the Savoy Medical Management Group, Inc. Fund and Business-Type Activities” paragraph, the financial statements referred to above do not present fairly the financial position of the Savoy Medical Management Group, Inc. Fund and the business-type activities of the Town as of December 31, 2017, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund other than the Savoy Medical Management Group, Inc. Fund, and the aggregate remaining fund information of the Town of Mamou, Louisiana, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 46 - 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Mamou, Louisiana has omitted management's discussion and analysis that, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mamou, Louisiana's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statement of financial position, individual fund financial statements, and the schedule of interest bearing deposits included in other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of financial position, individual fund financial statements, and the schedule of interest bearing deposits are fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative amounts included in this information have been derived from the Town of Mamou, Louisiana's 2016 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The budgetary comparison schedules, schedule of number of utility customers and the schedule of insurance in force included in other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated June 15, 2018, on our consideration of the Town of Mamou, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Mamou, Louisiana's 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 Mamou, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 15, 2018

BASIC FINANCIAL STATEMENTS

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

TOWN OF MAMOU, LOUISIANA

Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$1,401,162	\$ 536,503	\$1,937,665
Receivables, net	118,494	221,155	339,649
Due from other governmental units	13,022	-	13,022
Inventory	-	20,921	20,921
Prepaid items	38,152	10,963	49,115
Restricted assets:			
Cash and interest-bearing deposits	-	253,958	253,958
Capital assets, net	<u>4,131,708</u>	<u>2,716,436</u>	<u>6,848,144</u>
Total assets	<u>5,702,538</u>	<u>3,759,936</u>	<u>9,462,474</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>22,249</u>	<u>-</u>	<u>22,249</u>
LIABILITIES			
Accounts and other payables	158,900	71,836	230,736
Claims payable	25,654	-	25,654
Internal balances	77,150	(77,150)	-
Customer deposits	-	253,958	253,958
Net pension liability	<u>109,383</u>	<u>-</u>	<u>109,383</u>
Total liabilities	<u>371,087</u>	<u>248,644</u>	<u>619,731</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>1,100</u>	<u>-</u>	<u>1,100</u>
NET POSITION			
Net investment in capital assets	4,131,708	2,716,436	6,848,144
Unrestricted	<u>1,220,892</u>	<u>794,856</u>	<u>2,015,748</u>
Total net position	<u>\$5,352,600</u>	<u>\$3,511,292</u>	<u>\$8,863,892</u>

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

TOWN OF MAMOU, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2017

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 860,517	\$ 132,782	\$ 6,000	\$ -	\$ (721,735)	\$ -	\$ (721,735)
Public safety -							
Police	894,432	441,485	34,717	-	(418,230)	-	(418,230)
Streets	727,735	-	5,000	-	(722,735)	-	(722,735)
Culture and recreation	238,031	15,655	-	-	(222,376)	-	(222,376)
Judicial	47,960	-	-	-	(47,960)	-	(47,960)
Total governmental activities	<u>2,768,675</u>	<u>589,922</u>	<u>45,717</u>	<u>-</u>	<u>(2,133,036)</u>	<u>-</u>	<u>(2,133,036)</u>
Business-type activities:							
Gas	516,197	649,991	-	16,568	-	150,362	150,362
Water	454,456	552,616	-	-	-	98,160	98,160
Sewer	425,683	503,769	-	-	-	78,086	78,086
Total business-type activities	<u>1,396,336</u>	<u>1,706,376</u>	<u>-</u>	<u>16,568</u>	<u>-</u>	<u>326,608</u>	<u>326,608</u>
Total	<u>\$ 4,165,011</u>	<u>\$ 2,296,298</u>	<u>\$ 45,717</u>	<u>\$ 16,568</u>	<u>\$ (2,133,036)</u>	<u>\$ 326,608</u>	<u>\$ (1,806,428)</u>
General revenues:							
Taxes -							
Ad valorem taxes, levied for general purposes					66,903	-	66,903
Ad valorem taxes, levied for streets and recreation					113,917	-	113,917
Sales and use taxes, levied for general purposes					445,141	-	445,141
Sales and use taxes, levied for capital improvements					176,747	-	176,747
Sales and use taxes, levied for industry and tourism inducement					32,731	-	32,731
Franchise taxes					138,641	-	138,641
Grants and contributions not restricted to specific programs -							
State sources					6,863	-	6,863
Interest and investment earnings					1,756	1,479	3,235
Nursing home lease revenue					434,400	-	434,400
Nonemployer pension contribution					2,392	-	2,392
Miscellaneous					45,378	-	45,378
Transfers					432,867	(432,867)	-
Total general revenues and transfers					<u>1,897,736</u>	<u>(431,388)</u>	<u>1,466,348</u>
Change in net position					(235,300)	(104,780)	(340,080)
Net position - January 1, 2017					<u>5,587,900</u>	<u>3,616,072</u>	<u>9,203,972</u>
Net position - December 31, 2017					<u>\$ 5,352,600</u>	<u>\$ 3,511,292</u>	<u>\$ 8,863,892</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

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

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund

To account for the receipt and use of proceeds of the Town's two 1% sales and use taxes as described below.

The proceeds of the Town's 1986 1% sales tax are dedicated to and used for any lawful corporate purpose of the Town. This tax was renewed by the voters of the Town in April 2011.

The proceeds of the Town's 1991 1% sales tax are dedicated and divided as follows: thirty-five percent (35%) for any lawful corporate purpose of the Town; ten percent (10%) for inducing and attracting commerce, industry and tourism in the Town, including the acquisition and improvement of land and buildings there for; and fifty-five percent (55%) for constructing, acquiring, improving and/or extending any work of capital improvement for the Town.

Enterprise Fund

Utility Fund -

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

TOWN OF MAMOU, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2017

ASSETS	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Total</u>
Cash	\$ 71,125	\$ -	\$ 71,125
Interest-bearing deposits	743,920	569,077	1,312,997
Receivables:			
Taxes	117,213	-	117,213
Other	1,281	-	1,281
Due from other funds	-	18,894	18,894
Due from other governmental units	<u>13,022</u>	<u>-</u>	<u>13,022</u>
Total assets	<u>\$ 946,561</u>	<u>\$ 587,971</u>	<u>\$1,534,532</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and other payables	\$ 145,505	\$ 13,395	\$ 158,900
Due to other funds	<u>123,814</u>	<u>-</u>	<u>123,814</u>
Total liabilities	<u>269,319</u>	<u>13,395</u>	<u>282,714</u>
Deferred inflows of resources:			
Unavailable revenue	<u>27,044</u>	<u>-</u>	<u>27,044</u>
Fund balances:			
Restricted - operations and maintenance	-	416,124	416,124
Restricted - capital expenditures	-	91,210	91,210
Restricted - industry and tourism inducement	-	67,242	67,242
Unassigned	<u>650,198</u>	<u>-</u>	<u>650,198</u>
Total fund balances	<u>650,198</u>	<u>574,576</u>	<u>1,224,774</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 946,561</u>	<u>\$ 587,971</u>	<u>\$1,534,532</u>

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

TOWN OF MAMOU, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2017

Total fund balances for governmental funds at December 31, 2017		\$ 1,224,774
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 269,650	
Buildings and improvements, net of \$1,332,863 accumulated depreciation	2,096,545	
Infrastructure, net of \$1,350,286 accumulated depreciation	1,501,601	
Equipment, furniture, and fixtures, net of \$613,866 accumulated depreciation	200,439	
Vehicles, net of \$251,819 accumulated depreciation	<u>63,473</u>	4,131,708
Differences between prepaid expense on modified accrual basis versus accrual basis		38,152
The deferred outflows of contributions to the retirement system are not available resources, and therefore, are not reported in the funds.		22,249
Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.		
Unavailable revenue:		
Delinquent ad valorem taxes		27,044
Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consists of the following:		
Net pension liability		(109,383)
The deferred inflows of contributions to the retirement system are not payable from current expendable resources and, therefore, are not reported in the funds.		(1,100)
Net position of the group self-insurance internal service fund		<u>19,156</u>
Total net position of governmental activities at December 31, 2017		<u>\$ 5,352,600</u>

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

TOWN OF MAMOU, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

For the Year Ended December 31, 2017

	General	Sales Tax Special Revenue	Total
	<u>General</u>	<u>Revenue</u>	<u>Total</u>
Revenues:			
Taxes	\$ 323,045	\$ 654,619	\$ 977,664
Licenses and permits	132,782	-	132,782
Intergovernmental	97,921	-	97,921
Fines and forfeits	396,144	-	396,144
Miscellaneous	496,538	651	497,189
Total revenues	<u>1,446,430</u>	<u>655,270</u>	<u>2,101,700</u>
Expenditures:			
Current -			
General government:			
Administrative	772,165	53,062	825,227
Public safety:			
Police	875,266	-	875,266
Highways and streets	650,349	-	650,349
Culture and recreation	158,339	-	158,339
Judicial	47,474	-	47,474
Capital outlay	19,236	163,525	182,761
Total expenditures	<u>2,522,829</u>	<u>216,587</u>	<u>2,739,416</u>
Excess (deficiency) of revenues over expenditures	<u>(1,076,399)</u>	<u>438,683</u>	<u>(637,716)</u>
Other financing sources (uses):			
Transfers out	977,921	(545,054)	432,867
Net changes in fund balances	(98,478)	(106,371)	(204,849)
Fund balances, beginning	<u>748,676</u>	<u>680,947</u>	<u>1,429,623</u>
Fund balances, ending	<u>\$ 650,198</u>	<u>\$ 574,576</u>	<u>\$1,224,774</u>

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

TOWN OF MAMOU, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

Total net changes in fund balances for the year ended December 31, 2017 per the statement of revenues, expenditures and changes in fund balances \$(204,849)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on the statement of revenues, expenditures and changes in fund balances	\$ 180,794	
Depreciation expense for the year ended December 31, 2017	<u>(225,697)</u>	(44,903)

Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows of resources at the fund level.

Net change in unavailable revenues - Delinquent ad valorem taxes	(3,584)
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Differences between prepaid expenses on modified accrual basis versus accrual basis	38,152
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Net pension (expense) benefit not requiring the use of current economic resources, and therefore, not recorded as a fund expenditure.	(6,672)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of the following:

Nonemployer contributions to the retirement system	2,392
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Net income of group self-insurance internal service fund	<u>(15,836)</u>
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Total changes in net position for the year ended December 31, 2017 per the statement of activities \$ (235,300)

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

TOWN OF MAMOU, LOUISIANA

Statement of Net Position
 Proprietary Funds
 December 31, 2017

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
ASSETS		
Current assets:		
Cash	\$ -	\$ 17,040
Interest-bearing deposits	536,503	-
Receivables -		
Accounts	141,805	-
Unbilled utility receivables	79,231	-
Accrued interest receivable	57	-
Other	62	-
Due from other funds	77,150	27,770
Inventory - natural gas	20,921	-
Prepaid items	<u>10,963</u>	<u>-</u>
Total current assets	<u>866,692</u>	<u>44,810</u>
Noncurrent assets:		
Restricted assets -		
Interest-bearing deposits	253,958	-
Capital assets, net	<u>2,716,436</u>	<u>-</u>
Total noncurrent assets	<u>2,970,394</u>	<u>-</u>
Total assets	<u>3,837,086</u>	<u>44,810</u>
LIABILITIES		
Current liabilities (payable from current assets):		
Accounts and other payables	71,836	-
Claims payable	<u>-</u>	<u>25,654</u>
Total	71,836	25,654
Current liabilities (payable from restricted assets):		
Customer deposits	<u>253,958</u>	<u>-</u>
Total liabilities	<u>325,794</u>	<u>25,654</u>
NET POSITION		
Net investment in capital assets	2,716,436	-
Unrestricted	<u>794,856</u>	<u>19,156</u>
Total net position	<u>\$ 3,511,292</u>	<u>\$ 19,156</u>

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

TOWN OF MAMOU, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2017

	<u>Business-type Activities-</u> <u>Enterprise Fund</u>	<u>Governmental Activities -</u> <u>Internal Service Fund</u>
Operating revenues:		
Charges for services	\$1,634,653	\$ 451,334
Permits, reconnections and penalties	52,009	-
Miscellaneous	19,714	-
Total operating revenues	<u>1,706,376</u>	<u>451,334</u>
Operating expenses:		
Gas department expenses	496,629	-
Water department expenses	403,039	-
Sewerage department expenses	298,863	-
Depreciation expense	197,805	-
Self insurance expenses	-	467,170
Total operating expenses	<u>1,396,336</u>	<u>467,170</u>
Operating income (loss)	310,040	(15,836)
Nonoperating revenues (expenses):		
Interest income	<u>1,479</u>	<u>-</u>
Income (loss) before contributions and transfers	311,519	(15,836)
Capital contributions	<u>16,568</u>	<u>-</u>
Income (loss) before transfers	328,087	(15,836)
Transfers out	<u>(432,867)</u>	<u>-</u>
Change in net position	(104,780)	(15,836)
Net position, beginning	<u>3,616,072</u>	<u>34,992</u>
Net position, ending	<u>\$3,511,292</u>	<u>\$ 19,156</u>

The accompanying notes are an integral part of this statement.

TOWN OF MAMOU, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended December 31, 2017

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:		
Receipts from customers	\$ 1,671,979	\$ 451,334
Payments to suppliers	(922,582)	(463,445)
Payments to employees	(255,390)	-
Other receipts	<u>19,714</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>513,721</u>	<u>(12,111)</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	6,899	111
Transfers to other funds	<u>(432,867)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(393,468)</u>	<u>111</u>
Cash flows from capital and related financing activities:		
Net increase in customer deposits	14,453	-
Net acquisition of property, plant and equipment	<u>(228,416)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(213,963)</u>	<u>-</u>
Cash flows from investing activities:		
Net purchases of interest-bearing deposits with maturity in excess of ninety days	(369)	-
Interest earned	<u>1,433</u>	<u>-</u>
Net cash provided by investing activities	<u>1,064</u>	<u>-</u>
Net decrease in cash and cash equivalents	(92,646)	(12,000)
Cash and cash equivalents, beginning of period	<u>648,786</u>	<u>29,040</u>
Cash and cash equivalents, end of period	<u>\$ 556,140</u>	<u>\$ 17,040</u>

(continued)

TOWN OF MAMOU, LOUISIANA

Statement of Cash Flows
 Proprietary Funds (Continued)
 For the Year Ended December 31, 2017

	<u>Business-type Activities -</u> <u>Enterprise Fund</u>	<u>Governmental Activities -</u> <u>Internal Service Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 310,040	\$ (15,836)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	197,805	-
Changes in current assets and liabilities:		
Increase accounts receivable	(6,740)	-
Increase in provision for uncollectible accounts	1,159	-
Increase unbilled utility receivables	(9,451)	-
Decrease in other receivables	349	-
Decrease in inventory	8,946	-
Increase in prepaid items	(308)	-
Increase in accounts payable	12,757	-
Decrease in provision for compensated absences payable	(836)	-
Increase in claims payable	<u>-</u>	<u>3,725</u>
Net cash provided (used) by operating activities	<u>\$ 513,721</u>	<u>\$ (12,111)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ -	\$ 29,040
Interest-bearing deposits - unrestricted	643,233	-
Interest-bearing deposits - restricted	239,505	-
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(233,952)</u>	<u>-</u>
Total cash and cash equivalents	<u>648,786</u>	<u>29,040</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	-	17,040
Interest-bearing deposits - unrestricted	536,503	-
Interest-bearing deposits - restricted	253,958	-
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(234,321)</u>	<u>-</u>
Total cash and cash equivalents	<u>556,140</u>	<u>17,040</u>
Net decrease	<u>\$ (92,646)</u>	<u>\$ (12,000)</u>

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

TOWN OF MAMOU, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of the Town of Mamou (Town) are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting and reporting framework and the more significant accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary Government

The Town of Mamou was incorporated on January 4, 1911, under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

Component Units

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

These financial statements include the primary government financial statements only. Based upon these criteria, the Town should include the component unit detailed below in the financial reporting entity. The following component unit of the Town is not presented in these financial statements:

Blended Component Unit -

Savoy Medical Management Group, Inc.

Savoy Medical Management Group, Inc., a nonprofit organization doing business as Savoy Medical Center, was determined to be a component unit but is not presented in the accompanying financial statements. The organization is a nonprofit organization incorporated on November 11, 2009. The organization was formed for the purpose of providing medical and health related services to communities in and around Mamou, Parish of Evangeline, Louisiana, and to those persons or individuals seeking healthcare and is exempt from income taxes under Section 504(c)(3) of the Internal Revenue Code. The sole member of this corporation shall be the Town of Mamou, Louisiana, which shall act through individuals duly elected and then serving on the Town of Mamou Council. The management and affairs of this corporation shall be at all times under the direction of the Board of Trustees which shall at all times consist of at least three (3) but no more than nine (9) members appointed by the sole Member's governing body. The Board of Trustees may include at least two (2) members of the sole Member's governing body.

On December 11, 2014, the Town adopted a resolution authorizing a termination and mutual release agreement with Savoy Medical Management Group, Inc. effective January 4, 2015. This agreement provides that the Town will forgive all rent, payments, and other consideration due and owing to the Town under the lease, whether past due or current. The Town also entered into a Special Services Management Agreement between Savoy Medical Management Group, Inc. (of which the Town is the sole member), the Town of Mamou, and Evangeline Clinical Services, Inc. Under this agreement, Savoy Medical Management Group, Inc. will continue to operate Savoy Medical Center with managerial assistance from Evangeline Clinical Services, Inc., which will allow access to managerial and administrative expertise in the delivery and operations of hospitals and to clinically integrate Savoy Medical Center with the Christus Health Central Louisiana network of physicians, clinics and hospitals, in order to improve access, quality, availability and efficiency of care for residents of the Mamou community. The agreement will remain in effect for an initial term of fifteen years and shall automatically continue thereafter for additional terms of five years.

Complete financial statements for the component unit may be obtained at the entity's administrative office (Savoy Medical Management Group, Inc., 801 Poinciana, Mamou, LA 70554).

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

Fund Financial Statements

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

The General Fund is always a major fund. Other individual governmental and enterprise major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or total enterprise fund) and at least five percent of the corresponding total for all governmental and enterprise funds combined or funds designated as major at the discretion of the Town. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

Governmental Funds –

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

General Fund

The General Fund represents the operating activities of the Town. All financial resources not accounted for in other funds are reported in the General Fund.

Special Revenue Funds

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

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

The Sales Tax Special Revenue Fund is used to account for the proceeds of two separate one percent sales and use taxes that are legally restricted to expenditures for specific purposes.

Capital Projects Funds

Capital Projects Funds are used to report resources that are restricted, committed or assigned to expenditures for major capital acquisition and construction separately from ongoing operational activities. The Town has no major capital projects funds.

Debt Service Funds

Debt Service Funds are used to account for and report resources that are restricted, committed or assigned to expenditures for principal and interest. The Town has no major debt service funds.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and nonmajor funds aggregated. A reconciliation is presented to summarize the differences in fund balances of the governmental fund financial statements and the net position of the governmental activities in the government-wide financial statements.

Proprietary Funds –

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

Enterprise Funds

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

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Internal Service Funds

Internal Service Funds are used to report activities which provide goods or services to other funds, departments, or agencies of the primary government and its components units, or to other governments, on a cost-reimbursement basis. The Town includes services such as the provision of insurance benefits in these funds. All of the internal service fund's net position and activities are combined with the governmental activities in the government-wide financial statements. The Town's internal service fund is the Employee Benefits Fund.

Enterprise and internal service fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities column. A column representing internal service funds is also presented in these statements, with the internal service fund's net position and activities combined with the governmental activities in the government-wide financial statements.

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

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

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

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. An exception to this is grant revenue collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax revenue, franchise fees, charges for services and investment income based upon this concept. Expenditures generally are recognized when related fund liabilities are incurred and become payable in the current period. Proceeds of debt

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

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

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

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

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

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Town.

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

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

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and franchise taxes. Business-type activities report customer utility service receivables as the major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible customer utility receivables was \$203,555 at December 31, 2017. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Interfund receivables and payables

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

Inventory

Inventory of the Utility Fund consists of natural gas being held in storage on behalf of the Town by the Louisiana Municipal Gas Authority and is valued at a price per MCF determined by the Louisiana Municipal Gas Authority. Supplies and parts on hand are considered immaterial and have been accounted for using the purchase method.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of utility fund that are legally restricted as to their use. The restricted assets in the utility fund are related to the utility meter deposits.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Capital Assets

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

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

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

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

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

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. The long-term debt consists of utility meter deposits payable.

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

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Compensated Absences

Sick leave is earned at the rate of one day for each month worked, with a limit of twelve days per year. An employee may not carry over or accumulate more than forty-eight days of sick leave from one year to another. Sick leave is not payable at termination of employment. Vacation leave is earned over an anniversary year basis at the rate of one day for each month worked, with a limit of twelve days per year. An employee may not carry over or accumulate vacation leave from one employment anniversary date to another.

For fund financial statements, vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term liabilities.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plan. The Town reported deferred outflows of resources related to pension of \$22,249 at December 31, 2017.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category in the government-wide statement of net position, the deferred inflow of resources attributable to its pension plan. The Town reported deferred inflows of resources related to pensions of \$1,100 at December 31, 2017. The Town also reported deferred inflows of resources related to unavailable delinquent ad valorem tax revenue totaling \$27,044 in the General Fund at December 31, 2017.

Equity Classifications

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any notes or other borrowing attributable to the acquisition, construction, or improvement of those assets.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

2. Restricted net position consists of net position with constraints placed on the use either by external groups, such as grantors, creditors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
3. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

1. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
2. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, donors, creditors, or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal legislative action of the Mayor and Board of Aldermen and does not lapse at year-end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an ordinance by the Mayor and Board of Aldermen.
4. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town Clerk with the approval of a resolution by the Mayor and Board of Aldermen.
5. Unassigned includes fund balance amounts within the General Fund which have not been classified within the above-mentioned categories. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

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

E. Revenues, Expenditures, and Expenses

Revenues

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

There are three classifications of programmatic revenues for the Town, program specific grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. The primary sources of program revenues are fees, fines, and charges paid by recipients of goods and services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and earned income in connection with the operation of the Town's utility system. Interest income is recorded as earned in the fund holding the interest-bearing asset. Substantially all other revenues are recorded when received.

Operating and Nonoperating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Gas, water and sewer revenue	Utility operations

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

G. Capitalization of Interest Expense

It is the policy of the Town of Mamou, Louisiana to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the proprietary funds. At December 31, 2017, there were no borrowings for assets under construction and no capitalized interest expense recorded.

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended December 31, 2017, taxes of 18.22 mills were levied on property with assessed valuations totaling \$9,508,710 and were dedicated as follows:

General corporate purposes	6.73 mills
Streets and recreation maintenance	<u>11.49 mills</u>
Total	<u>18.22 mills</u>

Total taxes levied for 2017 totaled \$173,252. Taxes receivable at December 31, 2017 totaled \$85,469.

(3) Sales and Use Tax

- A. Proceeds of the 1986 1% sales and use tax levied by the Town of Mamou, renewed in April 2011 (2017 collections \$327,310), are dedicated for any lawful corporate purposes of the Town. The tax will expire on April 30, 2036.
- B. Proceeds of the 1991 1% sales and use tax levied by the Town of Mamou, renewed in October 2015 (2017 collections \$327,310), are dedicated to the following purposes: Thirty-five percent (35%) for any lawful corporate purposes of the Town; ten percent (10%) for inducing and attracting commerce, industry and tourism in the Town, including the acquisition and improvement of land and buildings there for; and fifty-five percent (55%) for constructing, acquiring, improving and /or extending any work of capital improvement for the Town. The tax will expire on December 31, 2040.

(4) Cash, Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the Town had cash and interest-bearing deposits (book balances) totaling \$2,191,623 as follows:

Demand deposits	\$ 88,165
Money market and savings accounts	1,742,961
Time deposits	<u>360,497</u>
Total	<u>\$ 2,191,623</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered, or the Town will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at December 31, 2017, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 2,160,030</u>
Insured	\$ 1,250,000
Pledged securities	<u>910,030</u>
Total	<u>\$ 2,160,030</u>

Deposits in the amount of \$910,030 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

The Town follows state law regarding its deposits and investments; however, it has not adopted a formal deposit and investment policy.

(5) Receivables

Receivables at December 31, 2017 totaling \$339,649 consist of the following:

	Governmental Activities	Business type Activities	Total
Accounts	\$ -	\$ 344,389	\$ 344,389
Unbilled utility	-	79,231	79,231
Allowance for uncollectible accounts	-	(203,555)	(203,555)
Ad valorem	85,469	-	85,469
Franchise tax	31,744	-	31,744
Other	<u>1,281</u>	<u>1,090</u>	<u>2,371</u>
Totals	<u>\$ 118,494</u>	<u>\$ 221,155</u>	<u>\$ 339,649</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(6) Due from Other Governmental Units

Amounts due from other governmental units of \$13,022 at December 31, 2017 consist of the following:

	<u>Governmental Activities</u>	<u>Business type Activities</u>	<u>Total</u>
State of Louisiana -			
Beer tax revenue receivable	\$ 1,595	\$ -	\$ 1,595
DOTD road maintenance	2,500	-	2,500
Louisiana Department of Corrections -			
state prisoner housing reimbursement	<u>8,927</u>	<u>-</u>	<u>8,927</u>
Totals	<u>\$ 13,022</u>	<u>\$ -</u>	<u>\$ 13,022</u>

(7) Restricted Assets

Restricted assets in the Enterprise Utility Fund at December 31, 2017 represent amounts held for customer deposits totaling \$253,958.

(8) Capital Assets

Capital asset balances and activity for the year ended December 31, 2017 is as follows:

	<u>Balance 01/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 269,650	\$ -	\$ -	\$ 269,650
Plaza mural	13,503	-	-	13,503
Other capital assets:				
Buildings and improvements	3,398,914	16,991	-	3,415,905
Infrastructure	2,839,057	12,830	-	2,851,887
Equipment, furniture and fixtures	689,632	124,673	-	814,305
Vehicles	<u>331,979</u>	<u>26,300</u>	<u>42,987</u>	<u>315,292</u>
Totals	<u>7,542,735</u>	<u>180,794</u>	<u>42,987</u>	<u>7,680,542</u>
Less accumulated depreciation				
Buildings and improvements	1,238,154	94,709	-	1,332,863
Infrastructure	1,276,050	74,236	-	1,350,286
Equipment, furniture and fixtures	582,393	31,473	-	613,866
Vehicles	<u>269,527</u>	<u>25,279</u>	<u>42,987</u>	<u>251,819</u>
Total accumulated depreciation	<u>3,366,124</u>	<u>225,697</u>	<u>42,987</u>	<u>3,548,834</u>
Governmental activities, capital assets, net	<u>\$ 4,176,611</u>	<u>\$ (44,903)</u>	<u>\$ -</u>	<u>\$ 4,131,708</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Business-type activities:				
Capital assets not being depreciated:				
Land - sewer system	\$ 63,910	\$ -	\$ -	\$ 63,910
Other capital assets:				
Gas system	648,850	47,480	-	696,330
Water system	2,591,836	29,546	-	2,621,382
Sewer system	4,880,913	51,763	-	4,932,676
Machinery and equipment	291,228	99,627	-	390,855
Totals	<u>8,476,737</u>	<u>228,416</u>	<u>-</u>	<u>8,705,153</u>
Less accumulated depreciation				
Gas system	560,713	8,808	-	569,521
Water system	2,133,025	49,284	-	2,182,309
Sewer system	2,876,873	118,324	-	2,995,197
Machinery and equipment	220,301	21,389	-	241,690
Total accumulated depreciation	<u>5,790,912</u>	<u>197,805</u>	<u>-</u>	<u>5,988,717</u>
Business-type activities, capital assets, net	<u>\$ 2,685,825</u>	<u>\$ 30,611</u>	<u>\$ -</u>	<u>\$ 2,716,436</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 34,765
Police	26,687
Highways and streets	77,148
Culture and recreation	87,039
Judicial	<u>58</u>
 Total depreciation expense	 <u>\$ 225,697</u>

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

Gas	\$ 19,568
Water	51,417
Sewer	<u>126,820</u>
 Total depreciation expense	 <u>\$ 197,805</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(9) Accounts and Other Payables

Accounts and other payables consist of the following at December 31, 2017:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 95,338	\$ 65,010	\$ 160,348
Salaries payable	21,447	-	21,447
Payroll taxes	20,306	-	20,306
Compensated absences payable	<u>21,809</u>	<u>6,826</u>	<u>28,635</u>
Totals	<u>\$ 158,900</u>	<u>\$ 71,836</u>	<u>\$ 230,736</u>

(10) Unavailable Revenues

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year end (and, therefore, unavailable to pay liabilities of the current period). Unavailable revenue received after 60 days is fully recognized as revenue in the government-wide financial statements. At December 31, 2017, governmental funds' revenues that have been earned but are unavailable totaled \$27,044 which was comprised of delinquent ad valorem tax revenue.

(12) Pension Plan

Municipal Police Employees Retirement System of Louisiana (System)

The Town participates in a cost-sharing multiple-employer defined benefit pension plan, the Municipal Police Employees Retirement System of Louisiana (MPERS), administered by a separate public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan administered by this public employee retirement system to the State Legislature. The plan is not closed to new entrants. One employee of the Town participates in the system.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Plan Description – State of Louisiana – Municipal Police Employees’ Retirement System (MPERS) provides retirement, disability, and survivor benefits to municipal police officers in Louisiana and their beneficiaries as defined in LRS 11:2211-11:2233.

MPERS financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest income is recognized when earned. Insurance premium tax monies are received as additional employer contributions and considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study.

Benefits provided – Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per the number of years of creditable service not to exceed 100% of final salary. Years of service required and/or age eligible for benefits are as follows: 25 years at any age; 20 years at age 55; 12 years at age 55; 20 years at any age with actuarial reduced benefits; 30 years at any age under non hazardous duty sub plan commencing January 1, 2013; 25 years at age 55 under non hazardous duty sub plan commencing January 1, 2013; and 10 years at age 60 under non hazardous duty sub plan commencing January 1, 2013. Benefit percentages per year of service are as follows: 2.5% for membership commencing January 1, 2013 non hazardous duty plan; 3.0% for hazardous duty plan; and 3.33% for membership prior to January 1, 2013.

Contributions – Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. In addition, MPERS receives insurance premium tax monies as additional employer contributions. These taxes are considered support form a noncontributing entity and appropriated by the Legislature each year based on an actuarial study. For the year ended December 31, 2017, the contribution percentages for employees and employers were 10.0% and 31.75%, respectively, through June 30, 2017 and 10.0% and 30.75%, respectively, commencing July 1, 2017. The amounts contributed from non-employer contributing entities and from the Town for the year ended December 31, 2017 were \$2,392 and \$11,353, respectively.

At December 31, 2017, the Town reported payables of \$1,626 for the outstanding amount of contributions due to the retirement system for the year.

Net Pension Liability – The Town’s net pension liability at December 31, 2017 of \$109,383 is comprised of its proportionate share of the net pension liability relating to the cost-sharing plan. The Town’s net pension liability for the plan was measured as of the plan’s measurement date, June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportionate share of the net pension liability for the plan was based on the Town’s required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Town’s proportion for the plan was 0.012529% and the change in proportion from the prior measurement date was an increase of 0.00052%.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Since the measurement date of the pension liability was June 30, 2017, the net pension liability is based upon fiduciary net position for the plan as of that date. Detailed information about the plan’s assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town’s net pension liability is available in the separately issued plan financial report which may be accessed on their website at <http://lampers.org/>.

Actuarial Assumptions – The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for MPERS:

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Investment Rate of Return	7.325%, net of investment expense	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.700%	
Salary increases, including inflation and merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	<p>RP-2000 Combined Health with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>	
Cost-of-Living Adjustments	<p>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.</p>	

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Cost of Living Adjustments – MPERS has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the MPERS to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefits changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Discount Rate – The discount rate used to measure the Town’s total liability for MPERS plan and the significant assumptions used in the determination of the discount rate was 7.325%, which was the same rate as the prior valuation. The plan member contributions will be made at the current contribution rate and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the Town’s total pension liability for the pension plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MPERS, the long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for MPERS in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternative	20%	1.10%
Other	<u>6%</u>	<u>0.16%</u>
Totals	100%	5.44%
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>8.19%</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plan – Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2017, the Town recognized \$17,997 in pension expense related to its pension plan. The Town also recognized revenue in the amount of \$2,392 in insurance premium tax monies from non-employer contributing entities.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to its pension plan from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 716	\$ 841
Changes of assumptions	7,783	-
Net difference between projected and actual earnings on pension plan investments	4,788	-
Changes in proportion and differences between employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	3,390	259
Employer contributions subsequent to the measurement date	<u>5,572</u>	<u>-</u>
Total	<u>\$ 22,249</u>	<u>\$ 1,100</u>

Deferred outflows of resources of \$5,572 resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Fiscal Year Ended	Net Amount Recognized in Pension Expense
12/31/2018	\$ 5,606
12/31/2019	7,662
12/31/2020	4,875
12/31/2021	(2,566)

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability of the plan, calculated using the discount rate, as well as what the Town's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	<u>6.325%</u>	<u>7.325%</u>	<u>8.325%</u>
Employer's proportionate share of the net pension liability	\$ 151,124	\$ 109,383	\$ 74,366

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(13) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen \$34,717 of supplemental pay during the year ended December 31, 2017. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(14) Litigation and Claims

At December 31, 2017, the Town is involved in several lawsuits claiming damages. In the opinion of the Town's legal counsel, the only exposure to the Town would be any costs in defense of the lawsuits with no liability to the Town in excess of insurance coverage.

(15) Risk Management

A. Commercial Insurance Coverage

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. The Town is self-insured for boiler and machinery coverage. The risk of any excess liability is handled by purchasing commercial insurance coverage. There have been no significant reductions in insurance coverage during the year nor have settlements exceeded coverage for the past three years.

B. Group Self-Insurance

Effective July 1, 1998, the Town established a self-insurance health plan to account for and finance its uninsured risk of loss for commercial group health insurance. The plan is administered by Health Scope Benefits, and the plan year ends on June 30 of each year. Under this plan, HCC Life Insurance Company agreed to reimburse the Town for specific incurred claims related to any one covered employee or dependent which exceeds the retention by the Town, which is \$30,000. For the plan year ending June 30, 2018, HCC Life Insurance Company will reimburse the Town for aggregate incurred claims during the period of insurance less any amounts paid with respect to the specific incurred claims. No claims will be reimbursed until all claims in excess of the specific attachment point of \$276,958 exceed a corridor of the greater of the product of the enrollment times the factors of \$22.24 per employee or the annual corridor of \$30,000. Monthly payments are calculated based on the number of employees with single coverage multiplied by a funding factor of \$498 and the number of employees with family coverage multiplied by a funding factor of \$1,232. The Town currently funds the plan based upon actual claims incurred instead of the funding factors discussed above.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

The General and Utility Funds of the Town participate in the program and make payments to the Self-Insurance Fund based upon amounts needed to pay prior and current year claims. The claims liability of \$25,654 reported in the fund at December 31, 2017 is based on the loss that is probable at the date of the financial statements and the amount of the loss that can be reasonably estimated. The Town currently does not discount its claims liabilities.

Reconciliation of Claims Liabilities

Claims payable, January 1, 2017	\$ 21,929
Insurance claims incurred for year ended December 31, 2017	353,630
Payments made for year ended December 31, 2017	<u>(349,905)</u>
Claims payable, December 31, 2017	<u>\$ 25,654</u>

Claims payable of \$25,654 at December 31, 2017 was determined as follows:

A. Claims incurred prior to December 31, 2017 and paid in January 1, 2018 through March 31, 2018	\$ 10,800
B. Provision for claims incurred but not reported	<u>14,854</u>
Total claims payable	<u>\$ 25,654</u>

The provision for claims incurred but not reported of \$14,854 was calculated utilizing historical information adjusted for current trends.

(16) Enterprise Fund Contracts

The Town of Mamou, under contract dated January 1, 1997, is required to purchase its natural gas from the Louisiana Municipal Gas Authority. The contract automatically renews annually unless notice is given in writing six months in advance. The Town purchased natural gas during the year ended December 31, 2017 in the amount of \$ \$209,009, of which \$11,334 was owed for purchases for the month of December 2017.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(17) Segment Information for the Enterprise Fund

The Town of Mamou maintains one enterprise fund with three departments, which provide gas, water, and sewerage services. Segment information for the year ended December 31, 2017 was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$ 649,991</u>	<u>\$ 552,616</u>	<u>\$ 503,769</u>	<u>\$1,706,376</u>
Operating expenses:				
Depreciation	19,568	51,417	126,820	197,805
Other	<u>496,629</u>	<u>403,039</u>	<u>298,863</u>	<u>1,198,531</u>
Total operating expenses	<u>516,197</u>	<u>454,456</u>	<u>425,683</u>	<u>1,396,336</u>
Operating income	<u>\$ 133,794</u>	<u>\$ 98,160</u>	<u>\$ 78,086</u>	<u>\$ 310,040</u>

(18) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments made to Mayor Ricky Fontenot for the year ended December 31, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 37,200
Car allowance	2,400
Benefits - insurance	2,708
Per diem	650
Registration fees	725
Conference travel	1,388
Special meals	<u>404</u>
Total	<u>\$ 45,475</u>

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(19) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2017 follows:

Ricky Fontenot, Mayor	\$ 39,600
Aldermen:	
Leisa Deshotel	9,000
Freddie Matthew	9,000
Jessica Fontenot	9,000
Charles Reed	9,000
Robin Young	9,000
Total	<u>\$ 84,600</u>

(20) Interfund Receivables/Payables

A. A summary of interfund receivables and payables at December 31, 2017 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major governmental funds:		
General Fund	\$ -	\$ 123,814
Sales Tax Fund	18,894	-
Proprietary funds:		
Enterprise Fund	77,150	-
Group Health Self-Insurance Internal Service Fund	<u>27,770</u>	<u>-</u>
Total	<u>\$ 123,814</u>	<u>\$ 123,814</u>

The receivable in the Group Health Self-Insurance Fund is for amounts owed from various other funds for their share of health insurance premiums. The amounts due from the General Fund to various other funds are for short-term loans.

TOWN OF MAMOU, LOUISIANA

Notes to the Basic Financial Statements (Continued)

B. Transfers consisted of the following at December 31, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 977,921	\$ -
Sales Tax Special Revenue Fund	-	545,054
Total governmental funds	977,921	545,054
Proprietary funds:		
Enterprise Fund	-	432,867
Total	<u>\$ 977,921</u>	<u>\$ 977,921</u>

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

(21) Operating Lease Revenues

Effective January 1, 2010, the Town agreed to lease Savoy Medical Center to Savoy Medical Management Group, Inc. for an initial primary term of 5 years beginning January 1, 2010 with options for four additional terms of five years each. During 2014, it was determined that Savoy Medical Management Group, Inc. was not able to make timely payment of the rent due and owing to the Town under the lease as a result of insufficient revenue and the financial condition of the hospital. The Town acknowledged the financial condition of the hospital and Savoy Medical Management Group, Inc.'s inability to make timely payment of rent under the lease. Therefore, on December 11, 2014, the Town adopted a resolution authorizing a termination and mutual release agreement with Savoy Medical Management Group, Inc. effective January 4, 2015. This agreement provides that the Town will forgive all rent, payments, and other consideration due and owing to the Town under the lease, whether past due or current. See Note 1.A. for further discussion regarding the Special Services Agreement between Savoy Medical Management Group, Inc., the Town of Mamou, and Evangeline Clinical Services, Inc.

Under the Savoy Care Center Nursing Home agreement commencing on April 2013, the Town will receive \$36,200 per month through March 2018.

(22) Economic Dependency

The Town of Mamou owns a hospital facility and nursing home within the Town. The hospital was leased to Savoy Medical Management Group, Inc. (operating as Savoy Medical Center) for \$765,000 per year; however, this lease was terminated effective January 4, 2015. (See Note 1.A. and Note 21). The nursing home is leased to MH3F Healthcare Management, LLC (operating as Savoy Care Center Nursing Home) for \$434,400 per year. These leases provide a significant portion of the Town's total revenues. If the Town were to cease receiving these lease revenues, the Town's ability to continue to provide services at present levels would be threatened.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 311,200	\$ 315,200	\$ 323,045	\$ 7,845
Licenses and permits	120,000	130,000	132,782	2,782
Intergovernmental	79,500	89,500	97,921	8,421
Fines and forfeits	460,000	410,000	396,144	(13,856)
Miscellaneous	495,900	502,400	496,538	(5,862)
Total revenues	<u>1,466,600</u>	<u>1,447,100</u>	<u>1,446,430</u>	<u>(670)</u>
Expenditures:				
Current -				
General government:				
Administrative	717,300	876,970	772,165	104,805
Public safety:				
Police	874,800	842,000	875,266	(33,266)
Highways and streets	615,500	680,000	650,349	29,651
Culture and recreation	163,400	174,400	158,339	16,061
Judicial	42,800	40,000	47,474	(7,474)
Capital outlay	-	-	19,236	(19,236)
Total expenditures	<u>2,413,800</u>	<u>2,613,370</u>	<u>2,522,829</u>	<u>90,541</u>
Deficiency of revenues over expenditures	<u>(947,200)</u>	<u>(1,166,270)</u>	<u>(1,076,399)</u>	<u>89,871</u>
Other financing sources (uses):				
Transfers from -				
Utility Fund	629,300	201,500	553,867	352,367
Sales Tax Fund	334,500	550,500	424,054	(126,446)
Total other financing sources (uses)	<u>963,800</u>	<u>752,000</u>	<u>977,921</u>	<u>225,921</u>
Net change in fund balance	16,600	(414,270)	(98,478)	315,792
Fund balance, beginning	<u>748,676</u>	<u>748,676</u>	<u>748,676</u>	<u>-</u>
Fund balance, ending	<u>\$ 765,276</u>	<u>\$ 334,406</u>	<u>\$ 650,198</u>	<u>\$ 315,792</u>

TOWN OF MAMOU, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 629,388	\$ 650,714	\$ 654,619	\$ 3,905
Miscellaneous -				
Interest	-	-	650	650
Other	-	-	1	1
Total revenues	<u>629,388</u>	<u>650,714</u>	<u>655,270</u>	<u>4,556</u>
Expenditures:				
Current -				
General government	52,588	53,014	53,062	(48)
Capital outlay	<u>267,000</u>	<u>172,500</u>	<u>163,525</u>	<u>8,975</u>
Total expenditures	<u>319,588</u>	<u>225,514</u>	<u>216,587</u>	<u>8,927</u>
Excess of revenues over expenditures	309,800	425,200	438,683	13,483
Other financing uses:				
Transfers out	<u>(334,500)</u>	<u>(550,500)</u>	<u>(545,054)</u>	<u>5,446</u>
Net change in fund balance	(24,700)	(125,300)	(106,371)	18,929
Fund balances, beginning	<u>680,947</u>	<u>680,947</u>	<u>680,947</u>	-
Fund balances, ending	<u>\$ 656,247</u>	<u>\$ 555,647</u>	<u>\$ 574,576</u>	<u>\$ 18,929</u>

TOWN OF MAMOU, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended December 31, 2017 *

Year ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Police Employees' Retirement System of Louisiana:					
2017	0.012529%	\$ 109,383	\$ 37,403	292.4%	70.08%
2016	0.012009%	112,558	33,641	334.6%	66.04%
2015	0.011899%	93,216	31,827	292.9%	70.73%

* The amounts presented have a measurement date of June 30th of each fiscal year.

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

TOWN OF MAMOU, LOUISIANA

Schedule of Employer Contributions
For the Year Ended December 31, 2017

<u>Year ended December 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Municipal Police Employees' Retirement System of Louisiana:					
2016	\$ 11,325	\$ 11,353	\$ (28)	\$ 36,240	31.33%
2016	11,383	10,893	490	37,115	29.35%
2015	9,660	9,684	(24)	31,670	30.58%

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

TOWN OF MAMOU, LOUISIANA

Notes to Required Supplementary Information

1. Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. All budgetary appropriations lapse at the end of each fiscal year.
2. Budgets for all funds are adopted on a basis consistent with GAAP. Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

2. Pension Plan

Changes in Assumptions --- Changes in assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

TOWN OF MAMOU, LOUISIANA

Statement of Net Position
December 31, 2017

With Comparative Totals for December 31, 2016

	2017			2016 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and interest-bearing deposits	\$ 1,401,162	\$ 536,503	\$ 1,937,665	\$ 2,247,647
Receivables, net	118,494	221,155	339,649	311,443
Due from other governmental units	13,022	-	13,022	21,343
Inventory	-	20,921	20,921	29,867
Prepaid items	38,152	10,963	49,115	45,537
Noncurrent assets:				
Restricted assets -				
Cash and interest-bearing deposits	-	253,958	253,958	239,505
Capital assets, net	<u>4,131,708</u>	<u>2,716,436</u>	<u>6,848,144</u>	<u>6,862,436</u>
Total assets	<u>5,702,538</u>	<u>3,759,936</u>	<u>9,462,474</u>	<u>9,757,778</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>22,249</u>	<u>-</u>	<u>22,249</u>	<u>30,775</u>
LIABILITIES				
Accounts and other payables	158,900	71,836	230,736	208,418
Claims payable	25,654	-	25,654	21,929
Internal balances	77,150	(77,150)	-	-
Customer deposits	-	253,958	253,958	239,505
Net pension liability	<u>109,383</u>	<u>-</u>	<u>109,383</u>	<u>112,558</u>
Total liabilities	<u>371,087</u>	<u>248,644</u>	<u>619,731</u>	<u>582,410</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>1,100</u>	<u>-</u>	<u>1,100</u>	<u>2,171</u>
NET POSITION				
Net investment in capital assets	4,131,708	2,716,436	6,848,144	6,862,436
Unrestricted	<u>1,220,892</u>	<u>794,856</u>	<u>2,015,748</u>	<u>2,341,536</u>
Total net position	<u>\$5,352,600</u>	<u>\$3,511,292</u>	<u>\$8,863,892</u>	<u>\$9,203,972</u>

TOWN OF MAMOU, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2017

With Comparative Amounts as of December 31, 2016

	<u>2017</u>			<u>2016</u>
	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Total</u>	
ASSETS				
Cash	\$ 71,125	\$ -	\$ 71,125	\$ 180,231
Interest-bearing deposits	743,920	569,077	1,312,997	1,395,143
Receivables:				
Taxes	117,213	-	117,213	104,857
Other	1,281	-	1,281	160
Due from other funds	-	18,894	18,894	16,899
Due from other governmental units	13,022	-	13,022	5,411
Prepaid expenses	-	-	-	34,882
Total assets	<u>\$ 946,561</u>	<u>\$ 587,971</u>	<u>\$1,534,532</u>	<u>\$1,737,583</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 123,696	\$ 13,395	\$ 137,091	\$ 127,661
Compensated absences payable	21,809	-	21,809	20,842
Due to other funds	123,814	-	123,814	128,829
Total liabilities	<u>269,319</u>	<u>13,395</u>	<u>282,714</u>	<u>277,332</u>
Deferred inflows of resources:				
Unavailable revenue	27,044	-	27,044	30,628
Fund balances -				
Nonspendable	-	-	-	34,882
Restricted - operations and maintenance	-	416,124	416,124	513,998
Restricted - capital expenditures	-	91,210	91,210	99,331
Restricted - industry and tourism inducement	-	67,242	67,242	67,618
Unassigned	650,198	-	650,198	713,794
Total fund balances	<u>650,198</u>	<u>574,576</u>	<u>1,224,774</u>	<u>1,429,623</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 946,561</u>	<u>\$ 587,971</u>	<u>\$1,534,532</u>	<u>\$1,737,583</u>

TOWN OF MAMOU, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

For the Year Ended December 31, 2017

With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			2016
	General	Sales Tax Special Revenue	Total	
Revenues:				
Taxes	\$ 323,045	\$ 654,619	\$ 977,664	\$ 939,846
Licenses and permits	132,782	-	132,782	126,359
Intergovernmental	97,921	-	97,921	120,560
Fines and forfeits	396,144	-	396,144	281,792
Miscellaneous	496,538	650	497,188	567,753
Total revenues	<u>1,446,430</u>	<u>655,269</u>	<u>2,101,699</u>	<u>2,036,310</u>
Expenditures:				
Current -				
General government:				
Administrative	772,165	53,062	825,227	706,140
Public safety:				
Police	875,266	-	875,266	855,247
Highways and streets	650,349	-	650,349	626,332
Culture and recreation	158,339	-	158,339	145,276
Judicial	47,474	-	47,474	43,625
Capital outlay	19,236	163,525	182,761	252,977
Total expenditures	<u>2,522,829</u>	<u>216,587</u>	<u>2,739,416</u>	<u>2,629,597</u>
Excess (deficiency) of revenues over expenditures	<u>(1,076,399)</u>	<u>438,682</u>	<u>(637,717)</u>	<u>(593,287)</u>
Other financing sources (uses):				
Transfers in	977,921	-	977,921	1,053,380
Transfers out	-	(545,054)	(545,054)	(429,033)
Total other financing sources (uses)	<u>977,921</u>	<u>(545,054)</u>	<u>432,867</u>	<u>624,347</u>
Net changes in fund balances	(98,478)	(106,372)	(204,850)	31,060
Fund balances, beginning	<u>748,676</u>	<u>680,947</u>	<u>1,429,623</u>	<u>1,398,563</u>
Fund balances, ending	<u>\$ 650,198</u>	<u>\$ 574,575</u>	<u>\$1,224,773</u>	<u>\$1,429,623</u>

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 179,000	\$ 179,000	\$ 184,404	\$ 5,404	\$ 173,629
Franchise -					
Electric	106,000	110,000	117,770	7,770	119,317
Telephone	10,700	10,700	8,868	(1,832)	10,447
Cable TV	15,500	15,500	12,003	(3,497)	14,510
Total taxes	<u>311,200</u>	<u>315,200</u>	<u>323,045</u>	<u>7,845</u>	<u>317,903</u>
Licenses and permits:					
Occupational licenses	120,000	130,000	128,436	(1,564)	121,903
Permits	-	-	4,346	4,346	4,456
Total licenses and permits	<u>120,000</u>	<u>130,000</u>	<u>132,782</u>	<u>2,782</u>	<u>126,359</u>
Intergovernmental:					
State of Louisiana -					
Beer taxes	7,000	7,000	6,863	(137)	7,566
Highway maintenance	5,000	5,000	5,000	-	7,500
State grants	17,500	32,500	34,717	2,217	63,250
Housing of state prisoners	50,000	45,000	45,341	341	36,244
Housing Authority	-	-	6,000	6,000	6,000
Total intergovernmental	<u>79,500</u>	<u>89,500</u>	<u>97,921</u>	<u>8,421</u>	<u>120,560</u>
Fines and forfeits:					
Fines and court costs	460,000	410,000	396,144	(13,856)	281,792
Total fines, forfeits, etc.	<u>460,000</u>	<u>410,000</u>	<u>396,144</u>	<u>(13,856)</u>	<u>281,792</u>
Miscellaneous:					
Interest	1,000	1,000	1,106	106	1,047
Nursing home lease revenue	434,400	434,400	434,400	-	434,400
Hospital workers compensation recoveries	500	8,000	-	(8,000)	-
Recreation complex	-	-	15,625	15,625	23,350
Other sources	60,000	59,000	45,407	(13,593)	108,233
Total miscellaneous	<u>495,900</u>	<u>502,400</u>	<u>496,538</u>	<u>(5,862)</u>	<u>567,030</u>
Total revenues	<u>\$1,466,600</u>	<u>\$1,447,100</u>	<u>\$1,446,430</u>	<u>\$ (670)</u>	<u>\$1,413,644</u>

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Administrative:					
Mayor and council salaries	\$ 80,000	\$ 80,000	\$ 84,600	\$ (4,600)	\$ 80,650
Other salaries and wages	254,800	254,800	238,111	16,689	248,335
Group insurance	100,000	100,000	49,622	50,378	49,769
Insurance	20,000	20,000	34,375	(14,375)	31,920
Payroll taxes	25,200	25,200	29,234	(4,034)	29,712
Materials and supplies	36,000	39,400	41,233	(1,833)	39,922
Advertisements and recordings	-	-	3,600	(3,600)	5,475
Legal fees	10,000	10,000	8,600	1,400	5,463
Accounting and auditing	46,000	47,270	12,325	34,945	12,240
Professional fees	76,000	80,000	86,782	(6,782)	72,282
Miscellaneous	28,000	33,000	42,131	(9,131)	36,052
Utilities and telephone	19,500	20,000	19,533	467	19,536
Repairs and maintenance	16,800	162,300	119,252	43,048	12,898
Training	5,000	5,000	2,767	2,233	4,115
Total administrative	<u>717,300</u>	<u>876,970</u>	<u>772,165</u>	<u>104,805</u>	<u>648,369</u>
Public safety -					
Police:					
Salaries	483,600	426,405	467,176	(40,771)	486,266
Payroll taxes	36,400	32,095	38,273	(6,178)	40,106
Retirement contribution	10,000	11,500	11,353	147	10,893
Group insurance	95,000	90,000	74,432	15,568	91,244
Utilities and telephone	29,000	30,000	28,069	1,931	28,100
Insurance	100,000	112,000	120,327	(8,327)	96,138
Auto	30,000	38,000	39,293	(1,293)	28,787
Gas and repairs	28,000	37,000	34,770	2,230	20,236
Professional fees	-	-	-	-	758
Miscellaneous	18,800	19,000	15,982	3,018	13,054
Supplies	40,000	42,000	43,617	(1,617)	37,115
Training	4,000,000	4,000	1,974	2,026	2,550
Total police department	<u>874,800</u>	<u>842,000</u>	<u>875,266</u>	<u>(33,266)</u>	<u>855,247</u>

(continued)

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Highways and streets -					
Salaries	244,125	279,000	251,211	27,789	247,969
Payroll taxes	18,375	21,000	22,482	(1,482)	21,041
Maintenance and supplies	102,000	112,000	93,786	18,214	99,242
Lighting	58,400	62,000	61,182	818	59,479
Group insurance	67,000	70,000	90,973	(20,973)	82,949
Telephone	2,500	4,000	3,184	816	2,435
Insurance	90,400	90,000	91,388	(1,388)	81,253
Miscellaneous	16,700	20,000	16,760	3,240	16,099
Auto	14,000	20,000	17,561	2,439	14,192
Equipment rental	-	-	426	(426)	376
Professional fees	2,000	2,000	1,396	604	1,297
Total highways and streets	<u>615,500</u>	<u>680,000</u>	<u>650,349</u>	<u>29,651</u>	<u>626,332</u>
Culture and recreation -					
Salaries	4,464	4,464	4,410	54	4,410
Payroll taxes	336	336	426	(90)	426
Repairs and maintenance	35,000	41,000	30,137	10,863	26,002
Materials and supplies	16,000	26,000	23,334	2,666	20,730
Auto	600	600	-	600	452
Utilities and telephone	49,000	50,000	50,792	(792)	47,640
Insurance	42,000	42,000	39,440	2,560	29,416
Miscellaneous	16,000	10,000	9,800	200	16,200
Total culture and recreation	<u>163,400</u>	<u>174,400</u>	<u>158,339</u>	<u>16,061</u>	<u>145,276</u>
Judicial -					
Salaries	16,275	16,740	16,942	(202)	15,550
Payroll taxes	1,225	1,260	1,644	(384)	1,246
Insurance	500	500	468	32	430
Group insurance	-	-	8,270	(8,270)	8,295
Materials and supplies	3,500	6,000	5,208	792	3,755
Telephone	2,000	2,500	2,269	231	2,075
Professional fees	19,200	12,000	12,000	-	12,000
Miscellaneous	100	1,000	673	327	274
Total judicial	<u>42,800</u>	<u>40,000</u>	<u>47,474</u>	<u>(7,474)</u>	<u>43,625</u>

(continued)

TOWN OF MAMOU, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Capital outlay:					
General government:					
Building and improvements	-	-	10,466	(10,466)	-
Public safety -					
Police:					
Vehicles and equipment	-	-	-	-	1,091
Highways and streets -					
Equipment	-	-	-	-	24,382
Culture and recreation:					
Building improvements	-	-	8,770	(8,770)	7,830
Total capital outlay	-	-	19,236	(19,236)	33,303
Total expenditures	<u>\$2,413,800</u>	<u>\$2,613,370</u>	<u>\$2,522,829</u>	<u>\$ 90,541</u>	<u>\$2,352,152</u>

TOWN OF MAMOU, LOUISIANA
Special Revenue Fund
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 629,388	\$ 650,714	\$ 654,619	\$ 3,905	\$ 621,943
Miscellaneous:					
Interest	-	-	650	650	723
Total revenues	<u>629,388</u>	<u>650,714</u>	<u>655,270</u>	<u>4,556</u>	<u>622,666</u>
Expenditures:					
Current -					
General government:					
Audit and accounting	-	-	7,725	(7,725)	7,785
Miscellaneous	12,588	13,014	13,002	12	12,515
Industry and tourism inducement	40,000	40,000	32,335	7,665	37,471
Total general government	<u>52,588</u>	<u>53,014</u>	<u>53,062</u>	<u>(48)</u>	<u>57,771</u>
Capital outlay -					
General government:					
Vehicles and equipment	-	-	-	-	3,965
Christmas decorations	-	-	-	-	3,079
Public safety:					
Vehicles	55,000	30,000	26,600	3,400	4,000
Highways and streets:					
Street improvements	7,000	7,500	6,085	1,415	9,896
Vehicles and equipment	200,000	130,000	126,584	3,416	12,000
Culture and recreation:					
Walking trail and playground	-	-	-	-	64,022
Building improvements	5,000	5,000	4,256	744	122,712
Total capital outlay	<u>267,000</u>	<u>172,500</u>	<u>163,525</u>	<u>8,975</u>	<u>219,674</u>
Total expenditures	<u>319,588</u>	<u>225,514</u>	<u>216,587</u>	<u>8,927</u>	<u>277,445</u>
Excess of revenues over expenditures	<u>309,800</u>	<u>425,200</u>	<u>438,683</u>	<u>13,483</u>	<u>345,221</u>
Other financing uses:					
Transfers to -					
Utility Fund	-	-	(121,000)	(121,000)	(148,000)
General Fund	<u>(334,500)</u>	<u>(550,500)</u>	<u>(424,054)</u>	<u>126,446</u>	<u>(281,033)</u>
Total other financing uses	<u>(334,500)</u>	<u>(550,500)</u>	<u>(545,054)</u>	<u>5,446</u>	<u>(429,033)</u>
Deficiency of revenues over expenditures and other uses	(24,700)	(125,300)	(106,371)	18,929	(83,812)
Fund balance, beginning	<u>680,947</u>	<u>680,947</u>	<u>680,947</u>	<u>-</u>	<u>764,759</u>
Fund balance, ending	<u>\$ 656,247</u>	<u>\$ 555,647</u>	<u>\$ 574,576</u>	<u>\$ 18,929</u>	<u>\$ 680,947</u>

TOWN OF MAMOU, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2017

Records maintained by the Town indicated the following number of customers were being serviced during the month of December 31, 2017 and 2016:

<u>Department</u>	<u>2017</u>	<u>2016</u>
Gas (metered)	910	927
Water	1,675	1,686
Sewerage	1,220	1,250

TOWN OF MAMOU, LOUISIANA

Schedule of Insurance In Force
(Unaudited)
December 31, 2017

Description of Coverage	Coverage Amounts
Workmen's compensation -	Statutory
Employer's liability- policy limit	500,000
Bodily injury by accident	100,000
Bodily injury by disease	100,000
Surety bonds -	
Fidelity bond	165,000
Commercial general liability	500,000
Law enforcement officers' comprehensive liability	500,000
Automobile liability	500,000
Public officials' errors and omissions liability	500,000
Commercial fire and extended coverage -	
Buildings and contents	5,260,800
Vehicle physical damage	168,000

TOWN OF MAMOU, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds
December 31, 2017

		<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Total Book Value</u>
Major Governmental Funds:				
General Fund -				
Savings Account - Hospital Revenue	(J)	0.25%	N/A	\$ 342,982
Interest-bearing checking - General	(J)	0.10%	N/A	266,304
Interest-bearing checking - Payroll	(J)	0.05%	N/A	34,626
Interest-bearing checking - Insurance Contingency	(S)	0.10%	N/A	<u>100,008</u>
Total General Fund				<u>743,920</u>
Special Revenue Funds -				
Sales Tax Fund				
Interest-bearing checking - Sales Tax Fund	(S)	0.10%	N/A	554,105
Interest-bearing checking - Construction Account	(S)	0.10%	N/A	<u>14,972</u>
Total Sales Tax Fund				<u>569,077</u>
Total Governmental Funds				<u>1,312,997</u>
Proprietary Fund:				
Utility Fund:				
Operating Account -				
Interest-bearing checking	(C)	0.15%	N/A	263,116
Certificate of Deposit	(J)	0.35%	03/16/18	49,486
Water Revenue Fund -				
Interest-bearing checking	(S)	0.10%	N/A	65,548
Interest-bearing checking	(S)	0.10%	N/A	32,177
Meter Deposit Fund -				
Certificate of Deposit	(S)	0.20%	07/28/18	184,835
Interest-bearing checking	(J)	0.10%	N/A	<u>195,299</u>
Total Proprietary Fund				<u>790,461</u>
Total Interest-bearing Deposits - All Funds				<u>\$2,103,458</u>

Certificates of deposit, savings account and interest-bearing checking accounts with ---

(C) Investar Bank, Ville Platte, Louisiana

(J) JD Bank, Mamou, Louisiana

(S) Sabine State Bank, Many, Louisiana

TOWN OF MAMOU, LOUISIANA

Comparative Statement of Net Position
 Proprietary Funds
 December 31, 2017 and 2016

ASSETS	Business-type Activities -		Governmental Activities -	
	Enterprise Fund		Internal Service Fund	
	2017	2016	2017	2016
Current assets:				
Cash	\$ -	\$ -	\$ 17,040	\$29,040
Interest-bearing deposits	536,503	643,233	-	-
Receivables -				
Accounts, net	141,805	136,224	-	-
Unbilled utility receivables	79,231	69,780	-	-
Accrued interest receivable	57	11	-	-
Other	62	411	-	-
Due from other funds	77,150	84,049	27,770	27,881
Due from other governmental agencies	-	15,932	-	-
Inventory - natural gas	20,921	29,867	-	-
Prepaid items	10,963	10,655	-	-
Total current assets	<u>866,692</u>	<u>990,162</u>	<u>44,810</u>	<u>56,921</u>
Noncurrent assets:				
Restricted assets -				
Interest-bearing deposits	253,958	239,505	-	-
Capital assets, net	<u>2,716,436</u>	<u>2,685,825</u>	-	-
Total noncurrent assets	<u>2,970,394</u>	<u>2,925,330</u>	-	-
Total assets	<u>3,837,086</u>	<u>3,915,492</u>	<u>44,810</u>	<u>56,921</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts and other payables	65,010	52,253	-	-
Compensated absences payable	6,826	7,662	-	-
Claims payable	-	-	25,654	21,929
Total	<u>71,836</u>	<u>59,915</u>	<u>25,654</u>	<u>21,929</u>
Current liabilities (payable from restricted assets):				
Customer deposits	<u>253,958</u>	<u>239,505</u>	-	-
Total liabilities	<u>325,794</u>	<u>299,420</u>	<u>25,654</u>	<u>21,929</u>
NET POSITION				
Net investment in capital assets	2,716,436	2,685,825	-	-
Unrestricted	<u>794,856</u>	<u>930,247</u>	<u>19,156</u>	<u>34,992</u>
Total net position	<u>\$3,511,292</u>	<u>\$3,616,072</u>	<u>\$ 19,156</u>	<u>\$34,992</u>

TOWN OF MAMOU, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Years Ended December 31, 2017 and 2016

	<u>Business-type Activities-</u>		<u>Governmental Activities-</u>	
	<u>Enterprise Fund</u>		<u>Internal Service Fund</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Operating revenues:				
Charges for services	\$1,634,653	\$1,648,012	\$ 451,334	\$ 337,729
Permits, reconnections and penalties	52,009	50,062	-	-
Miscellaneous	<u>19,714</u>	<u>57,262</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>1,706,376</u>	<u>1,755,336</u>	<u>451,334</u>	<u>337,729</u>
Operating expenses:				
Gas department expenses	496,629	506,281	-	-
Water department expenses	403,039	305,267	-	-
Sewerage department expenses	298,863	248,339	-	-
Depreciation expense	197,805	207,179	-	-
Self insurance expenses	<u>-</u>	<u>-</u>	<u>467,170</u>	<u>306,479</u>
Total operating expenses	<u>1,396,336</u>	<u>1,267,066</u>	<u>467,170</u>	<u>306,479</u>
Operating income (loss)	310,040	488,270	(15,836)	31,250
Nonoperating revenues (expenses):				
Interest income	<u>1,479</u>	<u>1,333</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers	311,519	489,603	(15,836)	31,250
Capital contributions	<u>16,568</u>	<u>15,932</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	328,087	505,535	(15,836)	31,250
Transfers in (out):				
Transfers out	<u>(432,867)</u>	<u>(624,347)</u>	<u>-</u>	<u>-</u>
Change in net position	(104,780)	(118,812)	(15,836)	31,250
Net position, beginning	<u>3,616,072</u>	<u>3,734,884</u>	<u>34,992</u>	<u>3,742</u>
Net position, ending	<u>\$3,511,292</u>	<u>\$3,616,072</u>	<u>\$ 19,156</u>	<u>\$ 34,992</u>

TOWN OF MAMOU, LOUISIANA
Enterprise Fund
Utility Fund

Departmental Analysis of Revenues and Expenses
Years Ended December 31, 2017 and 2016

	Totals		Gas		Water		Sewer	
	2017	2016	2017	2016	2017	2016	2017	2016
Operating revenues:								
Customers service charges	\$1,634,653	\$1,648,012	\$ 614,400	\$ 669,191	\$534,639	\$522,360	\$485,614	\$456,461
Permits, reconnections and penalties	52,009	50,062	19,555	20,324	17,007	15,870	15,447	13,868
Miscellaneous	19,714	57,262	16,036	51,545	970	3,425	2,708	2,292
Total operating revenues	<u>1,706,376</u>	<u>1,755,336</u>	<u>649,991</u>	<u>741,060</u>	<u>552,616</u>	<u>541,655</u>	<u>503,769</u>	<u>472,621</u>
Operating expenses:								
Salaries	254,554	272,129	90,825	111,696	96,038	85,817	67,691	74,616
Payroll taxes	21,593	22,366	7,662	9,264	8,265	7,170	5,666	5,932
Group Insurance	82,703	91,244	33,081	41,474	33,081	24,885	16,541	24,885
Gas purchased	209,009	181,746	209,009	181,746	-	-	-	-
Maintenance and supplies	245,261	185,138	60,653	83,666	105,256	63,805	79,352	37,667
Safe water drinking fee	18,998	2,376	-	-	18,998	2,376	-	-
Lab fees	9,385	11,782	-	-	2,545	4,972	6,840	6,810
Depreciation expense	197,805	207,179	19,568	24,076	51,417	59,066	126,820	124,037
Utilities	135,631	115,213	5,414	4,454	69,173	66,379	61,044	44,380
Telephone	7,869	8,667	4,614	4,633	255	-	3,000	4,034
Truck operation	33,485	21,160	11,401	6,899	12,548	7,813	9,536	6,448
Bad debt expense	1,606	9,606	899	4,068	422	3,289	285	2,249
Insurance	67,315	67,806	20,451	22,112	23,919	22,769	22,945	22,925
Miscellaneous	13,647	18,154	1,693	6,644	1,090	5,399	10,864	6,111
Professional fees	84,406	48,921	44,884	28,904	27,702	9,192	11,820	10,825
Training	13,069	3,579	6,043	721	3,747	1,401	3,279	1,457
Total operating expenses	<u>1,396,336</u>	<u>1,267,066</u>	<u>516,197</u>	<u>530,357</u>	<u>454,456</u>	<u>364,333</u>	<u>425,683</u>	<u>372,376</u>
Operating income	<u>\$ 310,040</u>	<u>\$ 488,270</u>	<u>\$ 133,794</u>	<u>\$ 210,703</u>	<u>\$ 98,160</u>	<u>\$177,322</u>	<u>\$ 78,086</u>	<u>\$100,245</u>

**INTERNAL CONTROL,
COMPLIANCE, AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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Retired
Conrad O. Chapman, CPA* 2006

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

The Honorable Ricky Fontenot, Mayor
and Members of the Board of Aldermen
Town of Mamou, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund other than the Savoy Medical Management Group, Inc. Fund, and the aggregate remaining fund information of the Town of Mamou, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Mamou, Louisiana's basic financial statements and have issued our report thereon dated June 15, 2018. The opinion on the Town of Mamou, Louisiana's business-type activities was adverse because the financial statements do not include financial data of the Savoy Medical Management Group, Inc. Fund, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the omitted fund.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 2017-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Mamou, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Town of Mamou, Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 15, 2018

TOWN OF MAMOU, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (12/31/17) --</u>						
<u>Internal Control:</u>						
2017-001	2016	The Town lacks proper controls over the purchase of food and supplies for prisoners held in the Town's jail facility. Preliminary documentation used to obtain approval prior to completion of purchase orders are not maintained or reconciled to the detailed receipts of purchases. It is recommended that the Town implement policies and procedures to ensure purchases of food and supplies for prisoners held in the Town's jail facility are reasonable and necessary, budgeted, documented and approved, received and safeguarded, and used solely for public purposes.		The Town will develop and implement policies and procedures to ensure purchases of food and supplies for prisoners held in the Town's jail facility are reasonable and necessary, budgeted, documented and approved, received and safeguarded, and used solely for public purposes.	Brent Zackery, Police Chief	12/31/18
<u>Management Letter:</u>						
2017-002	2015	A significant gas loss occurred. Despite efforts to locate and repair gas leaks, this loss has increased from the prior year. The Town should continue to investigate possible reasons for the significant gas loss and continue efforts to reduce the loss.		The Town will continue to investigate possible reasons for the increasing gas loss and continue efforts to reduce the loss.	Ricky Fontenot, Mayor	12/31/18

(continued)

TOWN OF MAMOU, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2017

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
PRIOR YEAR (12/31/16) --						
<u>Internal Control:</u>						
2016-001	2016	The Town lacks proper controls over the purchase of food and supplies for prisoners held in the Town's jail facility. Detailed receipts are not maintained or reconciled to approved purchase orders. It is recommended that the Town implement policies and procedures to ensure purchases of food and supplies for prisoners held in the Town's jail facility are reasonable and necessary, budgeted, documented and approved, received and safeguarded, and used solely for public purposes.	Partial	See current year finding 2017-001.		
<u>Management Letter:</u>						
2016-002	2015	A significant gas loss occurred. Despite efforts to locate and repair gas leaks, this loss has increased from the prior year. The Town should investigate possible reasons for the significant gas loss and continue efforts to reduce the loss.	No	See current year finding 2017-002.		

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MANAGEMENT LETTER

The Honorable Ricky Fontenot, Mayor
and Members of the Board of Aldermen
Town of Mamou, Louisiana

We have completed our audit of the basic financial statements of the Town of Mamou, Louisiana, for the year ended December 31, 2017, and submit the following recommendation for your consideration:

A significant gas loss occurred in the Gas Utility Department. Despite efforts to locate and repair gas leaks, this loss has increased from the prior year. The Town should continue to investigate possible reasons for the significant gas loss and continue efforts to reduce the loss.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 15, 2018

TOWN OF MAMOU, LOUISIANA
Statewide Agreed-Upon Procedures Report

Year Ended December 31, 2017

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Management of the Town
of Mamou, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Mamou, Louisiana 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 January 1, 2017 through December 31, 2017. The Town of Mamou, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Written policies and procedures were obtained and address the functions noted above.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

d) **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Written policies and procedures were obtained and address the legal review and approval process functions noted above. The types of services requiring written contracts, standard terms and conditions, and monitoring process functions were not addressed in written policies and procedures.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the board for the fiscal period noting that the board met in eleven of the twelve months. The meeting scheduled for the month of June was not held due to a lack of a quorum.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Obtained and reviewed minutes of the board for the fiscal period and noted the minutes did not include monthly budget-to-actual comparisons for any fund.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether

the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Not applicable.

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

Obtained and reviewed the minutes for the board for the fiscal period noting that minutes referenced or included non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Obtained listing of client bank accounts from management and management's representation that listing is complete.

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

- a) Bank reconciliations have been prepared;

There were no exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a board member, (in this specific circumstance, the contracted CPA acts as a substitution for management, as she is actively involved with the Town, understands the nature of the transactions, can identify unusual transactions, prepares the bank reconciliations, and makes adjusting journal entries) (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There were no exceptions noted.

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

For the two bank accounts which had outstanding items, management's documentation of research for items that have been outstanding for more than 6 months was not present.

Collections

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

Obtained listing of cash collection locations and management's representation that listing is complete.

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

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

In each location selected, the person(s) responsible for collecting cash is bonded and not responsible for depositing cash in the bank, recording transactions, or reconciling the bank account.

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

In each location selected, there is a formal process to reconcile cash collections to the general ledger, by revenue source, by a person who is not responsible for cash collection.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest (dollar) week of cash collections for each location was obtained along with collection documentation, deposit slips, and bank statements. The two locations selected had deposits that were made more than one day after collection. The first location had deposits made 7 days after collection. The second location had deposits made 17 days after collection.

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

Daily cash collections are completely supported by documentation.

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

Written policies and procedures do not specifically define a process to determine completeness of all collections by a person who is not responsible for collections.

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

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

Listing of disbursements and management's representation that the listing is complete was obtained.

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

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

Examined supporting documentation for each of the 25 disbursements selected and found 1 purchase initiated without the use of a purchase order.

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

Examined supporting documentation for each of the 25 disbursements selected and found 5 purchases initiated without proper approval of a purchase order.

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

Examined supporting documentation for the 25 disbursements selected noting that 24 disbursements did not have any written indication that the invoice was approved.

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

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained noting dual signatures are required on all disbursements and one of the persons with signatory authority can also initiate and record purchases.

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

documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry of management indicated that unused check stock is maintained in an unlocked location. Dual signatures are required on all disbursements, and one person with signatory authority has system access to print checks.

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

Through inquiry and observation, the town utilizes a signature stamp for the mayor, and it is maintained in an unlocked location.

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

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

Listing of active credit cards, bank debit cards, fuel cards and name of persons who maintain possession of cards and management's representation that the listing is complete was obtained.

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

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

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

Monthly statements did not indicate review and approval, in writing, by someone other than the authorized card holder.

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

There were no finance charges or late charges assessed on any of the cards selected.

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

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

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

There were no exceptions noted.

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

There were no exceptions noted.

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

There were no exceptions noted.

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

There were no exceptions noted.

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

There were no exceptions noted.

Travel and Expense Reimbursement

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

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

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

The Town's written policy relating to travel and expense reimbursements was obtained. The per diem and mileage rates in the policy did not exceed the GSA rates.

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

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

Insufficient documentation maintained to determine if mileage reimbursements were paid in accordance with the written policy.

b) Report whether each expense is supported by:

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

There were no exceptions noted.

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

There were no exceptions noted.

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

There were no exceptions noted.

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

There were no exceptions noted.

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

Expenses were not approved in writing by someone other than the person receiving the reimbursement.

Contracts

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

Obtained management's representation that the Town did not have any contracts in place for the fiscal year.

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

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

Not applicable.

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

Payroll and Personnel

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

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

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

There were no exceptions noted.

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

There were no exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Supervisor's approval was not evidenced on eleven of twenty-five attendance records selected.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There were no exceptions noted.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no exceptions noted.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

There were no exceptions noted.

Ethics (excluding nonprofits)

- 26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Of the 5 employees tested, 2 employees did not have documentation of required ethics training.

- 27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no ethics allegations during the fiscal period.

Debt Service (excluding nonprofits)

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

No debt was issued during the fiscal period.

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

There was no outstanding debt during the fiscal period.

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

Not applicable.

Other

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

Management has asserted that the Town of Mamou did not have any misappropriations of public funds or assets.

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

Required notices were posted on the entity's premises. The Town did not have a website during the fiscal year.

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

There were no exceptions noted.

Management's Response:

Management of the Town of Mamou, Louisiana concurs with the exceptions and are working to address the deficiencies identified.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 15, 2018