

Town of Many, Louisiana

June 30, 2019

**Town of Many, Louisiana
June 30, 2019**

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June 30, 2019**

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Many, Louisiana (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
Cindy L. Humphries, C.P.A.
Deborah R. Dunn, C.P.A.

Rebecca G. Nation, C.P.A.
Evelyn T. Renfrow, C.P.A.
Kayla G. Holloway, C.P.A.

1



1419 Metro Drive • P.O. Box 13200
Alexandria, LA 71315-3200
Ph: (318) 443-1893 • Fax: (318) 443-2515



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Many, Louisiana, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation, benefits, and other payments to the agency head, unaudited summary of utility service customers, unaudited schedule of insurance in force, and unaudited list of governing body – positions and terms labeled as "Other Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

The schedule of compensation, benefits, and other payments to the agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to the agency head is fairly stated in all material respects in relation to the basic financial statements as a whole.

The summary of utility service customers, the schedule of insurance in force, and the list of governing body - positions and terms have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Many's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

December 19, 2019

Required Supplemental Information – Part I

Management's Discussion and Analysis

Town of Many, Louisiana
June 30, 2019

Management's Discussion and Analysis

This section of the Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The Town's net position amounted to \$16,040,334, an increase of \$143,913.
- Program and general revenues amounted to \$4,740,225, an increase of \$498,986.
- Expenses for the year amounted to \$4,596,313, an increase of \$352,815.

Overview of Financial Statements

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary information

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail than the government-wide statements. The Town has a general fund, street fund, and a proprietary (utility) fund.

Financial Analysis of the Town as a Whole

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current and other assets	\$ 2,294,153	\$ 1,835,804	\$ 833,457	\$ 839,180
Internal balances	1,080,540	1,417,490	(1,080,540)	(1,417,490)
Capital assets, net	4,279,882	4,061,979	10,925,416	11,279,433
Total Assets	<u>7,654,575</u>	<u>7,315,273</u>	<u>10,678,333</u>	<u>10,701,123</u>
Deferred outflow of pension resources	<u>380,917</u>	<u>436,261</u>	<u>180,414</u>	<u>262,712</u>
Current and other liabilities	260,695	159,765	53,734	19,169
Long-term debt and net pension liability	1,175,847	1,260,857	1,251,095	1,251,912
Total liabilities	<u>1,436,542</u>	<u>1,420,622</u>	<u>1,304,829</u>	<u>1,271,081</u>
Deferred inflow of pension resources	<u>91,313</u>	<u>110,542</u>	<u>21,221</u>	<u>16,703</u>
Net Position:				
Invested in capital assets	4,279,882	4,061,979	10,254,634	10,608,651
Restricted	2,547,121	2,602,631	-	-
Unrestricted	(319,366)	(444,240)	(721,937)	(932,600)
Total net position	<u>\$ 6,507,637</u>	<u>\$ 6,220,370</u>	<u>\$ 9,532,967</u>	<u>\$ 9,676,051</u>

Town of Many, Louisiana
June 30, 2019

Management's Discussion and Analysis

Condensed Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Year ended		Year ended	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Expense:				
Governmental activities:				
General government	\$ 620,436	\$ 636,758		
Public safety	881,452	741,756		
Public works	685,744	613,100		
Sanitation	355,387	381,339		
Cultural and recreation	167,877	66,228		
Interest expense	11,097	17,196		
Total Governmental activities	<u>2,721,993</u>	<u>2,456,377</u>		
Business-type activities			\$ 1,874,320	\$ 1,787,121
Program revenues:				
Charges for services	870,332	820,299	1,711,588	1,571,376
Grants and contributions	365,699	149,591	17,538	44,303
Total program-revenues	<u>1,236,031</u>	<u>969,890</u>	<u>1,729,126</u>	<u>1,615,679</u>
General revenues:				
Taxes	1,767,113	1,639,667	-	-
Investment earnings	6,115	4,638	1,840	1,767
Insurance proceeds	-	-	-	-
Gain (loss) on disposition of capital assets	-	4,573	-	5,025
Total general revenues	<u>1,773,228</u>	<u>1,648,878</u>	<u>1,840</u>	<u>6,792</u>
Change in net position	<u>\$ 287,266</u>	<u>\$ 162,391</u>	<u>\$ (143,354)</u>	<u>\$ (164,650)</u>

Overall revenues increased by \$498,986 (11.8%) to \$4,740,225 in 2019 primarily due to increases in grants revenues, sales taxes and revenues from services. Expenses increased by \$352,815 (8.3%) to \$4,596,313 in 2019, primarily due to increased street overlays and airport capital improvements.

Financial Analysis of the Funds

Fund balances for the Town's governmental funds, comprised of general fund and street fund, increased \$18,364 during the year, primarily due to increased sales taxes and revenues from services, offset by increased street overlay work. Revenues increased \$396,800 (15.3%) during the year to \$2,983,530, primarily due to grants for airport improvements in 2019, but not in 2018, and increased sales taxes and revenues from services. Expenses increased \$597,085 to \$2,965,166, primarily due to increased street overlay and capital expenditures relating to the airport grants.

General government and public safety expenditures continue to represent the largest portion of the general fund budget, amounting to \$467,035 and \$832,914, respectively, in 2019, or approximately 60% of all general fund expenditures.

Town of Many, Louisiana
June 30, 2019

Management's Discussion and Analysis

The Town's utility fund net position decreased by \$143,354 in 2019 primarily due to operating expenses exceeding revenues. Operating revenues increased by 8.9% to \$1,711,588, primarily due to a rate increase, and operating expenses amounted to \$1,874,320 in 2019, a increase of \$87,199 (4.9%) from 2018, primarily due to increased repairs at the water plant.

General and Street Fund Budget Highlights

The original budget of the General Fund and Street Fund is adopted at the beginning of the year and reflected the Town's plan for the year. The budget was amended to reflect changes to the Town's plan that occurred during the year. The major budget changes were an increase in funds budgeted for street overlays in the street fund and an increase in funds budgeted for depot and airport improvements, however these amendments were not sufficient to prevent actual expenditures in these funds from exceeding the 5% variance allowed by state law.

Capital Assets

During 2019, the Town invested approximately \$51,586 in water and sewer system equipment. In addition, capital investments were made in other additions of \$352,656, primarily relating to equipment, airport improvements and depot improvements. Capital assets of \$15,556 were removed from asset inventory due to sale or obsolesce.

Debt

Implementation of GASB 68 in 2015 required the Town to recognize in its financial statements the Town's proportionate share of the estimated net pension liability of the two statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems in which the Town participates. In 2019, primarily due to pension plan differences in projected and actual earnings on plan investments and differences in changes in proportionate share of net pension liability, GASB 68 pension accounting had a negative impact on the Town's net position of \$150,401.

No additional debt was incurred in 2019, and debt payments of \$128,000 relating to certificates of indebtedness were made during 2019. The certificates of indebtedness mature in 2020.

Economic Factors and Next Year's Budgets and Rates

The Town is dependent on charges for services and ad valorem and sales taxes, for most of the Town's recurring revenues. The level of sales tax collections are still somewhat unpredictable due to the continued slowdown in the economy of Sabine Parish due to the sharp drop off in drilling activity in the Haynesville Shale formation, and the continued high unemployment in the oil and gas drilling industry due to volatile oil and gas prices. The Town expects continued high maintenance costs for the next few years in the Utility Fund as deferred maintenance is completed. On November 1, 2019 the Town began operating the garbage service, which had previously been contracted out, and expects the decision will result in lower sanitation costs and related revenue fees.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Kenneth Freeman, Mayor, P O Box 1330, Many, LA 71449.

Basic Financial Statements

**Government-Wide
Financial Statements**

Town of Many, Louisiana
Statement of Net Position
June 30, 2019

Exhibit A

	Governmental	Business-type	Total
Assets			
Cash and cash equivalents	\$ 1,863,797	\$ 518,317	\$ 2,382,114
Receivables, net	395,234	297,262	692,496
Internal balances	1,080,540	(1,080,540)	-
Prepaid expenses	35,122	17,878	53,000
Capital assets			
Nondepreciable			
Land	454,717	38,999	493,716
Construction in progress	219,145	-	219,145
Depreciable			
Other capital assets, net of depreciation	3,606,020	10,886,417	14,492,437
Total Assets	7,654,575	10,678,333	18,332,908
Deferred Outflows of Resources			
Deferred outflows of pension resources	380,917	180,414	561,331
Liabilities			
Accounts and contracts payable	227,998	53,734	281,732
Accrued expenses	32,697	-	32,697
Long-term liabilities			
Due within one year			
Notes and loans payable	134,000	-	134,000
Due in more than one year			
Notes and loans payable	-	670,782	670,782
Meter deposits payable	-	119,597	119,597
Compensated absences	24,455	19,213	43,668
Other noncurrent liabilities			
Net pension liability	1,017,392	441,503	1,458,895
Total Liabilities	1,436,542	1,304,829	2,741,371
Deferred Inflows of Resources			
Deferred inflows of pension resources	91,313	21,221	112,534
Net Position			
Net investment in capital assets	4,279,882	10,254,634	14,534,516
Restricted for			
Streets and sidewalks	2,547,121	-	2,547,121
Unrestricted	(319,366)	(721,937)	(1,041,303)
Total Net Position	\$ 6,507,637	\$ 9,532,697	\$ 16,040,334

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

Town of Many, Louisiana
Statement of Activities
For the Year Ended June 30, 2019

Exhibit B

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 620,436	\$ 285,693	\$ 4,201	\$ 236,519	\$ (94,023)	\$ -	\$ (94,023)
Public safety	881,452	245,805	74,958	-	(560,689)	-	(560,689)
Public works	685,744	10,000	14,519	-	(661,225)	-	(661,225)
Sanitation	355,387	328,834	-	-	(26,553)	-	(26,553)
Culture and recreation	167,877	-	35,502	-	(132,375)	-	(132,375)
Interest expense	11,097	-	-	-	(11,097)	-	(11,097)
Total Governmental Activities	<u>2,721,993</u>	<u>870,332</u>	<u>129,180</u>	<u>236,519</u>	<u>(1,485,962)</u>	<u>-</u>	<u>(1,485,962)</u>
Business-type activities							
Utility system	1,874,320	1,711,588	13,101	4,437	-	(145,194)	(145,194)
Total Business-type Activities	<u>1,874,320</u>	<u>1,711,588</u>	<u>13,101</u>	<u>4,437</u>	<u>-</u>	<u>(145,194)</u>	<u>(145,194)</u>
Total Primary Government	<u>\$ 4,596,313</u>	<u>\$ 2,581,920</u>	<u>\$ 142,281</u>	<u>\$ 240,956</u>	<u>(1,485,962)</u>	<u>(145,194)</u>	<u>(1,631,156)</u>
General Revenues							
Taxes							
Property taxes levied for general purposes					140,554	-	140,554
Sales tax authorized for general purposes					711,479	-	711,479
Sales tax authorized for specific purposes					711,480	-	711,480
Franchise and miscellaneous taxes					203,600	-	203,600
Investment earnings					6,115	1,840	7,955
Total General Revenues					<u>1,773,228</u>	<u>1,840</u>	<u>1,775,068</u>
Change in Net Position					287,266	(143,354)	143,912
Net Position, Beginning of Year					6,220,371	9,676,051	15,896,422
Net Position, End of Year					<u>\$ 6,507,637</u>	<u>\$ 9,532,697</u>	<u>\$ 16,040,334</u>

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

Fund Financial Statements

**Town of Many, Louisiana
Balance Sheet
Governmental Funds
June 30, 2019**

Exhibit C

	General Fund	Street Special Revenue Fund	Total Governmental
Assets			
Cash and cash equivalents	\$ 790,984	\$ 1,072,813	\$ 1,863,797
Receivables, net	329,615	65,619	395,234
Due from other funds	1,079,278	1,407,658	2,486,936
Prepaid expenses	33,015	2,107	35,122
Total Assets	\$ 2,232,892	\$ 2,548,197	\$ 4,781,089
Liabilities and Fund Balances			
Liabilities			
Accounts and contracts payable	\$ 226,922	\$ 1,076	\$ 227,998
Due to other funds	1,406,396	-	1,406,396
Accrued expenses	30,494	-	30,494
Total Liabilities	1,663,812	1,076	1,664,888
Fund balances			
Nonspendable - prepaid expenses	33,015	2,107	35,122
Spendable:			
Restricted - streets and sidewalks	-	2,545,014	2,545,014
Unassigned	536,065	-	536,065
Total Fund Balances	569,080	2,547,121	3,116,201
Total Liabilities and Fund Balances	\$ 2,232,892	\$ 2,548,197	\$ 4,781,089

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

**Town of Many, Louisiana
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2019**

Exhibit D

Total Fund Balance, Governmental Funds	\$ 3,116,201
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Pension related deferred outflows of resources and deferred inflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements but are reported in the governmental activities of the Statement of Net Position.</p>	
Deferred outflows of pension resources	380,917
Deferred inflows of pension resources	(91,313)
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements but are reported in the governmental activities of the Statement of Net Position.</p>	
	4,279,882
<p>Some liabilities are not due and payable in the current period and, therefore, are not included in the fund financial statements but are included in the governmental activities of the Statement of Net Position.</p>	
Notes and loans payable	(134,000)
Compensated absences	(24,455)
Net pension liability	(1,017,392)
<p>Interest on long-term debt is accrued in the Statement of Net Position but not in the governmental funds.</p>	
	(2,203)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 6,507,637</u>

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

Town of Many, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Exhibit E

	<u>General Fund</u>	<u>Street Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes			
Ad valorem taxes	\$ 140,554	\$ -	\$ 140,554
Franchise taxes	194,488	-	194,488
Sales taxes	711,479	711,480	1,422,959
Intergovernmental	315,509	10,000	325,509
Fines	245,805	-	245,805
Licenses and permits	248,793	-	248,793
Charges for services	341,519	-	341,519
Investment earnings	2,561	3,550	6,111
Miscellaneous	57,792	-	57,792
Total Revenues	<u>2,258,500</u>	<u>725,030</u>	<u>2,983,530</u>
Expenditures			
Current			
General government	467,035	-	467,035
Public safety	832,914	-	832,914
Public works	-	518,702	518,702
Sanitation	349,341	-	349,341
Culture and recreation	84,172	-	84,172
Capital outlay	309,962	261,839	571,801
Debt service			
Principal	128,000	-	128,000
Interest and other charges	13,201	-	13,201
Total Expenditures	<u>2,184,625</u>	<u>780,541</u>	<u>2,965,166</u>
Net Change in Fund Balances	73,875	(55,511)	18,364
Fund Balances, Beginning of Year	<u>495,205</u>	<u>2,602,632</u>	<u>3,097,837</u>
Fund Balances, End of Year	<u>\$ 569,080</u>	<u>\$ 2,547,121</u>	<u>\$ 3,116,201</u>

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

Town of Many, Louisiana
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Exhibit F

Net Change in Fund Balances - Total Governmental Funds \$ 18,364

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays included in governmental funds	571,801
Depreciation included in the Statement of Activities	(353,898)

Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

128,000

Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These timing differences are summarized below:

On-behalf payments through pension plans	25,725
Compensated absences	(3,598)
Interest expense	2,104
Pension expense	(101,232)

Change in Net Position of Governmental Activities in the Statement of Activities

\$ 287,266

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

**Town of Many, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2019**

Exhibit G

**Utility System
Enterprise**

	Assets
Current Assets	
Cash and cash equivalents	\$ 518,317
Receivables, net	297,262
Prepaid expenses	17,878
Total Current Assets	833,457
Noncurrent Assets	
Capital assets	
Nondepreciable	
Land	38,999
Depreciable	
Property, plant and equipment	18,199,168
Less accumulated depreciation	(7,312,751)
Total Noncurrent Assets	10,925,416
Total Assets	11,758,873
	Deferred Outflows of Resources
Deferred outflows of pension resources	180,414
	Liabilities
Current Liabilities	
Accounts and contracts payable	53,734
Noncurrent Liabilities	
Notes and loans payable	670,782
Meter deposits payable	119,597
Compensated absences	19,213
Due to other funds	1,080,540
Net pension liability	441,503
Total Noncurrent Liabilities	2,331,635
Total Liabilities	2,385,369
	Deferred Inflows of Resources
Deferred inflows of pension resources	21,221
	Net Position
Net investment in capital assets	10,254,634
Unrestricted	(721,937)
Total Net Position	\$ 9,532,697

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

Town of Many, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2019

Exhibit H

Utility System
Enterprise Fund

Operating Revenues	
Charges for services	\$ 1,711,588
Operating Expenses	
Salaries	417,954
Insurance	107,530
Supplies	190,236
Contracted services	13,670
Legal and accounting	25,803
Repairs and maintenance	200,946
Truck expense	12,826
Telephone	35,417
Office supplies and postage	6,849
Retirement	140,967
Payroll taxes	34,689
Utilities	120,123
Miscellaneous	33,842
Testing fees	19,583
Sewer plant supplies	59,143
Water purchased	41,884
Depreciation	405,603
Travel and seminars	7,255
Total Operating Expenses	1,874,320
Operating Income (Loss)	(162,732)
Nonoperating Revenue (Expenses)	
Operating grants and contributions	13,101
Investment earnings	1,840
Total Nonoperating Revenue (Expenses)	14,941
Income (Loss) Before Contributions	(147,791)
Capital contributions	4,437
Change in Net Position	(143,354)
Net Position, Beginning of the Year	9,676,051
Total Net Position, End of Year	\$ 9,532,697

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

**Town of Many, Louisiana
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019**

**Exhibit I
(Continued)**

**Utility System
Enterprise Fund**

Cash Flows from Operating Activities

Receipts from customers	\$ 1,698,020
Payments to employees	(411,013)
Payments to vendors and others	(915,333)
Net Cash Provided by (Used in) Operating Activities	371,674

Cash Flows from Noncapital Financing Activities

Change in due to other funds	(336,950)
Net Cash Provided by (Used in) Noncapital Financing Activities	(336,950)

Cash Flows from Capital and Related Financing Activities

Capital grants and contributions	35,692
Acquisition or construction of capital assets	(51,586)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(15,894)

Cash Flows from Investing Activities

Interest received	1,840
Net Cash Provided by (Used in) Investing Activities	1,840

Net Increase (Decrease) in Cash and Cash Equivalents

20,670

Cash and Cash Equivalents, Beginning of Year

497,647

Cash and Cash Equivalents, End of Year

\$ 518,317

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

**Town of Many, Louisiana
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019**

**Exhibit I
(Concluded)**

**Utility System
Enterprise Fund**

Reconciliation of Operating Income (Loss) to	
Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	\$ (162,732)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided by (Used in) Operating Activities	
Depreciation	405,603
Change in deferred outflows of pension resources	82,298
Change in deferred inflows of pension resources	4,518
On-behalf payments through pension plan	13,101
Changes in assets and liabilities	
Receivables	(13,919)
Prepaid expenses	9,057
Accounts and contracts payable	34,565
Meter deposits payable	4,168
Compensated absences	6,941
Net pension liability	<u>(11,926)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 371,674</u>

Additional required disclosures:

There were no material noncash operating, noncapital financing, capital and related financing, or investing activities for the year ended June 30, 2019.

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

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies

The Town of Many (the Town), Louisiana was incorporated November 1, 1878, under the provisions of a special home rule charter. The Town began operating under the provisions of the Lawrason Act in January 1996 as a result of an election that was held in the fall of 1995. The Town operates under a Mayor - Board of Aldermen form of government.

The accounting and reporting policies of the Town conform with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations) constitutes GAAP for governmental units. The accounting and reporting policies of the Town conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the Louisiana Governmental Audit Guide.

The accounting and reporting framework and the more significant accounting policies used by the Town are described below.

A. The Financial Reporting Entity

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

In accordance with GAAP, the basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has established criteria to be considered in determining financial accountability, which includes:

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

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

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

B. Basis of Presentation and Accounting

The accounting system is organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The Town's funds are grouped into two broad fund categories and three generic fund types for financial statement presentation purposes. Governmental funds include the general fund and one special revenue fund. The proprietary fund consists of the utility system enterprise fund.

Government-Wide Financial Statements

The government-wide financial statements, Statement of Net Position and Statement of Activities, report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Eliminations have been made to minimize the effect of interfund activities upon resources and expenses.

The Statement of Net Position presents information on all of the Town's assets, liabilities, and deferred inflows and outflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Net position is reported as restricted when constraints placed on net positions are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

The government-wide Statement of Activities presents a comparison between expenses (both direct and indirect) and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by fund type. Each major fund is presented in a separate column. All funds of the Town are major funds. Separate financial statements are provided for governmental funds and proprietary funds.

Nonspendable fund balances include amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. Restricted fund balances represent those portions of fund balance that are restricted to specific purposes by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is the Town's Board of Aldermen. Formal action of the Town to establish or rescind committed funds requires adopting a resolution in a public meeting. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balances. In cases where restricted and unrestricted monies are received by the Town for the same function or purpose, the restricted monies are used first. Unrestricted monies are then spent in the following order: committed, assigned, and unassigned.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Town has one major special revenue fund:

Street Special Revenue Fund accounts for the share of the Town's sales tax dedicated to streets and sidewalks.

Revenue Recognition – In applying the susceptible-to-accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current period or within 60 days after year end and available to pay obligations of the current period): ad valorem taxes, franchise taxes, sales taxes, grants, interest revenue, and charges for services. Fines, permits, and license revenues are generally not susceptible to accrual because they are not measurable until received in cash. Reimbursements due for federal and state funded projects are accrued as revenue at the time the expenditures are made. When received in advance, the advance is not recognized as revenue until the related expenditure is incurred.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

Ad valorem taxes are recognized as revenue in the year in which final approval is received from the Louisiana Tax Commission, at which time a valid claim exists, to the extent considered available. Ad valorem taxes are considered 'measurable' at the time of levy. Substantially all other non-governmental revenues are susceptible to accrual and are recognized when earned or the underlying transaction occurs.

Expenditure Recognition – GAAP requires that all liabilities and expenditures reported in governmental funds be recognized when the liability is incurred – that is, on the accrual basis – absent a specific requirement (modification) to do otherwise. Debt service expenditures (principal and interest) on general long-term debt, which has not matured, are recognized when paid. Compensated absences and claims and judgments are recognized only to the extent that the liabilities are normally expected to be liquidated with expendable available financial resources.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus is concerned with determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned, and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Town has one proprietary fund, which is classified as an enterprise fund.

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The major enterprise fund of the Town is the utility system enterprise fund, which accounts for water and sewer services provided to residents of the Town and general surrounding areas.

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

C. Budgets and Budgetary Accounting

Operating budgets of proposed expenditures and the means of financing them were adopted for the General Fund and the Street Special Revenue Fund.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

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

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and the Board no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance.
5. Budgetary amendments involving the transfers of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. All expenditures in excess of budgeted amounts are approved by the Board.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen.

D. Cash, Cash Equivalents, and Investments

Cash includes amounts on hand, in demand deposits, and in time deposits. For the purpose of the statement of cash flows, the Town considers all highly liquid investments with maturity of three months or less when acquired to be cash equivalents.

Under state law, the Town may deposit funds in demand deposits (interest bearing or non-interest bearing), money market accounts, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana. The Town may invest in United States bonds, treasury notes, investments as stipulated in state law, or any other federally insured investments. At year-end, the Town had no investments.

E. Receivables and Bad Debts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. None of the governmental funds receivables were considered uncollectible at year-end.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

F. Internal Balances (Due from/to Other Funds)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the statement of net position and as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

G. Inventories

Inventories are accounted for in the General Fund and Enterprise Fund as expenditures or expenses when purchased. Amounts on hand, if any, are immaterial.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year-end are recorded as prepaid expenses using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which it is consumed.

I. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds.

In the government-wide financial statements, capital assets, including general capital assets are capitalized and depreciated on a straight-line basis over their estimated useful lives. Public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets, drainage systems, and lighting systems are capitalized. The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. Donated capital assets are valued at estimated fair value on date of donation. The minimum capitalization threshold is as follows:

Land	All costs
Infrastructure	\$ 12,500
Equipment	5,000
Vehicles	7,500
All other	5,000

The Town qualifies as a Phase Three government exempting them from reporting infrastructure on a retroactive basis. Due to this qualification, the Town has elected to report infrastructure on a prospective basis. Acquisitions made on or after July 1, 2003, and meeting the above capitalization thresholds, have been capitalized and depreciated in the government-wide financial statements. Capital assets are not capitalized in the governmental fund financial statements.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

Capital assets in the proprietary fund are capitalized in the fund. The valuation basis for proprietary fund capital assets is the same as those used for general capital assets.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the current period.

In the government-wide financial statements and proprietary fund financial statements, capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Water system	10 – 60
Sewer system	5 – 60
Buildings and improvements	10 – 40
Infrastructure	10 – 30
Fixtures and equipment	5 – 60
Trucks and machinery	3 – 5

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently the Town has only one item that qualifies for reporting in this category: deferred outflows related to pensions.

In addition to liabilities, the Statement of Financial Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenues) until then. The Town has only one item that qualifies for reporting in this category: deferred inflows related to pensions.

K. Short-Term Liabilities

Short-term liabilities with maturity of one year or less are reported as liabilities in the governmental funds balance sheet.

L. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are not reported in the Balance Sheet for the fund financial statements; however, such long-term obligations are reported in the Statement of Net Position in the government-wide financial statements. Interest expense on long-term debt is recognized in the government-wide financial statements as the interest accrues, regardless of when it is due. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in that fund.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

M. Compensated Absences

Vested or accumulated leave is accrued in the period the liability is incurred. Compensated absences expected to be financed from governmental funds are not reported in the Balance Sheet of the fund financial statements; however, compensated absences are reported in the statement of Net Position in the government-wide financial statements. Vested or accumulated leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

N. Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

O. Supplemental Wages

Certain employees of the police department are eligible for and receive supplemental wages from the State of Louisiana. These supplemental wages are recognized as intergovernmental revenue and public safety expenditures in the General Fund.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Ad Valorem Taxes

Levied ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and are payable upon receipt of notice. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Sabine Parish.

For the current year, property taxes were levied for 5.65 mills on property with assessed valuations totaling \$21,372,360 and were dedicated for general alimony purposes. Total taxes levied were \$120,754.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

3. Dedication of Proceeds and Flow of Funds - Sales Tax

Proceeds of the Town's 1% sales and use tax are dedicated to the following purposes:

- (a) One-half to the Street Special Revenue Fund for maintenance and construction of streets and sidewalks.
- (b) One-half to the General Fund for general operating expenditures or any other use as designated by the Board.

4. Cash and Cash Equivalents

Under state law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Cash and cash equivalents consist of both non-interest bearing and interest bearing bank accounts with area financial institutions. Interest bearing and non-interest bearing accounts were insured by the FDIC up to \$250,000 per institution. Banks are required by R.S. 49:321 to pledge security for deposits in excess of FDIC coverage. Louisiana revised statutes require the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Town that the pledging bank has failed to pay deposited funds upon demand. At year-end, the Town's deposits were covered by depository insurance or collateral held by the Town or its agent in the Town's name. The Town was not exposed to custodial credit risk at year-end.

5. Receivables

Receivables, as shown in the government-wide financial statements, consist of the following:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Taxes			
Sales taxes	\$ 131,238	\$ -	\$ 131,238
Franchise taxes	40,063	-	40,063
Ad valorem taxes	16,419	-	16,419
Intergovernmental	201,666	-	201,666
Customers			
Uncollected cycle billings	-	434,526	434,526
Estimated unbilled services	-	83,037	83,037
Other	5,848	21,699	27,547
Gross receivables	<u>395,234</u>	<u>539,262</u>	<u>934,496</u>
Allowance for estimated uncollectible	-	(242,000)	(242,000)
	<u>\$ 395,234</u>	<u>\$ 297,262</u>	<u>\$ 692,496</u>

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

6. Internal Balances (Due from/to Other Funds)

Amounts due from and to other funds, as reported in the fund financial statements, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Utility System Enterprise Fund	\$ 1,079,278
Street Special Revenue Fund	General Fund	1,406,396
Street Special Revenue Fund	Utility System Enterprise Fund	<u>1,262</u>
		<u>\$ 2,486,936</u>

The balances reflected in interfunds represent either routine charges for goods and services or transfers from one fund to another. These balances are settled as funds become available. Complete settlement is not expected within the next fiscal year.

7. Capital Assets and Depreciation

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 454,717	\$ -	\$ -	\$ 454,717
Construction in progress	28,827	219,145	(28,827)	219,145
Other capital assets				
Buildings and improvements	3,955,661	104,493	-	4,060,154
Infrastructure	1,649,392	146,316	-	1,795,708
Machinery and equipment	676,243	73,272	-	749,515
Automobiles and trucks	291,104	57,402	-	348,506
Total other capital assets	<u>6,572,400</u>	<u>381,483</u>	<u>-</u>	<u>6,953,883</u>
Accumulated depreciation				
Buildings and improvements	(1,360,502)	(184,527)	-	(1,545,029)
Infrastructure	(891,798)	(103,887)	-	(995,685)
Machinery and equipment	(500,211)	(33,332)	-	(533,543)
Automobiles and trucks	(241,454)	(32,152)	-	(273,606)
Total accumulated depreciation	<u>(2,993,965)</u>	<u>(353,898)</u>	<u>-</u>	<u>(3,347,863)</u>
Other capital assets, net	<u>3,578,435</u>	<u>27,585</u>	<u>-</u>	<u>3,606,020</u>
Net Capital Assets	<u>\$ 4,061,979</u>	<u>\$ 246,730</u>	<u>\$ (28,827)</u>	<u>\$ 4,279,882</u>

Depreciation was charged to Governmental Activities as follows:

General government	\$ 185,576
Public safety	15,012
Public works	141,180
Culture and recreation	<u>12,130</u>
	<u>\$ 353,898</u>

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 38,999	\$ -	\$ -	\$ 38,999
Other capital assets				
Water system	13,447,713	48,770	(15,556)	13,480,927
Sewer system	4,479,327	2,816	-	4,482,143
Furniture and fixtures	26,504	-	-	26,504
Trucks and equipment	209,594	-	-	209,594
Total other capital assets	<u>18,163,138</u>	<u>51,586</u>	<u>(15,556)</u>	<u>18,199,168</u>
Accumulated depreciation				
Water system	(4,227,832)	(257,266)	15,556	(4,469,542)
Sewer system	(2,548,611)	(120,991)	-	(2,669,602)
Furniture and fixtures	(19,192)	(441)	-	(19,633)
Trucks and equipment	(127,069)	(26,905)	-	(153,974)
Total accumulated depreciation	<u>(6,922,704)</u>	<u>(405,603)</u>	<u>15,556</u>	<u>(7,312,751)</u>
Other capital assets, net	<u>11,240,434</u>	<u>(354,017)</u>	<u>-</u>	<u>10,886,417</u>
 Net Capital Assets	 <u>\$ 11,279,433</u>	 <u>\$ (354,017)</u>	 <u>\$ -</u>	 <u>\$ 10,925,416</u>

Depreciation in the amount of \$405,603 was charged to Utility System expenses.

8. Long-Term Liabilities

Governmental activities' long-term liabilities are direct obligations and pledge the full faith and credit of the Town. The Town incurred these liabilities to provide funds for operations. In addition, the Town's obligation relative to the governmental funds' liability for compensated absences is reported as a governmental activities' long-term liability.

A summary of long-term liabilities as of year-end follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Governmental activities				
General obligation				
Certificate of indebtedness, Series 2011 - operations	2020	5%	\$ 134,000	\$ -
Compensated absences			24,455	-
Business-type activities				
LDOTD note payable - construction	Open ended	N/A	-	670,782
Meter deposits payable			-	119,597
Compensated absences			-	19,213
			<u>\$ 158,455</u>	<u>\$ 809,592</u>

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

For the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2019</u>	<u>Due Within One Year</u>
Governmental activities					
Certificates of indebtedness	\$ 262,000	\$ -	\$ (128,000)	\$ 134,000	\$ 134,000
Compensated absences	20,861	3,594	-	24,455	-
Business-type activities					
LDOTD notes payable	670,782	-	-	670,782	-
Meter deposits payable	115,429	4,168	-	119,597	-
Compensated absences	12,272	6,941	-	19,213	-
	<u>\$ 1,081,344</u>	<u>\$ 14,703</u>	<u>\$ (128,000)</u>	<u>\$ 968,047</u>	<u>\$ 134,000</u>

The Town entered into agreements with the Louisiana Department of Transportation and Development (LDOTD) for utility relocation assistance funding. Issuance of future permits to the Town by the LDOTD for location of additional longitudinal facilities within any state owned right of way is contingent upon repayment of this funding. As of year-end, LDOTD had invoiced the Town for these projects, but a payment schedule has not been established.

The annual requirements to amortize outstanding governmental activities long-term debt excluding compensated absences are as follows:

<u>Year ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2020	\$ 134,000	\$ 6,700	\$ 140,700

9. Compensation Paid to Mayor and Board of Aldermen

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to the Mayor and members of the Board of Aldermen of the Town of Many, Louisiana, for the fiscal year ending June 30, 2019.

Mayor Kenneth Freeman	\$ 30,000
Board of Aldermen	
James D. Kennedy, Mayor Pro Tem	5,250
Barbara Peterson, Mayor Pro Tem	3,875
Mary Brocato	5,250
Veda Gay Corley	9,000
Anita W. Darwin	9,000
Bobbie Guay Jackson	9,000

10. Supplemental Pay

Certain employees meeting statutory qualifications in the police department receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$58,466 is recognized as intergovernmental revenue in the General Fund and as public safety expenditures.

Town of Many, Louisiana
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Notes to Basic Financial Statements

11. Defined Benefit Pension Plans

The Town contributes to the Municipal Police Employees' Retirement System and Municipal Employees' Retirement System.

The following recap shows the total deferred outflows and inflows of pension resources and net pension liability, as reported in the Statement of Net Position, for each of these plans, which is explained further in this note disclosure.

	Deferred Outflows of Pension Resources	Deferred Inflows of Pension Resources	Net Pension Liability
Municipal Police Employees' Retirement System (MPERS)	\$ 285,938	\$ 76,620	\$ 706,540
Municipal Employees' Retirement System (MERS)	275,393	35,914	752,355
Total	\$ 561,331	\$ 112,534	\$ 1,458,895

A. Municipal Police Employees' Retirement System of Louisiana (MPERS)

General Information about the Pension Plan

Plan Description

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233. MPERS issues a publicly available financial report that is available for download at www.lampers.org.

Benefits Provided

The following is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

A member who has joined MPERS before January 1, 2013, is eligible for regular retirement after he has been a member of the MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to 10% percent of the member's average final compensation or \$200 per month, whichever is greater.

The eligibility of a member who joins MPERS on or after January 1, 2013, for regular retirement, early retirement, disability, and survivor benefits is based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are 3% and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statues, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month, whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

The Board of Trustees of MPERS is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least 1 full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least 1/2 of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the 3 year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS' investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on MPERS' investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

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

Employer Contributions

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

For the plan year ended June 30, 2018, total contributions due from employers and employees was 40.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013, and Hazardous Duty members hired after January 1, 2013, were 30.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013, were 30.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.25% and 7.5%, respectively.

Non-Employer Contributions

MPERS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. Non-employer contributions were recognized as revenue during the plan year ended June 30, 2018 and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town of Many, Louisiana reported a liability of \$706,540 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2018, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The Town of Many's proportion of the NPL was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, The Town's proportion was 0.083574%, which was an increase of 0.008139% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized a pension expense of \$104,981.

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,185	\$ 36,106
Changes of assumptions	46,172	-
Difference between projected and actual earnings on pension plan investments	33,870	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	130,502	40,514
Employer contributions subsequent to the measurement date	72,209	-
Total	\$ 285,938	\$ 76,620

The \$72,209 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ 58,529
2021	81,079
2022	(3,726)
2023	1,227

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.20%, net of investment expense

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

Expected Remaining Service Lives	2018 – 4 years
	2017 – 4 years
	2016 – 4 years
	2015 – 4 years
Inflation Rate	2.60%
Salary increases, including inflation and merit	

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1 – 2	9.75%
3 – 23	4.75%
Over 23	4.25%

Mortality Rate Assumption	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p>
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Cost-of-Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by MPERS and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p>
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The discount rate used to measure the total pension liability was 7.20%. 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 Public Retirement Systems Actuarial Committee (PRSAC) taking into consideration the recommendation of MPERS actuary. Based on those assumptions, MPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the Employer's proportionate share of the NPL using the discount rate of 7.20%, as well as what the employers' proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (8.20%) than the current rate.

**Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements**

	<u>1.0% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1.0% Increase (8.20%)</u>
Employer's proportionate share of the net pension liability	\$ 992,884	\$ 706,540	\$ 466,308

Support of Non-employer Contributing Entities

In accordance with state statute, MPERS receives insurance premium tax monies. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. For the plan year ended June 30, 2018, the proportionate share of these monies received by the MPERS on behalf of the Town of Many, was \$16,492.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued audit report online at www.lampers.org.

B. Municipal Employees' Retirement System of Louisiana (MERS)

General Information about the Pension Plan

Plan Description

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple employer defined benefit pension plan. MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS 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 MERS. For the plan year ended June 30, 2018, there were 86 contributing municipalities in Plan A and 69 in Plan B. The Town of Many participates in Plan B.

The following is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information. MERS issues a publicly available financial report that is available for download at www.mersla.com.

Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in MERS with exceptions as outlined in the statutes. Any person eligible for membership but whose first employment making him eligible for membership in MERS occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of MERS as a condition of employment.

Benefits Provided

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

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

Retirement Benefits

Any member of Plan B who commenced participation in MERS prior to January 1, 2013 can retire providing he meets one of the following criteria: (1) Any age with 30 years of creditable service; (2) Age 60 with a minimum of 10 or more years of creditable service; (3) Any age with 10 years of creditable service eligible for disability benefits; (4) Survivor's benefits require 5 years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to 2% of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest 60 consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if the member meets one of the following requirements: (1) 7 years or more of service at age 67 or thereafter; (2) 10 years or more of service at age 62 or thereafter; (3) 30 years or more of service at age 55 or thereafter; or (4) 25 years of service credit at any age, exclusive of military service and unused annual sick leave.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to 2% of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest 60 consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon death of any member of Plan B with 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. 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.

DROP Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to 3 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 MERS has been terminated for at least one full year.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

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

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least 10 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 10 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 30% of his final average compensation or 2% of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to 2% 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

MERS is authorized under state law to grant a cost of living increase to members who have been retired for at least 1 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 MERS to grant an additional cost of living increase to all retirees and beneficiaries who are age 65 and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits

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

Employer Contributions

According to state statute, contribution for all employers are actuarially determined each year. For the plan year ending June 30, 2018, the employer contribution rate was 13.25% for Plan B.

Non-Employer Contributions

According to state statute, MERS 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. MERS 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.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town of Many, Louisiana reported a liability of \$752,335 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2018, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The Town of Many's proportion of the NPL was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, The Town's proportion was 0.889485%, which was an decrease of 0.003738% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized a pension expense of \$157,600.

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,015	\$ 33,886
Changes of assumptions	28,153	-
Net difference between projected and actual earnings on pension plan investments	122,283	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	27,186	2,028
Employer contributions subsequent to the measurement date	95,756	-
Total	\$ 275,393	\$ 35,914

The \$95,756 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2020	\$ 91,822
2021	37,149
2022	10,959
2023	3,793

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

Actuarial Methods and Assumptions

The NPL was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018, are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.275%, net of investment expense
Projected Salary Increases	5.00% (2.60% Inflation, 2.40% Merit)
Mortality Rates	
Annuitant and beneficiary	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee mortality	RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.
Expected Remaining Service Lives	4 years for Plan B

Discount Rate

The discount rate used to measure the total pension liability was 7.275% for June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by Public Retirement Systems Actuarial Committee (PRSAC). Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements**

Sensitivity to Changes in Discount Rate

The following presents the Employer's proportionate share of the NPL using the discount rate of 7.28%, as well as what the employers' proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower (6.28%) or one percentage point higher (8.28%) than the current rate.

	<u>1% Decrease (6.28%)</u>	<u>Current Discount Rate (7.28%)</u>	<u>1% Increase (8.28%)</u>
Employer's proportionate share of the net pension liability	\$ 987,373	\$ 752,355	\$ 552,568

Support of Non-employer Contributing Entities

In accordance with state statute, MERS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. For the year ended June 30, 2019, the proportionate share of these monies received by the MERS on behalf of the Town of Many was \$22,334.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued audit report online at www.mersla.com.

12. Contingencies

The Town is periodically the subject of litigation by a variety of plaintiffs. The Town's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

The Town receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement of disallowed costs under the terms of the grant agreements.

The Town provides water and sewer services to the citizens of Many, and these services are heavily regulated by DHH and DEQ. Drinking water and sewer treatment discharges are subject to strict guidelines relating to quality. Failure to meet these requirements could subject the Town to penalties.

In December 2018, a former employee of the Town pled guilty to various charges related to the findings of an investigative report issued by The Louisiana Legislative Auditor dated August 5, 2019. As a result of the plea, the former employee was ordered to pay restitution totaling \$127,004. Of this amount, \$21,222 was ordered to be paid to the Town for excess salary and related benefits paid to her during the period April 2013 to June 2013. Full restitution has been made to the Town, and these funds are included in accrued expenses until amounts due to or from the retirement system and supplemental pay board, if any, can be determined.

Town of Many, Louisiana
June 30, 2019
Notes to Basic Financial Statements

In relation to the aforementioned investigative report, the Town also issued a demand letter to Northwestern State University for payment of outstanding invoices dated October 4, 2013 and December 30, 2013, totaling \$15,576. No payment has been received with respect to this demand.

13. Subsequent Event

On September 19, 2019, the State Bond Commission authorized issuance of Limited Tax Bonds, Series 2019, amounting to \$146,000 to be used for the acquisition of a garbage truck, including equipment and accessories. Principal payments are due March 1 of each year beginning 2020, with the final principal payment due March 1, 2024. Interest rates on the issue range from 1.975% to 3.950%.

14. Risk Management

The Town is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town carries commercial insurance to cover various risks of loss. The Town covers all other losses, claim settlements, and judgments from General Fund and Enterprise Fund resources. The Town currently reports its risk management activities in its General Fund and Enterprise Funds. Claims expenditures and liabilities are reported when it is probable that a loss not covered by insurance has occurred and the amount of that loss can be reasonably estimated. Settlements have not exceeded insurance coverage for each of the prior three fiscal years.

Required Supplemental Information – Part II

**Town of Many, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019**

Schedule 1

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Ad valorem and franchise taxes	\$ 350,500	\$ 369,500	\$ 335,042	\$ (34,458)
Sales taxes	643,483	627,343	711,479	84,136
Intergovernmental	71,000	71,000	315,509	244,509
Fines	170,000	210,000	245,805	35,805
Licenses and permits	231,700	231,700	248,793	17,093
Charges for services	349,912	349,912	341,519	(8,393)
Investment earnings	300	300	2,561	2,261
Miscellaneous	15,000	21,500	57,792	36,292
Total Revenues	<u>1,831,895</u>	<u>1,881,255</u>	<u>2,258,500</u>	<u>377,245</u>
Expenditures				
Current				
General government	427,241	483,381	467,035	16,346
Public safety	839,838	893,861	832,914	60,947
Sanitation	359,910	359,893	349,341	10,552
Culture and recreation	22,100	104,100	84,172	19,928
Capital outlay	59,400	57,000	309,962	(252,962)
Debt service				
Principal	141,100	141,200	128,000	13,200
Interest and other charges	-	-	13,201	(13,201)
Total Expenditures	<u>1,849,589</u>	<u>2,039,435</u>	<u>2,184,625</u>	<u>(145,190)</u>
Net Change in Fund Balances	(17,694)	(158,180)	73,875	232,055
Fund Balances, Beginning of Year	495,205	495,205	495,205	-
Fund Balances, End of Year	<u>\$ 477,511</u>	<u>\$ 337,025</u>	<u>\$ 569,080</u>	<u>\$ 232,055</u>

See Independent Auditor's Report.

**Town of Many, Louisiana
Budgetary Comparison Schedule
Street Special Revenue Fund
For the Year Ended June 30, 2019**

Schedule 2

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Sales taxes	\$ 643,483	\$ 627,344	\$ 711,480	\$ 84,136
Intergovernmental	10,000	10,000	10,000	-
Investment earnings	300	300	3,550	3,250
Total Revenues	<u>653,783</u>	<u>637,644</u>	<u>725,030</u>	<u>87,386</u>
Expenditures				
Current				
Public works	384,403	472,403	518,702	(46,299)
Capital outlay	140,000	243,144	261,839	(18,695)
Total Expenditures	<u>524,403</u>	<u>715,547</u>	<u>780,541</u>	<u>(64,994)</u>
Net Change in Fund Balances	129,380	(77,903)	(55,511)	22,392
Fund Balances, Beginning of Year	<u>2,602,632</u>	<u>2,602,632</u>	<u>2,602,632</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 2,732,012</u></u>	<u><u>\$ 2,524,729</u></u>	<u><u>\$ 2,547,121</u></u>	<u><u>\$ 22,392</u></u>

See Independent Auditor's Report.

Town of Many, Louisiana
Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees' Retirement System (MPERS)

Schedule 3

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.083574%	0.075435%	0.053591%	0.07498%	0.09020%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 706,540	\$ 658,579	\$ 502,299	\$ 587,390	\$ 564,285
Employer's Covered-Employee Payroll	\$ 243,412	\$ 225,135	\$ 150,121	\$ 200,591	\$ 272,169
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	290.27%	292.53%	334.60%	292.83%	207.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.89%	70.08%	66.04%	70.73%	75.10%
The amounts presented have a measurement date of:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

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

49 See Independent Auditor's Report.

**Town of Many, Louisiana
Schedule of Employer Contributions
Municipal Police Employees' Retirement System (MPERS)**

Schedule 4

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
6/30/2015	\$ 63,178	\$ 63,178	\$ -	\$ 200,566	31.50%
6/30/2016	62,943	62,943	-	199,840	31.50%
6/30/2017	71,500	71,500	-	225,196	31.75%
6/30/2018	74,972	74,972	-	243,412	30.80%
6/30/2019	72,209	72,209	-	223,904	32.25%

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

See Independent Auditor's Report.

Town of Many, Louisiana
Notes to Required Supplemental Information
Municipal Police Employees' Retirement System (MPERS)
For the Year Ended June 30, 2019

Schedule 5

Changes in Benefit Terms

There were no changes in benefit terms for the plan year ended June 30, 2018.

Changes of Actuarial Assumptions

The net investment rate of return was decreased from 7.33% to 7.20% per the year ended June 30, 2018 actuarial report.

The inflation interest rate was decreased from 2.70% to 2.60% per the year ended June 30, 2018 actuarial report.

See Independent Auditor's Report.

Town of Many, Louisiana
Schedule of Employer's Share of Net Pension Liability
Municipal Employees' Retirement System (MERS)

Schedule 6

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.889485%	0.893223%	0.877156%	0.709269%	0.80866%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 752,355	\$ 772,846	\$ 727,082	\$ 482,053	\$ 379,664
Employer's Covered-Employee Payroll	\$ 659,173	\$ 664,830	\$ 644,449	\$ 492,005	\$ 507,376
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	114.14%	116.25%	112.82%	97.98%	74.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.60%	63.49%	63.34%	68.71%	76.94%
The amounts presented have a measurement date of:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

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

See Independent Auditor's Report.

**Town of Many, Louisiana
Schedule of Employer Contributions
Municipal Employees' Retirement System (MERS)**

Schedule 7

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
6/30/2015	\$ 46,685	\$ 46,703	\$ 18	\$ 491,423	9.50%
6/30/2016	61,302	61,302	-	645,284	9.50%
6/30/2017	72,806	72,806	-	661,871	11.00%
6/30/2018	87,340	87,340	-	659,173	13.25%
6/30/2019	95,756	95,756	-	683,973	14.00%

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

See Independent Auditor's Report.

**Town of Many, Louisiana
Notes to Required Supplemental Information
Municipal Employee's Retirement System (MERS)
For the Year Ended June 30, 2019**

Schedule 8

Changes in Benefit Terms

There were no changes in benefit terms for the plan year ended June 30, 2018.

Changes of Actuarial Assumptions

The net investment rate of return was decreased from 7.40% to 7.28% per the year ended June 30, 2018 actuarial report.

The inflation interest rate was decreased from 2.78% to 2.60% per the year ended June 30, 2018 actuarial report.

See Independent Auditor's Report.

Other Information

**Town of Many, Louisiana
 Schedule of Compensation, Benefits, and Other
 Payments to the Agency Head
 For the Year Ended June 30, 2019**

Schedule 9

Agency Head: Honorable Mayor Kenneth Freeman

	Purpose	Amount
Salary		\$ 30,000
Benefits - medicare		433
Benefits - life insurance		-
Benefits - health insurance		-
Benefits - retirement		4,200
Benefits - social security		1,849
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Unvouchered expenses		-
Special meals		-
Total		<u>\$ 36,482</u>

See Independent Auditor's Report.

**Town of Many, Louisiana
Many, Louisiana
Unaudited Summary of Utility Service Customers
June 30, 2019**

Schedule 10

<u>Type of Customers</u>	<u>Number of Customers</u>
Residential	970
Non-Residential	<u>292</u>
	<u>1,262</u>

See Independent Auditor's Report.

Town of Many, Louisiana
Unaudited Schedule of Insurance in Force
June 30, 2019

Schedule 11

Insurer	Expiration Date	Coverage	Limits
Louisiana Municipal Risk Management Agency	March 9, 2020	Commercial General Liability Combined Single Limit Medical Payments Per Person Per Occurrence Fire Legal Liability per Occurrence Deductible	\$ 500,000 1,000 10,000 50,000 -
Louisiana Municipal Risk Management Agency	March 9, 2020	Law Enforcement Officer Combined Single Limit Deductible	500,000 1,000
Louisiana Municipal Risk Management Agency	March 9, 2020	Errors and Omissions Combined Single Limit Deductible	500,000 1,000
Louisiana Municipal Risk Management Agency	March 9, 2020	Automobile Liability Combined Single Limit Deductible	500,000 -
Western Surety Company	Continuous	Public employee honesty bond Public official honesty bond	20,000 80,000
Phares Lites & Waisworth (Scottsdale Insurance Co.)	October 24, 2020	Buildings, Welcome Signs & Personal Property Building 1 (Community Center) Building 2 (City Hall/P.D.) BPP Building 3 (Airport Terminal) BPP Building 4 (Equipment Warehouse "Barn") Building 5 (Water Office) Building 9 (Train Depot) Inland Marine Welcome Signs (4) Deductible (\$2,500 for each PP, IM & Signs)	254,618 309,563 85,664 134,010 18,522 16,082 49,585 378,000 76,000 67,580 2,500
A.J. Gallagher (Evanston Insurance Company) Parks and Playgrounds (115 Fairgrounds Road) Parks and Playgrounds (850 Highland Avenue) Parks and Playgrounds (710 Martin Luther King Drive)	November 7, 2020	General Aggregate Limit Personal/Advertising Limit Each Occurrence Limit Damage to Premises Rented To You Limited Medical Expense Limit (Any one person)	2,000,000 1,000,000 1,000,000 100,000 5,000
Phares Lites & Waisworth (Starr Indemnity & Liability Company)	August 5, 2020	Each Occurrence-CSL, BI, PD Damage to Premises (Rented To You Limit) Damage to Premises (Medical Expense Limit) Personal & Advertising Injury Aggregate Limit Products/Completed Operations Aggregate Limit Hangarkeepers Limit (Each Aircraft Limit) Hangarkeepers Limit (Each Loss Limit)	2,000,000 100,000 1,000 2,000,000 2,000,000 2,000,000 2,000,000
Rod Prejean & Assoc, Inc. (Lloyd's London)	March 10, 2020	Automobile physical damage Deductible-Collision Deductible-Specified Perils	1,000 500

See Independent Auditor's Report.

**Town of Many, Louisiana
 Many, Louisiana
 Unaudited List of Governing Body -
 Positions and Terms
 June 30, 2019**

Schedule 12

Name	Position	Address	Telephone Number	Term Expires
Kenneth Freeman	Mayor	1055 Alabama Street, Many, LA 71449	(318) 256-5146	6/30/2021
Mary Brocato	Alderwoman	100 Blueberry Lane, Many, LA 71449	(318) 256-5809	6/30/2021
Gay Corley	Alderwoman	665 Ponder Street, Many, LA 71449	(318) 508-1424	6/30/2021
Anita Darwin	Alderwoman	339 Day Street, Many, LA 71449	(318) 379-8683	6/30/2021
Bobbie Jackson	Alderwoman	206 Trace Street, Many, LA 71449	(318) 228-7910	6/30/2021
James Kennedy	Mayor Pro-Tem	1335 Kenilworth Street, Many, LA 71449	(318) 471-4503	6/30/2021
Barbara Peterson	Mayor Pro-Tem	1050 Vandegaer, Many, LA 71449	(318) 256-2123	Deceased

See Independent Auditor's Report.

**Other Report Required by
*Government Auditing Standards***

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Independent Auditor's Report
on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Many, Louisiana (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described as Finding 2019-001 in the accompanying Schedule of Findings and Responses that we consider to be a material weakness.

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
Cindy L. Humphries, C.P.A.
Deborah R. Dunn, C.P.A.

Rebecca G. Nation, C.P.A.
Evelyn T. Renfrow, C.P.A.
Kayla G. Holloway, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as Findings 2019-002, 2019-003, and 2019-004.

Town of Many, Louisiana's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

December 19, 2019

**Town of Many, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weaknesses identified?	<u> X </u> Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> X </u> Yes	<u> </u> No
<i>Management's Corrective Action Plan</i>		See attached
<i>Management's Summary Schedule of Prior Audit Findings</i>		See attached
<i>Other Comments and Recommendations</i>		None reported

Part II – Findings Related to the Financial Statements which are Required to be Reported Under Government Auditing Standards

Finding 2019-001 Grant Receivables and Payables

Criteria: The objectives of internal controls are to provide management with reasonable assurance that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: The results of our audit procedures identified unrecorded grants receivables of \$201,665 and unrecorded related payables of \$198,165.

Cause and Effect: These receivables and payables were not reflected in the financial statements prior to approved audit adjustments. As a result, grant receivables and payables were understated.

Recommendation: We recommend that management development and implement procedures to ensure that all grant transactions are timely recorded in the books of the Town.

Management's Response: See Management's Corrective Action Plan.

Finding 2019-002 Advance Payments to Contractor

Criteria: Effective internal controls over performance of services by contractors and payments to vendors ensure that the Town only pays for goods when received and services when performed.

**Town of Many, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

Condition: The Town solicited bids for labor and materials to patch numerous potholes. The payment terms outlined in the bid from Delta Sealcoating Plus, Inc., required advance payment of 40% of the project total and subsequent weekly payments over the period of performing the work. The council voted to accept the bid submitted by Delta Sealcoating Plus, Inc. As of June 30, 2019, the Town had paid Delta Sealcoating Plus, Inc. \$26,220 on the \$52,440 project. Additional weekly payments were made through August 20, 2019 for a total of \$31,464, however, progress on the project was not satisfactory. While approximately 60% of the cost of the project had been paid to the contractor as of August 20, 2019, only approximately 20% of the work had been performed.

On November 20, 2019, the Town's attorney issued a demand letter to Delta Sealcoating Plus, Inc. requesting a refund of \$20,814, which represents the Town's estimate of the amount paid in excess of work performed on the project.

Cause and Effect: Payments were made to the contractor in advance of the performance of services. Such payments may be deemed a loan and may be in violation of Article 7 Section 14 of the Louisiana constitution. Further, there does not appear to be a signed contract between the Town and the contractor although the bid was accepted.

Recommendation: We recommend that progress on projects and related authorization and deliverance of payments only be made once work is performed. We further recommend that all projects be supported by written agreements subject to review and approval by the Town's legal counsel as stated in the Town's policy related to contracting for services to ensure that terms of such contracts are not in violation of any laws or policies.

Management's Response: See Management's Corrective Action Plan.

Finding 2019-003 Budget Compliance

Criteria: Louisiana Revised Statute (RS) 39:1311 requires an amendment to the budgets of the general fund and/or special revenue funds if total revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more, or if total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

Condition: Actual expenditures in the General Fund and Street Special Revenue Fund exceeded budgeted expenditures by 7.12% and 9.08%, respectively.

Cause and Effect: Because significant grant receivables and payables were not included in the final budgets, actual expenses exceeded final budgeted expenses by more than 5%. As a result, the Town did not fully comply with the provisions of RS 39:1311.

Recommendation: We recommend that the Town comply with the provision of RS 39:1311.

Management's Response: See Management's Corrective Action Plan.

**Town of Many, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

Finding 2019-004 Timekeeping and Payroll Procedures

Criteria: Practices related to payroll and timekeeping must be followed to ensure that employees are properly compensated, and that the Town fully complies with applicable laws and regulations.

Condition: On December 18, 2019, the Town's human resources manager and the Mayor became aware that hours worked by some employees were not properly recorded on department payroll summaries and timecards.

Cause and Effect: The department payroll summary is reviewed and approved by the appropriate department head or supervisor, then submitted to the Town's human resources manager for payroll processing. Instances were noted where time reported on timecards did not agree to the hours worked as recorded on the department payroll summary. In addition, some hours reportedly worked were not recorded on timecards or on the department payroll summary. As a result, some employees may not have been properly compensated.

Recommendation: We recommend that the Town's human resources manager review payroll records to assess the extent of the possible discrepancies between timecards, department payroll summaries, and actual hours paid to affected employees. If it is determined that those employees were improperly compensated, we recommend that underpayments identified be promptly made. We further recommend that adjustments between employee timecards and department payroll summaries be properly documented, including acknowledgment that the employee is aware of such adjustments. The Town should consult with legal counsel to ensure that timekeeping and payroll procedures fully comply with applicable laws and regulations, and that such procedures be amended and implemented as deemed necessary.

Management's Response: See Management's Corrective Action Plan.

Part III - Findings and Questioned Costs for Federal Awards

Not Applicable

Management's Corrective Action Plan

Town of Many

The Heart of Toledo Bend

MAYOR
Kenneth A. Freeman

P.O. Box 1330
MANY, LA 71449
(318) 256-3651 PHONE
(318) 256-4013 FAX

ALDERMEN
Barbara Peterson
James Kennedy
Gay Corley
Anita Darwin
Bobbie Jackson

CHIEF OF POLICE
Roger Freeman

The Town of Many respectfully submits the following corrective action plan for the year ended June 30, 2019.

Independent Public Accounting Firm: Payne, Moore, & Herrington, LLP
P.O. Box 13200
Alexandria, La 71315-3200
(318) 443-1893

Auditee Contact Person: Honorable Mayor Kenneth Freeman
Town of Many, Louisiana
P.O. Box 1330
Many, LA 71449
(318) 256-3651

Audit Period: July 1, 2018 through June 30, 2019

The findings from the Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the preceding Schedule.

Part I – Findings Related to the Financial Statements

Finding 2019-001 Grant Receivables and Payables

Condition: The results of audit procedures identified unrecorded grants receivables of \$201,665 and unrecorded related payables of \$198,165.

Recommendation: The auditors recommend that management development and implement procedures to ensure that all grant transactions are timely recorded in the books of the Town.

Management's Response: We concur with the auditor's recommendation and we will ask our CPA to assist in verifying that nonroutine grants receivables and the related payables are recorded in the proper period to ensure completeness and proper cut-off.

Finding 2019-002 Advance Payments to Contractor

Condition: The Town made payments to a contractor in advance of performing work. As of June 30, 2019, the Town had paid the contractor \$26,220 of the \$52,440 project. As of August 20, 2019, only an estimated 20% of the work had been completed. There does not appear to be an executed contract between the Town and contractor except for the acceptance of the contractor's bid in the minutes of the meeting.

Town of Many

The Heart of Toledo Bend

MAYOR
Kenneth A. Freeman

CHIEF OF POLICE
Roger Freeman

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MANY, LA 71449
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Recommendation: The auditors recommend that progress on projects and related authorization and deliverance of payments only be made once work is performed. We further recommend that all projects be supported by written agreements subject to review and approval by the Town's legal counsel to ensure that terms of such contracts are not in violation of any laws or policies.

Management's Response: We concur with the auditor's recommendation and we have engaged our attorney to proceed with efforts to recover the payments made in excess of work performed. We will review and revise our procedures with respect to contracting to include review of contracts by our attorney in advance of execution. We will also review our process for monitoring progress and authorizing payments and make revisions as necessary to ensure that payments are only made when work is satisfactorily performed.

Finding 2019-003 Budget Compliance

Condition: Actual expenditures in the General Fund and Street Special Revenue Fund exceeded budgeted expenditures by 7.12% and 9.08%, respectively.

Recommendation: The auditors recommend that the Town comply with the provision of RS 39:1311.

Management's Response: We concur with the auditor's recommendation and we will review and revise procedures, as appropriate, to help ensure that unbilled receivables and payables related to grants and projects are considered, to the extent practical, when amending budgets at year end.

Finding 2019-004 Timekeeping and Payroll Procedures

Condition: On December 18, 2019, the Town's human resources manager and the Mayor became aware that hours worked by some employees were not properly recorded on department payroll summaries and timecards.

Recommendation: We recommend that the Town's human resources manager review payroll records to assess the extent of the possible discrepancies between timecards, department payroll summaries, and actual hours paid to affected employees. If it is determined that those employees were improperly compensated, we recommend that underpayments identified be promptly made. We further recommend that adjustments between employee timecards and department payroll summaries be properly documented, including acknowledgment that the employee is aware of such adjustments. The Town should consult with legal counsel to ensure that timekeeping and payroll procedures fully comply with applicable laws and regulations, and that such procedures be amended and implemented as deemed necessary.

Management's Response: We concur with the auditor's recommendations and have already started the review process to assess the extent of the possible discrepancies between timecards, department payroll summaries, and actual hours paid to affected employees. If it is determined that any employees were improperly compensated, then we will review the results with legal counsel and promptly issue correction payments to the employees.

Town of Many

The Heart of Toledo Bend

MAYOR
Kenneth A. Freeman

CHIEF OF POLICE
Roger Freeman

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In addition, written procedures for timekeeping and payroll processing will be revised to include procedures on how timecard (or electronic time keeping) information can be adjusted, if needed, and approved prior to being summarized for payroll processing. Our employee handbook will be revised to clearly explain the importance of timekeeping, the employee's responsibility should the employee make an error in timekeeping, and their duty to report their time in accordance with applicable labor laws. We will have legal counsel review the revised procedures, and changes in the employee handbook, to be sure the changes fully comply with applicable laws and regulations.

Respectfully submitted,

Kenneth Freeman
Mayor

Management's Summary Schedule of Prior Audit Findings

Town of Many

The Heart of Toledo Bend

MAYOR
Kenneth A. Freeman

CHIEF OF POLICE
Roger Freeman

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Management's Summary Schedule of Prior Audit Findings Year Ended June 30, 2019

Finding 2018-001 Grant Receivables and Payables

Condition: The results of your audit procedures identified unrecorded grants receivable and unrecorded related payables.

Current Status: Unresolved. See Finding 2019-001.

Finding 2018-002 Coding and Taxation of Certain Payroll Items

Conditions: Certain payroll items and elective employee benefits were being treated as exempt from income and/or social security and Medicare tax. Documents evidencing that such benefits qualified as tax-exempt were not readily available.

Current Status: Resolved.

Respectfully submitted,

Kenneth Freeman
Mayor

Town of Many

*Statewide Agreed-Upon Procedures
Report*

Many, Louisiana

June 30, 2019



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Kenneth Freeman, Mayor,
and Members of the Board of Aldermen of
Town of Many, Louisiana,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Town of Many (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain and inspect the Entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts / Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
Cindy L. Humphries, C.P.A.
Deborah R. Dunn, C.P.A.

Rebecca G. Nation, C.P.A.
Evelyn T. Renfrow, C.P.A.
Kayla G. Holloway, C.P.A.

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1419 Metro Drive • P.O. Box 13200
Alexandria, LA 71315-3200
Ph: (318) 443-1893 • Fax: (318) 443-2515



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- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: The Entity does not have formal written policies and procedures with respect to Ethics and Debt Service. The written policies and procedures for purchasing do not address how vendors are added to the vendor list. The Disaster Recovery/Business Continuity plan made available to us is not fully adapted with respect to the Town and does not address the attributes specified for this procedure.



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Management's Response: Although the Town does not have written policies and procedures with respect to Ethics or Debt Service, the Town complies with laws and regulations related to Ethics and with provisions of debt instruments. We will review and complete updates to our disaster recovery/business continuity plan to fully adapt it to the Town and to include the attributes specified in the procedures listed above.

Although there are no written policies and procedures regarding how vendors are added, all significant expenditures are discussed and approved as necessary in morning meetings and, if appropriate, in council meetings. In addition, all payments to vendors are reviewed and checks are signed by two individuals, with one being either the Mayor or Mayor Pro Tem.

Board (or Finance Committee, if applicable)

2. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one (1) meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: Not applicable – no prior year exceptions noted.



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Bank Reconciliations

3. **Procedure:** Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Entity's main operating account. Select the Entity's main operating account and randomly select four (4) additional accounts [or all accounts if less than five (5)]. Randomly select one (1) month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each account selected, and observe that:
- a) Bank reconciliations include evidence that they were prepared within two (2) months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months from the statement closing date, if applicable.

Results: Not applicable – no prior year exceptions noted.

Collections (excluding EFTs)

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 (five) deposit sites [or all deposit sites if less than five (5)].

Results: No exceptions noted.

5. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one (1) collection location for each deposit site [i.e. five (5) collection locations for five (5) deposit sites], obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:



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- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: No exceptions noted.

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

Results: No exceptions noted.

7. **Procedure:** Randomly select two (2) deposit dates for each of the five (5) bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the ten (10) deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.



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- d) Observe that the deposit was made within one (1) business day of receipt at the collection location [within one (1) week if the depository is more than ten (10) miles from the collection location or the deposit is less than \$100].
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted.

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

8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five (5) locations [or all locations if less than five (5)].

Results: Not applicable – no prior year exceptions noted.

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

- a) At least two (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two (2) employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: Not applicable – no prior year exceptions noted.



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10. **Procedure:** For each location selected under #8 above, obtain the Entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five (5) disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: Not applicable – no prior year exceptions noted.

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

11. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- Results:** No exceptions noted.
12. **Procedure:** Using the listing prepared by management, randomly select five (5) cards [or all cards if less than five (5)] that were used during the fiscal period. Randomly select one (1) monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions noted.



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13. **Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten (10) transactions [or all transactions if less than ten (10)] from each statement, and obtain supporting documentation for the transactions [i.e. each card should have ten (10) transactions subject to testing]. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions noted.

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

14. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five (5) reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:
- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Not applicable – no prior year exceptions noted.



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Contracts

- 15. Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five (5) contracts [or all contracts if less than five (5)] from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one (1) payment from the fiscal period for each of the five (5) contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: Not applicable – no prior year exceptions noted.

Payroll and Personnel

- 16. Procedure:** Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five (5) employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: Not applicable – no prior year exceptions noted.

- 17. Procedure:** Randomly select one (1) pay period during the fiscal period. For the five (5) employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:



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- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the Entity's cumulative leave records.

Results: Not applicable – no prior year exceptions noted.

18. **Procedure:** Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two (2) employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: Not applicable – no prior year exceptions noted.

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

Results: Not applicable – no prior year exceptions noted.

Ethics

20. **Procedure:** Using the five (5) randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one (1) hour of ethics training during the fiscal period.



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

Results: Not applicable – no prior year exceptions noted.

Debt Service

- 21. **Procedure:** Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Results: Not applicable – no prior year exceptions noted.

- 22. **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one (1) bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Not applicable – no prior year exceptions noted.

Other

- 23. **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Entity is domiciled.

Results: Not applicable – no prior year exceptions noted.

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

Results: Not applicable – no prior year exceptions noted.



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

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

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Payne, Moore & Herrington, LLP
Alexandria, Louisiana

December 19, 2019