

VILLAGE OF MERMENTAU, LOUISIANA
FINANCIAL REPORT
JUNE 30, 2017

CONTENTS

	Exhibit/ Schedule	Page
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	-	1 and 2
BASIC FINANCIAL STATEMENTS		
GOVERNMENT-WIDE FINANCIAL STATEMENTS		
Statement of Net Position	A	5
Statement of Activities	B	6 and 7
FUND FINANCIAL STATEMENTS		
Balance Sheet – Governmental Funds	C	10
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	D	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	E	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	13
Statement of Net Position – Proprietary Fund – Business-Type Activities – Enterprise Fund	G	14 and 15
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund – Business-Type Activities – Enterprise Fund	H	16
Statement of Cash Flows – Proprietary Fund – Business-Type Activities – Enterprise Fund	I	17 and 18
Notes to Financial Statements	-	19 - 36
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule:		
General Fund	J-1	38 – 40
Sales Tax Fund	J-2	41
Notes to the Budgetary Comparison Schedules	J-3	42
Schedules of the Proportionate Share of the Net Pension Liability	K	44 and 45
Schedules of Pension Contributions	L	46 and 47
OTHER SUPPLEMENTARY INFORMATION		
Schedule of Compensation, Benefits and Other Payments to Agency Head	M	50
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	-	51 and 52

	Exhibit/ Schedule	Page
Schedule of Findings and Responses	N-1	53 and 54
Schedule of Prior Year Findings	N-2	55

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Honorable Darla Istre, Mayor,
and the Board of Aldermen
Village of Mermentau, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mermentau, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village of Mermentau, Louisiana's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Mermentau. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the general fund and the sales tax fund on pages 38 through 42, the schedule of proportionate share of the net pension liability and the schedule of pension contributions be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

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

The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

In accordance with Louisiana Governmental Audit Guide and the provisions of State Law, we have issued a report, dated January 26, 2018 on the results of our agreed-upon procedures.

Brunard Poche, LLP

Lafayette, Louisiana
January 26, 2018

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank.

VILLAGE OF MERMENEAU, LOUISIANA

STATEMENT OF NET POSITION

June 30, 2017

See Independent Accountants' Review Report

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 470,994	\$ 116,678	\$ 587,672
Certificates of deposit	60,917	73,606	134,523
Accounts receivable, net	-	8,128	8,128
Unbilled services receivable	-	5,270	5,270
Franchise fee receivable	9,185	-	9,185
Due from other governmental agencies	10,134	-	10,134
Internal balances	5,441	(5,441)	-
Restricted assets:			
Certificates of deposit	-	15,400	15,400
Capital assets:			
Non-depreciable	19,987	22,082	42,069
Depreciable, net	<u>973,209</u>	<u>2,278,218</u>	<u>3,251,427</u>
Total assets	<u>\$ 1,549,867</u>	<u>\$ 2,513,941</u>	<u>\$ 4,063,808</u>
DEFERRED OUTFLOWS OF RESOURCES			
Defined benefit pension plans	<u>\$ -</u>	<u>\$ 9,543</u>	<u>\$ 9,543</u>
LIABILITIES			
Accounts payable	\$ 5,404	\$ 16,214	\$ 21,618
Other liabilities	1,683	9,479	11,162
Customers' deposits	-	15,400	15,400
Long-term liabilities:			
Portion due or payable within one year	-	26,000	26,000
Portion due or payable after one year	<u>-</u>	<u>636,260</u>	<u>636,260</u>
Total liabilities	<u>\$ 7,087</u>	<u>\$ 703,353</u>	<u>\$ 710,440</u>
DEFERRED INFLOW OF RESOURCES			
Defined benefit pension plan	<u>\$ -</u>	<u>\$ 14,847</u>	<u>\$ 14,847</u>
NET POSITION			
Net investment in capital assets	\$ 993,196	\$ 1,652,157	\$ 2,645,353
Restricted for sales tax dedications	213,869	-	213,869
Restricted for debt service	-	40,316	40,316
Unrestricted	<u>335,715</u>	<u>112,811</u>	<u>448,526</u>
Total net position	<u>\$ 1,542,780</u>	<u>\$ 1,805,284</u>	<u>\$ 3,348,064</u>

See Notes to Financial Statements.

VILLAGE OF MERMENTAU, LOUISIANA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

See Independent Accountants' Review Report

Functions/Programs	Expenses	Program Revenues	
		Fees, Fines, and Charges for Services	Capital Grants and Contributions
Governmental activities:			
General government	\$ 89,156	\$ 165	\$ -
Public safety	26,212	32,763	-
Public works	153,827	1,230	-
Culture and recreation	2,283	-	-
Total governmental activities	<u>\$ 271,478</u>	<u>\$ 34,158</u>	<u>\$ -</u>
Business-type activities:			
Water and sewer	\$ 241,508	\$ 152,811	\$ 16,635
Total	<u>\$ 512,986</u>	<u>\$ 186,969</u>	<u>\$ 16,635</u>

General revenues:

Taxes --

 Property

 Sales

 Franchise

 Other

Licenses and permits

Grants and contributions not restricted to
specific programs

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

See Notes to Financial Statements.

Net (Expenses) Revenues
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (88,991)	\$ -	\$ (88,991)
6,551	-	6,551
(152,597)	-	(152,597)
<u>(2,283)</u>	<u>-</u>	<u>(2,283)</u>
<u>\$ (237,320)</u>	<u>\$ -</u>	<u>\$ (237,320)</u>
<u>\$ -</u>	<u>\$ (72,062)</u>	<u>\$ (72,062)</u>
<u>\$ (237,320)</u>	<u>\$ (72,062)</u>	<u>\$ (309,382)</u>
\$ 32,878	\$ -	\$ 32,878
59,534	-	59,534
43,155	-	43,155
7,681	-	7,681
41,730	-	41,730
1,757	-	1,757
465	135	600
10,126	-	10,126
<u>(88,891)</u>	<u>88,891</u>	<u>-</u>
<u>\$ 108,435</u>	<u>\$ 89,026</u>	<u>\$ 197,461</u>
\$ (128,885)	\$ 16,964	\$ (111,921)
<u>\$ 1,671,665</u>	<u>1,788,320</u>	<u>\$ 3,459,985</u>
<u>\$ 1,542,780</u>	<u>\$ 1,805,284</u>	<u>\$ 3,348,064</u>

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

VILLAGE OF MERMENAU, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

See Independent Accountants' Review Report

ASSETS	General Fund	Sales Tax Fund	Total Governmental Funds
Cash	\$ 266,899	\$ 204,095	\$ 470,994
Certificates of deposit	60,917	-	60,917
Franchise fee receivable	9,185	-	9,185
Due from other governmental agencies	297	4,153	4,450
Due from other funds	<u>5,441</u>	<u>-</u>	<u>5,441</u>
 Total assets	 <u>\$ 342,739</u>	 <u>\$ 208,248</u>	 <u>\$ 550,987</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 5,341	\$ 63	\$ 5,404
Other liabilities	<u>1,683</u>	<u>-</u>	<u>1,683</u>
 Total liabilities	 <u>\$ 7,024</u>	 <u>\$ 63</u>	 <u>\$ 7,087</u>
FUND BALANCES			
Restricted for:			
Tax dedications	\$ -	\$ 208,185	\$ 208,185
Unassigned	<u>335,715</u>	<u>-</u>	<u>335,715</u>
 Total fund balances	 <u>\$ 335,715</u>	 <u>\$ 208,185</u>	 <u>\$ 543,900</u>
 Total liabilities and fund balances	 <u>\$ 342,739</u>	 <u>\$ 208,248</u>	 <u>\$ 550,987</u>

See Notes to Financial Statements.

VILLAGE OF MERMENAU, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017

See Independent Accountants' Review Report

Total fund balances – governmental funds	\$	543,900
--	----	---------

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 are therefore not reported in the
funds.

Capital assets, net		993,196
---------------------	--	---------

Some revenues were not considered measurable at year
end and therefore not available soon enough to pay for
current period expenditures.

Sales taxes		<u>5,684</u>
-------------	--	--------------

Total net position of governmental activities	\$	<u>1,542,780</u>
---	----	------------------

See Notes to Financial Statements.

VILLAGE OF MERMENEAU, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended June 30, 2017

See Independent Accountants' Review Report

	General Fund	Sales Tax Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 83,714	\$ 59,496	\$ 143,210
Licenses and permits	41,895	-	41,895
Intergovernmental	2,987	-	2,987
Fines and forfeits	32,763	-	32,763
Investment income	465	-	465
Miscellaneous	10,126	-	10,126
	<u>171,950</u>	<u>59,496</u>	<u>231,446</u>
Total revenues	\$ 171,950	\$ 59,496	\$ 231,446
Expenditures:			
Current -			
General government	\$ 85,554	\$ 1,406	\$ 86,960
Public safety	24,491	-	24,491
Public works	97,400	-	97,400
Culture and recreation	1,420	-	1,420
Capital outlay	2,685	-	2,685
	<u>211,550</u>	<u>1,406</u>	<u>212,956</u>
Total expenditures	\$ 211,550	\$ 1,406	\$ 212,956
Excess of revenues over expenditures	\$ (39,600)	\$ 58,090	\$ 18,490
Other financing sources (uses):			
Transfers in/out	59,716	(148,607)	(88,891)
	<u>59,716</u>	<u>(148,607)</u>	<u>(88,891)</u>
Net change in fund balances	\$ 20,116	\$ (90,517)	\$ (70,401)
Fund balances, beginning	315,599	298,702	614,301
	<u>315,599</u>	<u>298,702</u>	<u>614,301</u>
Fund balances, ending	\$ 335,715	\$ 208,185	\$ 543,900
	<u>335,715</u>	<u>208,185</u>	<u>543,900</u>

See Notes to Financial Statements.

VILLAGE OF MERMENEAU, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

See Independent Accountants' Review Report

Net change in fund balances – total governmental funds	\$	(70,401)
--	----	----------

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	\$	2,685	
Depreciation expense		<u>(61,207)</u>	(58,522)

Because some revenues are not measurable at year end,
they are not considered available revenues in the
governmental funds.

Sales taxes			<u>38</u>
-------------	--	--	-----------

Change in net position of governmental activities	\$	<u>(128,885)</u>
---	----	------------------

See Notes to Financial Statements.

VILLAGE OF MERMENEAU, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND

June 30, 2017

See Independent Accountants' Review Report

ASSETS AND DEFERRED OUTFLOWS

CURRENT ASSETS

Cash and cash equivalents	\$ 116,678
Certificates of deposit	73,606
Accounts receivable, net	8,128
Unbilled services receivable	<u>5,270</u>

Total current assets \$ 203,682

RESTRICTED ASSETS

Cash and cash equivalents	<u>\$ 15,400</u>
---------------------------	------------------

CAPITAL ASSETS

Non-depreciable	\$ 22,082
Depreciable, net	<u>2,278,218</u>

Total capital assets \$ 2,300,300

Total assets \$ 2,519,382

DEFERRED OUTFLOWS OF RESOURCES

Defined benefit pension plan	<u>9,543</u>
------------------------------	--------------

Total assets and deferred outflows \$ 2,528,925

See Notes to Financial Statements.

CURRENT LIABILITIES (payable from current assets)	
Loans payable, current portion	\$ 26,000
Accounts payable	16,214
Accrued liabilities	9,479
Due to other funds	<u>5,441</u>
Total	\$ 57,134
CURRENT LIABILITIES (payable from restricted assets)	
Customers' deposits	<u>15,400</u>
Total current liabilities	\$ <u>72,534</u>
LONG TERM DEBT	
Loan payable, less current portion	\$ 608,327
Proportionate pension obligation	<u>27,933</u>
Total long term liabilities	\$ <u>636,260</u>
DEFERRED INFLOW OF RESOURCES	
Defined benefit pension plan	\$ <u>14,847</u>
NET POSITION	
Net investment in capital assets	\$ 1,652,157
Restricted for debt service	40,316
Unrestricted	<u>112,811</u>
Total net position	\$ <u>1,805,284</u>
Total liabilities, deferred inflows and net position	\$ <u>2,528,925</u>

VILLAGE OF MERMENTAU, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
Year Ended June 30, 2017
See Independent Accountants' Review Report

Operating revenues:	
Charges for services	\$ 113,027
Other	<u>39,784</u>
Total operating revenues	<u>\$ 152,811</u>
Operating expenses:	
Salaries and wages	\$ 39,535
Retirement expense	(1,338)
Materials and supplies	4,256
Depreciation	79,123
Utilities	18,660
Repairs and maintenance	44,273
Office expenses	1,948
Professional services	5,614
Insurance	801
Water purchases	12,422
Other	<u>13,875</u>
Total operating expenses	<u>\$ 219,169</u>
Operating loss	<u>\$ (66,358)</u>
Non-operating revenue (expense):	
Grant income	\$ 16,635
Interest expense	(22,339)
Investment income	<u>135</u>
Total non-operating revenue	<u>\$ (5,569)</u>
Income before transfers	\$ (71,927)
Transfers in	<u>88,891</u>
Change in net position	\$ 16,964
Net position, beginning	<u>1,788,320</u>
Net position, ending	<u>\$ 1,805,284</u>

See Notes to Financial Statements.

VILLAGE OF MERMENTAU, LOUISIANA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
 Year Ended June 30, 2017
 See Independent Accountants' Review Report

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 127,259
Payments to suppliers for goods and services	(113,256)
Payments to employees and for employee related costs	(30,437)
Other receipts	<u>35,429</u>
Net cash used in operating activities	<u>\$ 18,995</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 88,891
Decrease in due to/from other funds	(7,352)
Decrease in customers' deposits, net	<u>(1,455)</u>
Net cash provided by noncapital financing activities	<u>\$ 80,084</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant revenue	\$ 20,258
Advances on loan payable	39,093
Payments on loan payable	(38,000)
Purchase of fixed assets	(68,811)
Interest and loan administrative fees	<u>(20,764)</u>
Net cash used in capital and related financing activities	<u>\$ (68,224)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Maturities of investments	\$ 90,396
Purchases of investments	(89,006)
Investment income	<u>135</u>
Net cash provided by investing activities	<u>\$ 1,525</u>
Net increase in cash and cash equivalents	\$ 32,380
Cash and cash equivalents, beginning	<u>84,298</u>
Cash and cash equivalents, ending	<u>\$ 116,678</u>

VILLAGE OF MERMENTAU, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND
Year Ended June 30, 2017
See Independent Accountants' Review Report

(continued)

RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES

Operating loss	\$ (66,358)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	79,122
Changes in assets and liabilities -	
Decrease in receivables and unbilled revenues	9,877
Decrease in accounts payable	(501)
Decrease in other liabilities	(58)
Decrease in pension obligation	(13,454)
Change in deferred outflows of resources	2,604
Change in deferred intflows of resources	<u>7,763</u>
Net cash used in operating activities	<u>\$ 18,995</u>

VILLAGE OF MERMENEAU, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Note 1. Summary of Significant Accounting Policies

The financial statements of the Village of Mermentau, Louisiana (the "Village") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and financial reporting policies and procedures used by the Village are described below.

Reporting entity:

A 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 Village was incorporated in 1899, under the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services to its residents as authorized by its charter: public safety (police), highways and streets, recreation, public improvements and general administrative services. The Village also operates one enterprise activity, which provides water and sewer services.

Component units -

Governmental Accounting Standards Board (GASB) Statement No. 14, "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 (Board of Aldermen or Mayor) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on the above criteria, there are no organizations or agencies which should be included in these basic financial statements as component units.

Basis of presentation:

The Village's basic financial statements consist of the government-wide statements on all of the activities of the government and the fund financial statements (individual major fund and combined nonmajor funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Government-wide financial statements -

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

In the government-wide statement of net position, both the governmental and business-type activities columns (1) are presented on a consolidated basis by column, and (2) are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital). The net cost (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, investment income, etc.).

The Village does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the Village's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental funds:

General Fund – used to account for all financial resources traditionally associated with governments that are not required to be accounted for in another fund.

Sales Tax Fund – used to account for the collection and disbursement of the Village's 1% sales and use tax levies. These taxes are dedicated as described in Note 3.

The Village reports the following major proprietary fund:

Utility Fund – used to account for the provision of water and sewer services to the residents of the Village.

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

The emphasis in the fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary funds combined) for the determination of major funds.

Basis of accounting:

Government-wide and proprietary fund financial statements –

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, property taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements –

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed and collected. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year end are considered available and recognized as revenue of the current year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of the statement of cash flows, the Village considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments:

Under State law, the Village may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. The Village may also invest in shares of any homestead and building and loan association in any amount not exceeding the federally insured amount. The Village's investments at June 30, 2017 consisted of time certificates of deposit purchased from local financial institutions. These certificates of deposit are not subject to GASB Statement No. 31 requirements; thus, they are stated at cost.

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Custodial credit risk:

At June 30, 2017, the carrying amount of the Village's deposits, including demand deposit accounts and certificates of deposit, was \$737,595 and the bank balance was \$738,788. Of the bank balance, \$500,000 was secured from risk by federal deposit insurance and the remainder by pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The Village's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be pledged in the Village's name. As a means of limiting its exposure to fair value losses arising from rising interest rates, it is the Village's policy that generally the Village only invest in "certificate of deposit" and "money market instruments," which are defined as very creditworthy, highly liquid investments with maturities of one year or less.

Receivables:

Accounts receivable for the Utility Fund are reported net of an allowance for doubtful accounts. The allowance amount at June 30, 2017 was \$-0-. Unbilled services receivable represent water and sewer services provided to customers through June 30, 2017 that have not been billed as of June 30, 2017.

Interfund receivables and payables:

Short-term cash borrowings between funds are considered temporary in nature. These amounts are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide financial statements -

The Village's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost or estimated historical cost for assets where actual historical cost is not available and reported in the government-wide financial statements as capital assets. The Village maintains a threshold level of \$500 for capitalizing capital assets. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset useful lives are not capitalized. Depreciation of all exhaustible fixed 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:

	<u>Years</u>
Buildings and improvements	8 - 41
Improvements, other than buildings	30
Machinery and equipment	3 - 15

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Infrastructure	20
Water utility system	7 - 50
Sewer utility system	7 - 50

Fund financial statements -

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

Restricted assets:

Certain resources of the Utility Fund are classified as restricted assets in the statement of net position because they represent customers' deposits being held by the Village.

Compensated absences:

Employees earn a set amount of annual vacation leave depending on years of service. Vacation cannot be accumulated and compensation in lieu of vacation is not paid. In addition, the Village does not grant sick leave to its employees. Therefore, no provision for compensated absences has been made in the financial statements.

Pensions -

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the state retirement plan Village employees participate, the Municipal Employees' Retirement System of Louisiana (MERS), and additions to/deductions from the respective plans' fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity classifications:

Government-wide financial statements -

Equity is classified as net position and displayed in three components: (1) net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation, (2) restricted net position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation, and (3) unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The government-wide statement of net position reports \$254,185 of restricted net position, all of which is restricted by enabling legislation.

Fund financial statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Aldermen establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

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

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Use of estimates:

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

Impairments:

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The Village is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. The Village recorded no impairment losses during the year ended June 30, 2017.

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Note 2. Property Taxes

Government-wide financial statements –

Property taxes are recognized in the year for which they are levied, net of uncollectible amounts, as applicable.

Fund financial statements –

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable by December 31. The Village bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

Governmental activities -

For the year ended June 30, 2017, property taxes of 11.52 mills were levied for general corporate purposes on assessed valuations totaling \$2,824,809. Total taxes levied were \$32,542. Substantially, all property taxes have been collected as of June 30, 2017.

Business type activities –

In 2014, the Village residents voted for a 12.42 mill tax for debt service on the utility fund's new water treatment facility to service the indebtedness on the bonds issued to facilitate construction of the project. The tax was levied for the first time in September 2015. For the year ended June 30, 2017, property taxes of 12.42 mills were levied for debt service on assessed valuations totaling \$2,782,809. Total taxes levied were \$35,085. Substantially, all property taxes have been collected as of June 30, 2017.

Note 3. Dedication of Sales and Use Tax Proceeds

The proceeds of the 1979 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

1. Defraying the cost of improving, maintaining, and operating the Fire Department of the Village,
2. Defraying the cost of improving and maintaining the streets and thoroughfares of the Village,
3. Defraying the cost of improving, maintaining, and operating the Drainage System of the Village,
4. Defraying the cost of improving, operating, and maintaining the Waterworks System of the Village, and
5. Defraying the cost of improving, maintaining, and operating the Sewerage System of the Village.

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Note 4. Due From Other Governmental Agencies

Due from other governmental agencies at June 30, 2017 consisted of the following:

Fund financial statements:

Governmental funds -

Sales taxes due from Acadia Parish School Board	\$ 4,153
State of Louisiana	<u>297</u>
	<u>\$ 4,450</u>

Government-wide financial statements:

Total amount reported in -

Governmental funds, above	\$ 4,450
Additional sales taxes due from the Acadia Parish School Board	<u>5,684</u>
	<u>\$ 10,134</u>

Note 5. Interfund Balances

Interfund balances at June 30, 2017 consist of the following:

	Due From:
	Utility
	Fund
Due to:	
General Fund	\$ 5,441

These balances resulted from the time lag between the dates that (1) reimbursable expenditures or expenses, as applicable, occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 6. Interfund Transfers

Interfund transfers for the year ended June 30, 2017 consist of the following:

	Transfers
	From:
	Sales Tax
	Fund
Transfer to:	
General Fund	\$ 59,716
Utility Fund	<u>88,891</u>
Total	<u>\$ 148,607</u>

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Transfers are used to (1) 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 (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 7. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated -				
Land	\$ 19,987	\$ -	\$ -	\$ 19,987
Total capital assets, not being depreciated	<u>\$ 19,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,987</u>
Capital assets being depreciated -				
Buildings and improvements	\$ 111,218	\$ -	\$ -	\$ 111,218
Improvements other than buildings	404,994	-	-	404,994
Machinery and equipment	172,380	2,685	-	175,065
Infrastructure	<u>1,050,382</u>	<u>-</u>	<u>-</u>	<u>1,050,382</u>
Total capital assets being depreciated	<u>\$ 1,738,974</u>	<u>\$ 2,685</u>	<u>\$ -</u>	<u>\$ 1,741,659</u>
Less accumulated depreciation for -				
Buildings and improvements	\$ (70,971)	\$ (2,774)	\$ -	\$ (73,745)
Improvements other than buildings	(69,295)	(13,425)	-	(82,720)
Machinery and equipment	(164,155)	(3,124)	-	(167,279)
Infrastructure	<u>(402,822)</u>	<u>(41,884)</u>	<u>-</u>	<u>(444,706)</u>
Total accumulated depreciation	<u>\$ (707,243)</u>	<u>\$ (61,207)</u>	<u>\$ -</u>	<u>\$ (768,450)</u>
Total capital assets being depreciated, net	<u>\$ 1,031,731</u>	<u>\$ (58,522)</u>	<u>\$ -</u>	<u>\$ 973,209</u>
Governmental activities capital assets, net	<u>\$ 1,051,718</u>	<u>\$ (58,522)</u>	<u>\$ -</u>	<u>\$ 993,196</u>

(continued)

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

	Balance	Increases	Decreases	Balance
Business-type activities:				
Capital assets, not being depreciated -				
Land	\$ 22,082	\$ -	\$ -	\$ 22,082
Construction in progress	972,375	13,108	(985,483)	-
Total capital assets, not being depreciated	\$ 994,457	\$ 13,108	\$ (985,483)	\$ 22,082
Capital assets being depreciated -				
Water utility system	\$ 365,577	\$ -	\$ -	\$ 365,577
Sewer utility system	2,131,756	985,483	-	3,117,239
Machinery and equipment	45,981	-	-	45,981
Total capital assets being depreciated	\$ 2,543,314	\$ 985,483	\$ -	\$ 3,528,797
Less accumulated depreciation for -				
Water utility system	\$ (283,905)	\$ (5,135)	\$ -	\$ (289,040)
Sewer utility system	(847,136)	(71,446)	-	(918,582)
Machinery and equipment	(40,415)	(2,542)	-	(42,957)
Total accumulated depreciation	\$ (1,171,456)	\$ (79,123)	\$ -	\$ (1,250,579)
Total capital assets being depreciated, net	\$ 1,371,858	\$ 906,360	\$ -	\$ 2,278,218
Business-type activities capital assets, net	\$ 2,366,315	\$ 919,468	\$ (985,483)	\$ 2,300,300

Depreciation expense for the year ended June 30, 2017 was charged as follows:

General government	\$ 2,196
Public safety	1,721
Public works	56,427
Culture and recreation	863
Total governmental activities depreciation expense	\$ 61,207
 Business-type activities:	
Water and sewer	\$ 79,123

Note 8. Pension Plan

Substantially, all of the employees of the Village are members of the Municipal Employees' Retirement System of Louisiana.

Plan description:

The Municipal Employees' Retirement System of Louisiana (the "System") is a cost-sharing multiple-employer public employee retirement system established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes. The System is controlled and administered by a separate Board of Trustees.

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2016, there were 85 contributing municipalities in Plan A and 68 in Plan B. Two employees of the Village were members enrolled in Plan B for the June 30, 2016 plan year. The Village of Mermentau is using the latest plan valuation date, June 30, 2016, for which information is available to record its proportionate share in the retirement plan.

Eligibility:

Membership is mandatory as a condition of employment beginning on the date of employment if the employee is on a permanent basis working at least 35 hours per week, not participating in another public funded retirement system. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Retirement benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan A can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Under age 60 with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Any member of Plan B can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Survivor benefits:

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

Any member of Plan A, who is eligible for normal retirement at time of death, surviving spouse or, if none, surviving minor children, shall receive benefits for as long as he/she lives as outlined in the statutes.

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

1. Surviving spouse who is not eligible for social security survivorship or retirement benefits, married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty percent benefit payable when the surviving spouse attains the age of sixty years.

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

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

DROP benefits:

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

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

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Disability benefits:

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

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of living increases:

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

Deferred benefits:

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions:

Contributions for all members are established by statute. Member contributions are 9.50% of earnable compensation for Plan A and 5% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality. Contributions to the pension plan from the Village were \$2,352 for the Plan year ended June 30, 2016.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2016, the actuarially determined employer contribution rate was 19.75% of member's earnings for Plan A. The actuarially determined employer contribution rate for Plan B for the year ending June 30, 2016 was 9.5%.

According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Administrative costs of the retirement system are financed through employer contributions.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2017, the Employer reported a liability of \$27,933 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Obligation was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Agency's proportion was .0336985% of Plan B, which was a decrease of .027197% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Agency recognized pension benefit of \$1,058 less employer's amortization of the change in proportionate share and differences between employer contributions and the proportionate share of contributions, \$93.

At June 30, 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 229	\$ -
Net difference between projected and actual earnings on pension plan investments	6,442	-
Change in proportionate share from prior year	-	12,096
Differences between actual employer contributions and expected contributions	-	2,778
Change in assumptions	1,392	-
Employer contributions subsequent to the measurement date	<u>1,480</u>	<u>-</u>
	<u>\$ 9,543</u>	<u>\$ 14,847</u>

\$1,480 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase of pension expense as follows:

Year Ended:	
2018	\$ (3,753)
2019	\$ (2,482)
2020	\$ (1,590)
2021	\$ 1,041

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Actuarial assumptions:

The actuarial assumptions used in the June 30, 2016 valuation was based on the results of an experience study, for the period July 1, 2009 through June 30, 2014. The Total Pension Liability as of June 30, 2016 is based on actuarial valuations for the same period, updated using generally accepted actuarial procedures. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation date:	June 30, 2016
Actuarial cost method:	Entry Age Normal Cost
Investment rate of return:	7.500%
Inflation rate:	2.875%
Mortality:	Mortality rates based on the RP-2000 Sex Distinct Mortality Table set back two years for both males and females.
Salary increases:	5.000%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 8.30% for the year ended June 30, 2016.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.6%
Public fixed income	15%	1.8%
Alternatives	<u>35%</u>	<u>0.8%</u>
Totals	<u>100%</u>	5.2%
Inflation		<u>2.5%</u>
Expected arithmetic nominal return		<u>7.6%</u>

Discount rate:

The discount rate used to measure the total pension liability was 7.5% for the year ended June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.5%, as well as what the Employer's proportionate share of the Net Pension Obligation would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$ 36,135	\$ 27,933	\$ 20,935

Pension plan fiduciary net position

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, www.mersla.com.

Note 9. Long-Term Liabilities

Long-term debt outstanding at June 30, 2017 is as follows:

\$1,000,000 of Taxable General Obligation Bonds, Series 2014, sold to the Louisiana Drinking Water Revolving Loan Fund, interest payable semi-annually on February 1 and August 1, principal payable annually on August 1, interest at 2.45%, due August 1, 2034. \$ 634,327

Other long-term liabilities consist of the following at June 30, 2017:

Proportionate share of pension liability in Municipal Employees' Retirement System of Louisiana \$ 27,933

The following is a summary of activity of long-term liabilities for the year ended June 30, 2017:

	June 30, 2016	Additions	Reductions	June 30, 2017	Current Portion
Business-type activities:					
General obligation bonds	\$ 633,234	\$ 39,093	\$ 38,000	\$ 634,327	\$ 26,000
Pension liability	41,387	-	13,454	27,933	-
	<u>\$ 674,621</u>	<u>\$ 39,093</u>	<u>\$ 51,454</u>	<u>\$ 662,260</u>	<u>\$ 26,000</u>

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

The Louisiana Drinking Water Revolving Loan Fund results from the Safe Drinking Water Act Amendments of 1996 of the United States. The Act authorizes capitalization grants to states to be used for the purpose of providing loans or loan guarantees, or as a source of reserve and security for leveraged loans, the proceeds of which are deposited in a State Revolving Fund, or to provide other financial assistance authorized under the Federal Act to community water systems. The State of Louisiana has established a Drinking Water Revolving Loan Fund (the "State Revolving Fund") under the custody of the Louisiana Department of Health and Hospitals to be used for the purpose of providing financial assistance for the improvement of public drinking water systems in the State.

For the purpose of financing the costs of the Village's Water Treatment Plant Project, the Department committed to lend to the Village, from the State Revolving Fund under the terms and conditions specified in the Federal Act, the maximum sum of \$1,000,000, provided all of the conditions and requirements are fulfilled to the satisfaction of the Department. The Village's obligation to repay the loan is represented by the General Obligation Bonds issued by the Village pursuant to the Authorizing Ordinance and sold to the Department. In the Authorizing Ordinance, the Village established a dedicated source of revenue for the repayment of the Bonds by the passage of an ad valorem tax for debt service.

In order to meet the federal-law mandate that at least 20% but no more than 30% of funds utilized by the State Revolving Fund and derived from federal capitalization grants be used to provide additional subsidization to eligible recipients in the form of forgiveness of principal, the Department agrees to forgive the Additional Subsidy Amount. Upon the payment of each principal draw on the loan, and without any further action on the part of the Department or the Village, 30% of the principal amount of each such draw on the Loan is immediately and irrevocably deemed to be forgiven by the Department, and no interest will accrue on the principal amount that is forgiven. Through June 30, 2017, cumulative draws of \$960,467 were made on the State Revolving Loan Fund, of which 30%, or \$288,140, is the cumulative amount of debt forgiveness that has been recorded as grant revenue in the Utility Fund, \$16,635 of which is recorded in the year ended June 30, 2017.

Based on draws made through June 30, 2017, along with the 30% reduction for debt forgiveness, the estimated amounts for long-term debt will be due as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 26,000	\$ 18,329	\$ 44,329
2019	27,000	17,547	44,547
2020	28,000	16,736	44,736
2021	29,000	15,895	44,895
2022	30,000	15,025	45,025
2023 – 2027	165,000	61,039	226,039
2028 – 2032	195,000	34,607	229,607
2033 – 2035	<u>134,327</u>	<u>6,042</u>	<u>195,063</u>
	<u>\$ 634,327</u>	<u>\$ 185,222</u>	<u>\$ 819,549</u>

Note 10. Contingencies

The Village operates a Sanitary Wastewater Disposal System under a NPEDS permit. The NPEDS permit and the State permit under which the discharge is regulated has been the subject of scrutiny by the Environmental Protection Agency (EPA) and the Department of Environmental Quality. The Village is under an Administrative Order to upgrade its facility in order to comply with the permit and the expected more stringent

NOTES TO FINANCIAL STATEMENTS
See Independent Accountants' Review Report

permit discharges. The Village has been cited for past violations and a compliance order was issued. The Village has completed the building and rehabilitation of the sewer pond and the addition of a marsh/rockweed filter to achieve those limits. The Village continues to make efforts to comply with the permit limitations for discharge and to maintain the plant in accordance with those standards. During fiscal year 2010, the Village began a sewer rehabilitation project that is being funded via a Louisiana Community Development Block Grant. While the Village is making efforts to resolve the violations detailed in the Administrative Order, the EPA is authorized to assess appropriate penalties if the violations are not corrected. As of June 30, 2017, the Village has not been assessed any such penalties.

In the normal course of operations, the Village receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

Note 11. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance to cover any claims related to these risks.

Note 12. Compensation of Elected Officials

A detail of compensation paid to individual elected officials for the year ended June 30, 2017 follows:

Darla Istre, Mayor	\$ 720
Aldermen:	
Troy Cormier	360
David Fruge	360
Juanita Richard	360
Cory Seaux, Assistant Chief of Police	3,600
Amos Crader, Chief of Police	6,000
	\$ 11,400

Note 13. Lease Agreement

The Village entered into a lease agreement with a communications company on October 12, 2009 that replaced a previous agreement, allowing the company to access and install radio transmitting equipment on the Village's water tower. The lease requires the lessee to pay the Village \$750 per month. The agreement ends on August 31, 2019, with an optional five year renewal after that date.

Note 14. Wholesale Water Agreement

The Village purchases water monthly from the Egan Water Corporation for resale to its residents at a rate of \$500 for the first 150,000 gallons, plus \$3.00 per thousand (1,000) gallons thereafter. Water purchases totaled \$12,422 for the year ending June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MERMENAU, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2017
 See Independent Accountants' Review Report

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes –				
Property	\$ 14,300	\$ 14,300	\$ 32,878	\$ 18,578
Housing authority	2,900	2,900	7,681	4,781
Electric franchise	27,000	27,000	38,879	11,879
Telephone franchise	2,000	2,000	1,215	(785)
Gas franchise	3,000	3,000	3,061	61
Total taxes	<u>\$ 49,200</u>	<u>\$ 49,200</u>	<u>\$ 83,714</u>	<u>\$ 34,514</u>
Licenses and permits –				
Licenses	\$ 15,000	\$ 15,000	\$ 41,730	\$ 26,730
Building permits	100	100	165	65
Total licenses and permits	<u>\$ 15,100</u>	<u>\$ 15,100</u>	<u>\$ 41,895</u>	<u>\$ 26,795</u>
Intergovernmental –				
State highway maintenance fees	\$ 1,100	\$ 1,100	\$ 1,230	\$ 130
Alcoholic beverage tax	1,000	1,000	731	(269)
Video poker machine fees	2,000	2,000	1,026	(974)
Total intergovernmental	<u>\$ 4,100</u>	<u>\$ 4,100</u>	<u>\$ 2,987</u>	<u>\$ (1,113)</u>
Fines and forfeits	<u>\$ 37,000</u>	<u>\$ 37,000</u>	<u>\$ 32,763</u>	<u>\$ (4,237)</u>
Investment income	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 465</u>	<u>\$ (1,335)</u>
Miscellaneous	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 10,126</u>	<u>\$ 9,626</u>
Total revenues	<u>\$ 107,700</u>	<u>\$ 107,700</u>	<u>\$ 171,950</u>	<u>\$ 64,250</u>

(continued)

VILLAGE OF MERMENEAU, LOUISIANA

BUDGETARY COMPARISON SCHEDULE (CONTINUED)

GENERAL FUND

Year Ended June 30, 2017

See Independent Accountants' Review Report

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures:				
Current –				
General government:				
Salaries and wages	\$ 14,092	\$ 14,092	\$ 10,608	\$ 3,484
Payroll taxes	400	400	26	374
Retirement contributions	700	700	-	700
Office supplies	3,000	3,000	6,019	(3,019)
Dues and subscriptions	500	500	175	325
Utilities	8,200	8,200	6,180	2,020
Repairs and maintenance	900	900	834	66
Insurance	600	600	627	(27)
Printing and postage	1,800	1,800	2,014	(214)
Professional services	10,000	10,000	28,794	(18,794)
Collection fees	3,500	3,500	7,221	(3,721)
Miscellaneous	1,500	1,500	23,056	(21,556)
Total general government	<u>\$ 45,192</u>	<u>\$ 45,192</u>	<u>\$ 85,554</u>	<u>\$ (40,362)</u>
Public safety:				
Salaries and wages	\$ 9,600	\$ 9,600	\$ 9,600	\$ -
Payroll taxes	150	150	174	(24)
Materials and supplies	7,400	7,400	8,286	(886)
Repairs and maintenance	3,500	3,500	4,824	(1,324)
Insurance	1,000	1,000	1,412	(412)
Miscellaneous	2,000	2,000	195	1,805
Total public safety	<u>\$ 23,650</u>	<u>\$ 23,650</u>	<u>\$ 24,491</u>	<u>\$ (841)</u>
Public works:				
Salaries and wages	\$ 20,708	\$ 20,708	\$ 25,635	\$ (4,927)
Payroll taxes	425	425	468	(43)
Retirement contributions	1,000	1,000	-	1,000
Materials and supplies	8,000	8,000	4,697	3,303
Utilities	12,133	12,133	14,804	(2,671)
Repairs and maintenance	17,500	17,500	23,941	(6,441)
Insurance	10,000	10,000	23,652	(13,652)
Miscellaneous	1,900	1,900	4,203	(2,303)
Total public works	<u>\$ 71,666</u>	<u>\$ 71,666</u>	<u>\$ 97,400</u>	<u>\$ (25,734)</u>

(continued)

VILLAGE OF MERMENEAU, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE (CONTINUED)
 GENERAL FUND
 Year Ended June 30, 2017
 See Independent Accountants' Review Report

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures (continued):				
Current –				
Culture and recreation:				
Utilities	\$ 2,300	\$ 2,300	\$ 1,195	\$ 1,105
Repairs and maintenance	2,538	2,538	225	2,313
Miscellaneous	100	100	-	100
Total culture and recreation	<u>\$ 4,938</u>	<u>\$ 4,938</u>	<u>\$ 1,420</u>	<u>\$ 3,518</u>
Capital outlay	<u>\$ 2,287</u>	<u>\$ 2,287</u>	<u>\$ 2,685</u>	<u>\$ (398)</u>
Total expenditures	<u>\$ 147,733</u>	<u>\$ 147,733</u>	<u>\$ 211,550</u>	<u>\$ (63,817)</u>
Excess (deficiency) of revenues over expenditures	\$ (40,033)	\$ (40,033)	\$ (39,600)	\$ 433
Other financing sources:				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>59,716</u>	<u>44,716</u>
Net change in fund balance	\$ (25,033)	\$ (25,033)	\$ 20,116	\$ 45,149
Fund balance, beginning	<u>315,599</u>	<u>315,599</u>	<u>315,599</u>	<u>-</u>
Fund balance, ending	<u>\$ 290,566.0</u>	<u>\$ 290,566.0</u>	<u>\$ 335,715</u>	<u>\$ 45,149</u>

See Notes to the Budgetary Comparison Schedules.

VILLAGE OF MERMENEAU, LOUISIANA

BUDGETARY COMPARISON SCHEDULE

SALES TAX FUND

Year Ended June 30, 2017

See Independent Accountants' Review Report

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Taxes –				
Sales taxes	\$ 20,000	\$ 20,000	\$ 59,496	\$ 39,496
Expenditures:				
Current –				
General government:				
Professional services	\$ 1,850	\$ 1,850	\$ -	\$ 1,850
Collection fees	1,000	1,000	1,406	(406)
Total general government	<u>\$ 2,850</u>	<u>\$ 2,850</u>	<u>\$ 1,406</u>	<u>\$ 1,444</u>
Excess of revenues over expenditures	\$ 17,150	\$ 17,150	\$ 58,090	\$ 40,940
Other financing sources (uses):				
Transfers out	<u>(17,150)</u>	<u>(17,150)</u>	<u>(148,607)</u>	<u>(131,457)</u>
Net change in fund balance	\$ -	\$ -	\$ (90,517)	\$ (90,517)
Fund balance, beginning	<u>298,702</u>	<u>298,702</u>	<u>298,702</u>	<u>-</u>
Fund balance, ending	<u>\$ 298,702</u>	<u>\$ 298,702</u>	<u>\$ 208,185</u>	<u>\$ (90,517)</u>

See Notes to the Budgetary Comparison Schedules.

VILLAGE OF MERMENTAU, LOUISIANA

NOTES TO THE BUDGETARY COMPARISON SCHEDULES
See Independent Accountants' Review Report

Note 1. Budgets and Budgetary Accounting

The Village of Mermentau, Louisiana uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of an ordinance.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year end. The budgets presented are the originally adopted budget and the final budget which is the same as the originally adopted budget because no amendments to the original budget were made during the year.

Note 2. Stewardship, Compliance and Accountability

Excess of Expenditures Over Appropriations. The following individual funds had actual expenditures in excess of budgeted expenditures for the year ended June 30, 2017:

	Original Budget	Final Budget	Actual	Excess
General Fund	\$ 147,733	\$ 147,733	\$ 211,550	\$ (63,817)
Sales Tax Fund	\$ 2,850	\$ 2,850	\$ 1,406	\$ 1,444

This page intentionally left blank.

VILLAGE OF MERMENAU

SCHEDULES OF THE PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 For the Years Ended June 30, 2017, 2016, 2015 and 2014
 See Independent Accountants' Review Report

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability	0.033699%	0.060895%	0.063462%
Village's proportion share of the net pension liability	\$ 27,933	\$ 41,387	\$ 29,794
Village's covered employee payroll	\$ 13,555	\$ 24,755	\$ 27,253
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	206.87%	167.19%	109.32%
Plan fiduciary net position as a percentage on the total Pension liability	63.34%	68.71%	76.94%

2014

0.067015%

\$ 36,822

\$ 28,206

130.55%

71.92%

VILLAGE OF MERMENTAU

SCHEDULES OF PENSION CONTRIBUTIONS
 For the Years Ended June 30, 2017, 2016, 2015 and 2014
 See Independent Accountants' Review Report

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,480	\$ 2,255	\$ 2,589
Contributions in relation to the contractually required contribution	<u>1,480</u>	<u>2,255</u>	<u>2,589</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 13,555	\$ 24,755	\$ 27,253
Contributions as a percentage of covered- employee payroll	11.00%	9.50%	9.50%

2014

\$ 2,468

2,468

\$ -

\$ 28,206

8.75%

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank.

VILLAGE OF MERMENTAU

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD

For the Year Ended June 30, 2017

See Independent Accountants' Review Report

Agency Head: Darla Istre, Mayor

Purpose:

Salary

\$ 720

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Darla Istre, Mayor,
and the Board of Aldermen
Village of Mermentau, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Village of Mermentau, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Mermentau's compliance with certain laws and regulations during the year ended June 30, 2017, included in the accompanying Louisiana Attestation Questionnaire. Management of the Village of Mermentau is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with 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 the 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

There were no expenditures made during the year for material and supplies exceeding \$30,000, or public works expenditures exceeding \$150,000

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required listing, including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required listing.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2).

5. Obtain a list of all disbursements during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report as to whether any vendors appear on both lists.

None of the outside business interests of board members, employees and employees' immediate families were noted to have received payments from the Village.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the fiscal year.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

The original budget was adopted on June 13, 2016.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).

Actual revenues in the general fund exceeded budgeted revenues by 59.7%. Conversely, actual expenditures exceed budgeted expenditures by 43.2%. Actual revenues in the sales tax fund exceeded budgeted revenues by 66.4%. Conversely, actual expenditures exceeded budgeted expenditures by 50.7%. State law exempts special revenue funds, such as the sales tax fund, with anticipated expenditures of \$500,000 or less from the amendment requirements.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and: (a) report whether the six disbursements agree to the amount and payee in the supporting documentation, (b) report whether the six disbursements are coded to the correct fund and general ledger account, and (c) report whether the six disbursements were approved in accordance with management's policies and procedures.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to correct payee, were coded to the cored fund and general ledger account and were approved in accordance with management's policies and procedures.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

We examined supporting documentation indicating that the Village advertised its agendas for meetings in the official journal

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such

proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We examined bank deposits for the year under review and did not note any deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

We inspected payroll records and minutes for the year and did not note any instances of payments to employees, which would constitute bonuses, advances or gifts.

Prior-Year Comments

13. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

On schedule K-1, we have two repeat findings from our audit report dated December 29, 2016 related to reconciliation of the accounts receivable subsidiary ledger and compliance with the Louisiana budget provisions in state law.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management and the Board of Aldermen of the Village of Mermentau, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard Peltz, LLP

Lafayette, Louisiana
January 26, 2018

VILLAGE OF MERMENEAU, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2017
See Independent Accountants' Review Report

We have reviewed the basic financial statements of the Village of Mermentau, Louisiana, as of and for the year ended June 30, 2017, and have issued our report thereon dated January 26, 2018. We conducted our review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Section II. Financial Statement Findings

#2017-1 Segregation of Duties

Condition: The Village does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Village may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Criteria: An effective system of internal control requires proper segregation of employee duties and responsibilities so that no one individual handles a transaction from inception to completion.

Cause: The Village has a limited number of employees with the accounting function.

Effect: Ineffective system of internal controls over financial reporting.

Recommendation: While we recognize that the Village may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. Keeping in mind the limited number of employees to which duties can be assigned, the Village should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response: We have segregated duties as much as possible with the resources available. We will continue to monitor the situation.

#2017-2 Accounts Receivable Reconciliation

Condition: The Village uses printed copies of utility billings as its subsidiary ledger for accounts receivable. During the year tapes run on the subsidiary record were not in agreement with the general ledger and no attempt was made to reconcile both records and adjust for any differences. Based on inquiries to determine the out-of-balance condition, we discovered that billing adjustments were being made and also not reflected in the general ledger and only one adding machine tape was made to document the ending balance of customer accounts.

Criteria: General ledger accounts should be reconciled on at least a monthly basis. Adjustments to customer's bills should be approved by the appropriate authority and adjustments should be recorded to reflect the receivable and revenue in the Village's general ledger.

Cause: Besides recording the monthly revenue and collections, no further adjustments are being recorded to accounts receivable as bills are adjusted. There is no reconciliation process to determine what the balance should be or a process to determine if it is out of balance.

Effect: The accounts receivable subsidiary is overstated and there are no effective internal controls to prevent errors or irregularities.

Recommendation: Each month the balancing procedure for customer billing should be performed using consecutive tapes of customer's outstanding bills to determine there are no errors in the computed balance. That balance should be compared to the general ledger taking into account timing differences that may occur from receipt of payments and deposit into the bank account. Further, each deposit should be supported by the copies of the customer bill and independently verified that both deposit amount and bill totals agree. Any adjustments to customer bills should be approved by the Mayor or Council and documented on the Village's copy of the utility bill and signed by the appropriate individual authorizing the adjustment. The general ledger should be adjusted to the subsidiary record once an accurate balance has been determined. Consistent differences each month should be investigated.

Response: The Village will implement the suggestions to reconcile the accounts and implement a formal approval process for adjustment of utility charges on customer bills. Adjustments will be made to reconcile the account and discrepancies will be investigated to determine their source.

#2017-3 Louisiana Audit Law – Filing Deadline

Finding: The review of the Village of Mermentau as of and for the year ended June 30, 2017 was required to be filed with the Legislative Auditor's Office within six months of fiscal year end as required by state law and was not filed within the time period.

Criteria: The Louisiana Audit Act requires filing of annual financial statements that are compiled, reviewed or audited to be filed with the Louisiana Legislative Auditor's office within six months of fiscal year end.

Cause: Because of scheduling conflicts, weather and illness, the attest engagement on the financial statements could not be completed within the six month deadline.

Effect: The report was not filed in accordance with the time frame required by the Louisiana Audit Act.

Recommendation: In the future, the report should be filed in compliance with Louisiana State Law.

Management Response: The Village of Mermentau timely engaged a public accounting firm to conduct the financial statement review, but due to complications in their schedule and collection of information, the public accounting firm was unable to complete and file the review by the Louisiana State law deadline.

#2017-4 Budget Violation

Condition: The Louisiana Local Government Budget Act requires governments to both adopt a realistic budget and amend their budget when total actual revenues fail to meet budgeted revenues or actual expenditures exceed total budgeted expenditures by 5% or more. For the year ended June 30, 2017, actual expenditures exceeded budgeted expenditures by \$63,817 or 43% of budgeted expenditures in the General Fund. Likewise, General Fund revenues exceeded budgeted revenues by \$64,250 or 60% of budgeted revenues

Criteria: LA R.S. 39:1301 - 1315 requires political subdivisions of the state with a general fund or special revenue fund to timely amend the budget when actual revenues are less than budgeted revenues by 5% or more or actual expenditures exceed budgeted expenditures by 5% or more.

Cause: The Village did not develop a realistic budget based on current anticipated revenues and expenditures, instead adopting the prior year budget and is not properly amending the budget during the year.

Effect: Actual expenditures in the General Fund were above budgeted expenditures by more than 5%.

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance.

Response: The budget will be monitored to ensure compliance with State law.

VILLAGE OF MERMENAU, LOUISIANA

SCHEDULE OF PRIOR FINDINGS
Year Ended June 30, 2016

Section I. Internal Control and Compliance Material to the Financial Statements

#2016-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Town should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: This finding is repeated in the current year at #2017-1. The Village has provided as much segregation as possible with the resources available.

#2016-2 Accounts Receivable Reconciliation

Recommendation: Each month the balancing procedure for customer billing should be performed using consecutive tapes of customer's outstanding bills to determine there are no errors in the computed balance. That balance should be compared to the general ledger taking into account timing differences that may occur from receipt of payments and deposit into the bank account. Further, each deposit should be supported by the copies of the customer bill and independently verified that both deposit amount and bill totals agree. Any adjustments to customer bills should be approved by the Mayor or Council and documented on the Village's copy of the utility bill and signed by the appropriate individual authorizing the adjustment. The general ledger should be adjusted to the subsidiary record once an accurate balance has been determined. Consistent differences each month should be investigated.

Current Status: The finding is repeated in the current year at #2017-2

#2016-3 Budget Violation

Recommendation: The budget should be reviewed periodically during the year, and amended as necessary, to ensure compliance.

Current Status: This finding is repeated in the current year at #2017-4.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2016.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (Date Transmitted)

Broussard Poché, LLP
101 Independence Blvd.
Lafayette, Louisiana 70503

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of June 30, 2017 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements,

without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No

The previous responses have been made to the best of our belief and knowledge.

_____	Secretary _____	Date
_____	Treasurer _____	Date
<u>Paula Istre</u>	<u>MAYOR</u> <u>President</u> 760.14, 2017	Date