

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA

REPORT ON AUDIT OF  
BASIC FINANCIAL STATEMENTS

YEAR ENDED  
JUNE 30, 2017



TOWN OF FARMERVILLE  
FARMERVILLE LOUISIANA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2017

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December 14, 2017

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor Stein Baughman  
and Members of the Board of Alderman and Alderwomen  
Town of Farmerville, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmerville, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmerville, Louisiana, as of June 30, 2017, and the respective changes in the 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, schedule of funding of progress of other postemployment benefits plans, the budgetary comparison information and the schedule of proportionate share of the net pension liability and schedule of contributions related to Municipal Employees' Retirement System and Municipal Police Employees' Retirement systems to be presented to supplement the basic financial statements. Such information, although not a part of

To the Honorable Mayor Stein Baughman  
and Members of the Board of Alderman and Alderwomen  
December 14, 2017  
Page 2

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 Corrective Action Plan 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 of Farmerville, Louisiana's basic financial statements. The other supplemental information as listed in the table of contents and is not a required part of the basic financial statements.

The other supplemental information on pages 56-71 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 other supplemental information on pages 56-71 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of insurance in force and the schedule of cash accounts and investments 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 14, 2017, on our consideration of the Town of Farmerville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Farmerville's internal control over financial reporting and compliance.

Garrett & Garrett, CPA



West Monroe, Louisiana  
December 14, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Town of Farmerville, Louisiana**  
**Management's Discussion and Analysis**  
**June 30, 2017**

The management of the Town of Farmerville, Louisiana offers readers of the Town of Farmerville, Louisiana's (Town) financial statements this narrative overview an analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. Management discussion and analysis is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, or conditions.

Overview of the Financial Statements

The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. The statement of activities shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the related cash flows.

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines and intergovernmental revenues for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees such as the water and sewer departments.

Fund Financial Statements

The Town of Farmerville, Louisiana maintains four individual governmental funds, General Government, Special Revenue, Debt Service, and Capital Projects. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. The Town adopts an annual budget for its general fund. A statement of revenues, expenditures and changes in fund balance is presented on Statement A which compares actual revenues and expenditures to the original budget and amended budget figures. The original budget was adopted on June 2016 and it was amended on June 2017.

The Town operates one proprietary fund. The Town uses an enterprise fund to account for its water and sewer disposal operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements. The notes are found on pages 13-43.

Government-wide Financial Analysis

Overall, the Town's financial position and results of its operation improved in fiscal 2017. The largest percentage of the total assets (77%) is the Town's investment in net capital assets. The Town has outstanding debt of \$5,683,880.83, which was used to finance some of the cost of capital assets of \$19,328,784.40. (For more detailed information on the Town's debt and capital assets, see pages 24-28) The total liabilities and deferred inflows were \$11,152,970.64.

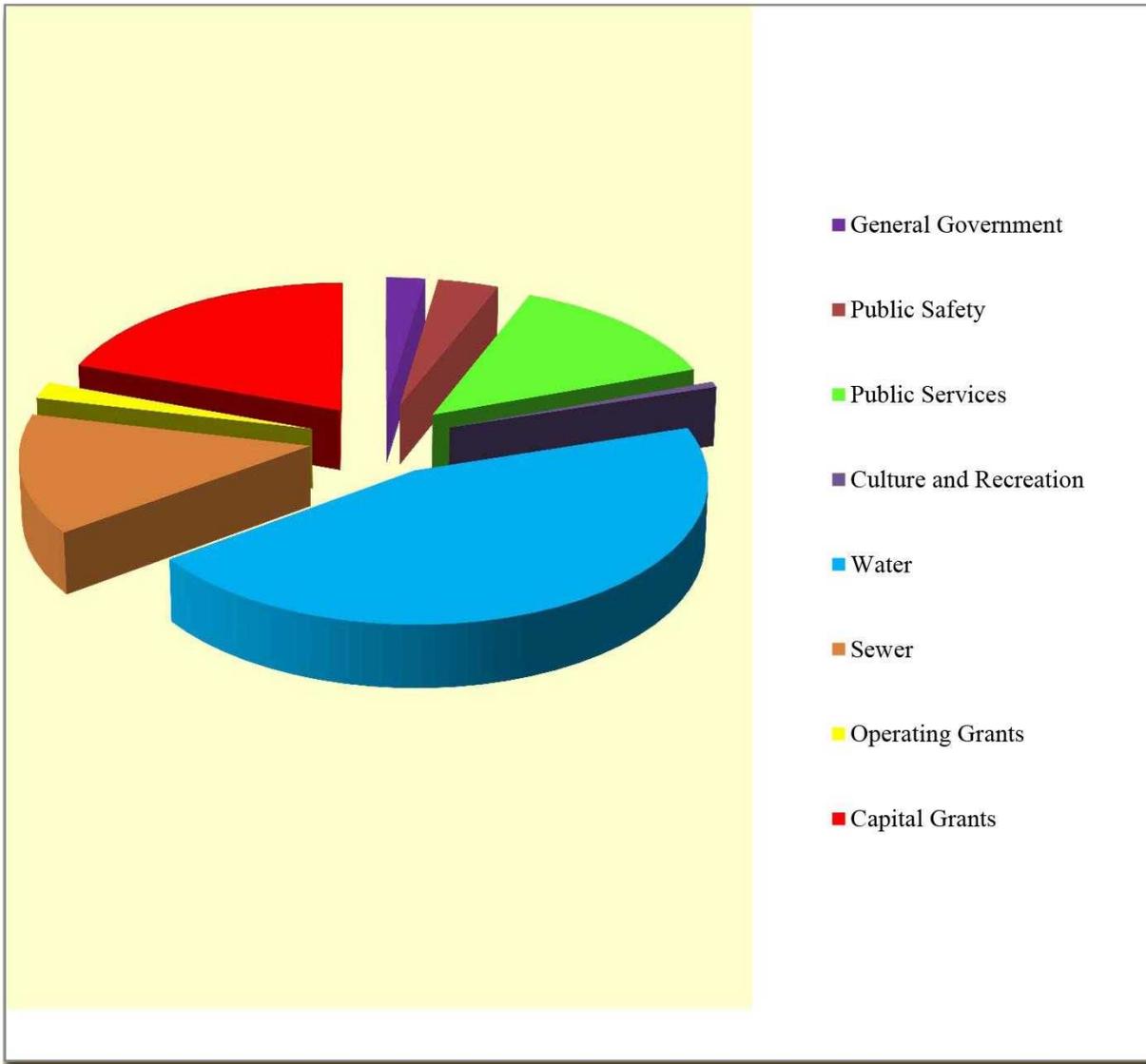
The following table reflects the condensed statement of net position at June 30, 2017.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2017 TOTAL	2016 TOTAL
<b>Assets</b>				
Current Assets	\$ 2,409,732.35	\$ 844,251.35	\$ 3,253,983.70	\$ 5,059,324.22
Non-Current Assets	1,828,492.70	838,820.32	2,667,313.02	.00
Capital Assets	7,532,302.27	11,796,482.13	19,328,784.40	18,687,833.13
<b>Total Assets</b>	<b>\$ 11,770,527.32</b>	<b>\$ 13,479,553.80</b>	<b>\$ 25,250,081.12</b>	<b>\$ 23,747,157.35</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 316,727.00</b>	<b>\$ 643,600.00</b>	<b>\$ 960,327.00</b>	<b>\$ 561,760.23</b>
<b>Liabilities</b>				
Current Liabilities	\$ 907,835.78	\$ 588,299.81	\$ 1,496,135.59	\$ 797,329.03
Non-current Liabilities	5,448,707.55	3,655,129.50	9,103,837.05	8,211,735.14
<b>Total Liabilities</b>	<b>\$ 6,356,543.33</b>	<b>\$ 4,243,429.31</b>	<b>\$ 10,599,972.64</b>	<b>\$ 9,009,064.17</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 319,302.00</b>	<b>\$ 233,696.00</b>	<b>\$ 552,998.00</b>	<b>\$ 390,465.00</b>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 4,856,982.38	\$ 9,214,245.80	\$ 14,071,228.18	\$ 13,635,074.45
Restricted	364,577.97	816,922.65	1,181,500.62	847,218.35
Unrestricted	189,848.64	(491,279.82)	(301,431.18)	427,095.61
<b>Total Net Position</b>	<b>\$ 5,411,408.99</b>	<b>\$ 9,539,888.63</b>	<b>\$ 14,951,297.62</b>	<b>\$ 14,909,388.41</b>

The Town's governmental activities increased the net position by \$222,984.01. The total change in business-type activities decreased the Town's net position by \$181,074.80. Below is a summary of the Statement of Activities.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	2017 TOTAL	2016 TOTAL
<b>Revenues</b>				
Program Revenues	\$ 657,109.85	\$ 1,911,439.88	\$ 2,568,549.73	\$ 2,523,389.34
General Revenues	3,440,751.61	92,322.27	3,533,073.88	3,475,143.68
Grants and Contributions	632,334.74	64,879.33	697,214.07	1,030,328.28
<b>Total Revenues</b>	<b>\$ 4,730,196.20</b>	<b>\$ 2,068,641.48</b>	<b>\$ 6,798,837.68</b>	<b>\$ 7,028,861.30</b>
<b>Expenses</b>				
General and Administrative	\$ 1,005,569.68	\$ .00	\$ 1,005,569.68	\$ 793,754.79
Public Safety	1,435,088.67	.00	1,435,088.67	1,513,810.52
Public Services	1,138,393.38	.00	1,138,393.38	1,221,137.73
Culture and Recreation	371,516.57	.00	371,516.57	363,273.02
Prison Labor and Expenditures	1,415.26	.00	1,415.26	1,110.97
Pension & Post Retirement Benefits	147,786.00	.00	147,786.00	442,581.82
Capital Projects	301,130.82	.00	301,130.82	51,711.97
Water & Sewer	.00	2,249,716.28	2,249,716.28	2,076,180.84
Interest on Long-Term Debt	106,311.81	.00	106,311.81	101,050.17
<b>Total Expenses</b>	<b>\$ 4,507,212.19</b>	<b>\$ 2,249,716.28</b>	<b>\$ 6,756,928.47</b>	<b>\$ 6,564,611.83</b>
<b>Increases(Decreases) in Net Position</b>	<b>\$ 222,984.01</b>	<b>\$ (181,074.80)</b>	<b>\$ 41,909.21</b>	<b>\$ 464,249.47</b>
<b>Net Position – July 1, 2016</b>	<b>5,188,424.98</b>	<b>9,720,963.43</b>	<b>14,909,388.41</b>	<b>14,445,138.94</b>
<b>Net Position – June 30, 2017</b>	<b>\$ 5,411,408.99</b>	<b>\$ 9,539,888.63</b>	<b>\$ 14,951,297.62</b>	<b>\$ 14,909,388.41</b>

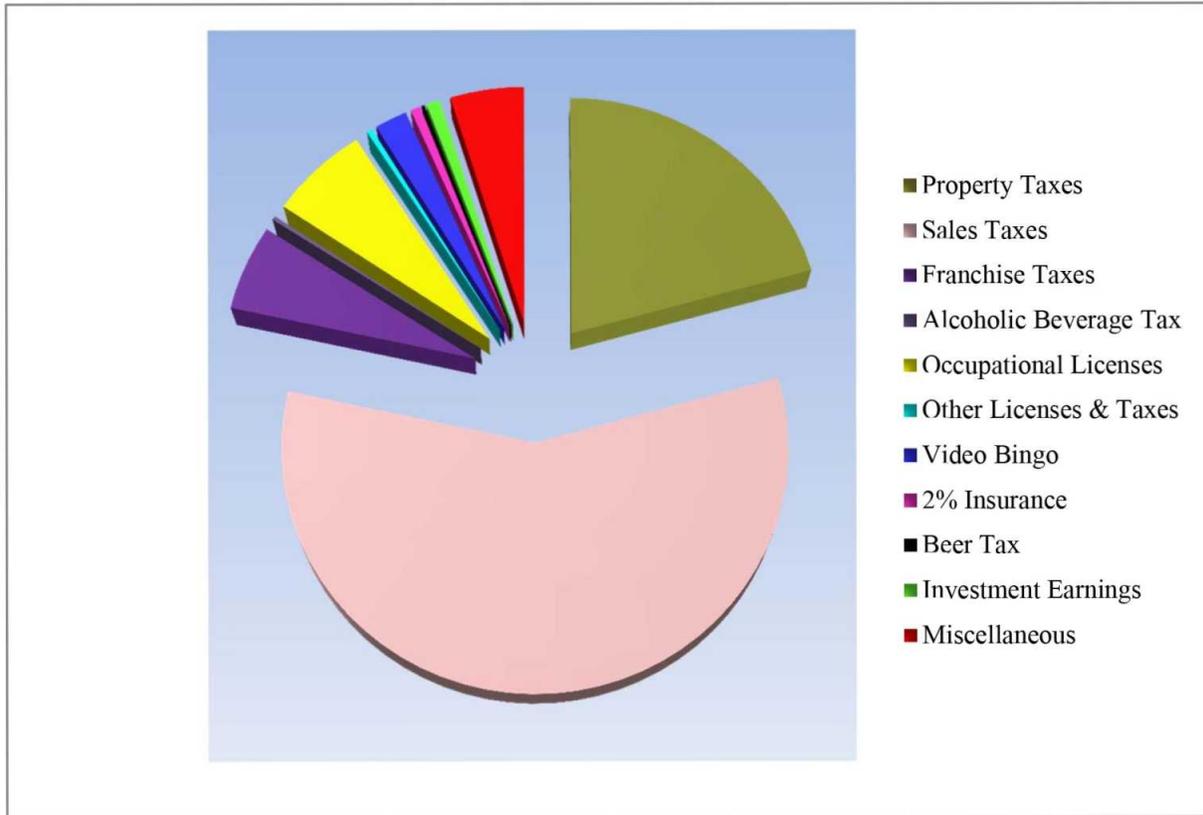
Town of Farmerville  
 Program Revenues  
 June 30, 2017



Program Revenues are Broken Down By:

General Government	\$ 77,120.00
Public Safety	120,366.72
Public Services	438,711.13
Culture and Recreation	20,912.00
Water	1,462,646.16
Sewer	448,793.72
Operating Grants	61,750.00
Capital Grants	635,464.07
<b>Total Program Revenues</b>	<b><u>\$ 3,265,763.80</u></b>

Town of Farmerville  
 General Revenues  
 June 30, 2017



General Revenues consist of the Following:

Property Taxes	\$ 733,193.01
Sales Taxes	2,036,970.02
Franchise Taxes	201,820.80
Alcoholic Beverage Tax	9,510.00
Occupational Licenses	230,042.16
Other Licenses & Taxes	13,212.00
Video Bingo	75,853.62
2% Insurance	23,130.62
Beer Tax	6,848.44
Investment Earnings	31,640.77
Miscellaneous	170,852.44
<b>Total General Revenues</b>	<b>\$ <u>3,533,073.88</u></b>

## Financial Analysis of the Government's Funds

The Town of Farmerville's governmental funds reported a combined ending fund balances of \$3,567,885.22, which is an decrease of \$91,157.55, of which \$364,577.97 is reserved for debt service and capital projects.

The Town's proprietary fund shows a negative ending unrestricted net position of \$321,494.82. The change in net position decreased by \$181,074.80.

### General Fund Budgetary Highlights

The major differences between the original budget and the final budget of the General Fund are:

1. An increase in garbage income by \$60,000.
2. An increase of \$48,000 in insurance premium tax collection.
3. An increase of \$20,000 in transfers to the police department.
4. An increase of \$9,500 in the sanitation truck payment.

The final budget and the actual results difference shows a positive position. The difference in budget revenue is .5%.

### Capital Assets and Debt Administration

The total investment in net capital assets as of June 30, 2017 is \$19,328,784.40.

#### New Major Capital Asset Purchases in fiscal 2017:

1. The Fire Department purchased all new apparatus for \$237,963.60.
2. General Fund purchased new office furniture, recording system for council meeting and replaced the property tax computer.
3. Police Department purchased a new Tahoe and body cameras.
4. Recreation Department purchased a used van.

At the end of the current fiscal year, the Town had a total outstanding bonded debt and capital leases of \$ 5,683,880.82.

### Current Financial Factors

In the first 4 months of fiscal 2017, sales tax collections are virtually the same amount collected in the time last year.

The budget for FY2018 is \$6,411,560.00 in gross revenue with expenses of \$6,125,322.50. There is \$350,000 in the budget for a new Tanker Truck and Air Packs for the Fire Department and \$40,000.00 for a new police vehicle in the Police Department.

The water revenue is up 16.5% due to improved billing procedures and meter replacement, sewer revenues are down 1.2 % and the sanitation revenues are up by 11% in the first four months of FY2018 Budget year compared to the same time period in FY2017.

### Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gay Nell Pepper, Town Clerk, P. O. Box 427, Farmerville, Louisiana 71241.

BASIC FINANCIAL STATEMENTS

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
STATEMENT OF NET POSITION  
JUNE 30, 2017

EXHIBIT A

<u>ASSETS</u>	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
Cash and Cash Equivalents	\$ 1,497,858.11	\$ 568,603.54	\$ 2,066,461.65
Receivables Net	204,797.45	247,585.81	452,383.26
Receivables - Others	487,600.63	.00	487,600.63
Prepaid Expenses	113,336.30	27,512.00	140,848.30
Due from Other Funds	106,139.86	(106,139.86)	.00
Due from Other Governments	.00	550.00	550.00
Restricted			
Cash and Cash Equivalents	1,716,226.48	838,820.32	2,555,046.80
Bond Sinking Fund	112,266.22	.00	112,266.22
Capital Assets, Net			
Land	\$ 349,335.91	\$ 25,752.00	\$ 375,087.91
Buildings	2,276,413.63	90,505.85	2,366,919.48
Improvements Other than Buildings	1,163,836.26	18,157,974.06	19,321,810.32
Infrastructure	4,300,454.91	.00	4,300,454.91
Furniture & Equipment	5,333,476.22	774,365.22	6,107,841.44
Less: Accumulated Depreciation	(5,891,214.66)	(7,252,115.00)	(13,143,329.66)
Capital Assets, Net of Depreciation	<u>\$ 7,532,302.27</u>	<u>\$ 11,796,482.13</u>	<u>\$ 19,328,784.40</u>
 Total Assets	 <u>\$ 11,770,527.32</u>	 <u>\$ 13,373,413.94</u>	 <u>\$ 25,143,941.26</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Total Deferred Outflows of Resources	<u>\$ 316,727.00</u>	<u>\$ 643,600.00</u>	<u>\$ 960,327.00</u>
 <u>LIABILITIES</u>			
Accounts Payable	\$ 571,265.60	\$ 113,175.32	\$ 684,440.92
Estimates & Retainage Payable	.00	214,722.66	214,722.66
Accrued Liabilities	99,074.23	26,697.00	125,771.23
Restricted Liabilities			
Accrued Interest Payable	.00	1,278.00	1,278.00
Customer Deposits	.00	169,785.00	169,785.00
Current Portion of Long-Term Debt	237,495.95	62,641.83	300,137.78
Non-Current Portion of Long-Term Obligations	2,880,336.55	2,503,406.50	5,383,743.05
Other Payable	.00	14,910.00	14,910.00
Post Retirement Benefits	668,363.00	275,779.00	944,142.00
Net Pension Liability	<u>1,900,008.00</u>	<u>861,034.00</u>	<u>2,761,042.00</u>
Total Liabilities	<u>\$ 6,356,543.33</u>	<u>\$ 4,243,429.31</u>	<u>\$ 10,599,972.64</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Total Deferred Inflows of Resources	<u>\$ 319,302.00</u>	<u>\$ 233,696.00</u>	<u>\$ 552,998.00</u>
 <u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 4,856,982.38	\$ 9,214,245.80	\$ 14,071,228.18
Restricted for			
Capital Projects	87,462.94	.00	87,462.94
Debt Service Funds	112,266.22	647,137.65	759,403.87
Sales Taxes	164,848.81	.00	164,848.81
Unrestricted	<u>189,848.64</u>	<u>(321,494.82)</u>	<u>(131,646.18)</u>
Total Net Position	<u>\$ 5,411,408.99</u>	<u>\$ 9,539,888.63</u>	<u>\$ 14,951,297.62</u>

The notes are an integral part of these statements. See accompanying independent auditors' report.



Miscellaneous	50,057.44	.00	50,057.44
GASb 68	.00	113,505.00	113,505.00
Sales of Assets	7,290.00	.00	7,290.00
Total General Revenues	<u>\$ 3,440,751.61</u>	<u>\$ 92,322.27</u>	<u>\$ 3,533,073.88</u>
Change in Net Position	<u>\$ 222,984.01</u>	<u>\$ (181,074.80)</u>	<u>\$ 41,909.21</u>
Net Position - Beginning	5,188,424.98	9,720,963.43	14,909,388.41
<u>Net Position - Ending</u>	<u>\$ 5,411,408.99</u>	<u>\$ 9,539,888.63</u>	<u>\$ 14,951,297.62</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

EXHIBIT C

<u>ASSETS</u>	<u>MAJOR FUNDS</u>		<u>NON-MAJOR</u>	<u>TOTAL</u>
	<u>GENERAL FUND</u>	<u>SALES TAX</u>	<u>FUNDS</u>	<u>GOVERNMENT</u>
				<u>FUNDS</u>
Cash and Cash Equivalents	\$ 622,922.03	\$ 658,064.67	\$ 216,871.41	\$ 1,497,858.11
Property Taxes Receivable, Net	811.63	.00	.00	811.63
Franchise Taxes Receivables	.00	.00	.00	.00
Sales Tax Receivable	46,871.31	93,742.63	46,871.31	187,485.25
Accounts Receivables - Other	67,509.17	6,530.00	396,394.02	470,433.19
Prepaid Items	80,588.00	24,547.00	8,201.30	113,336.30
Due from Other Funds	112,402.07	27,405.80	.00	139,807.87
Restricted Assets				
Bonds Sinking Fund	.00	.00	112,266.22	112,266.22
Cash and Cash Equivalents	1,166,870.83	164,848.81	384,506.84	1,716,226.48
<u>TOTAL ASSETS</u>	<u>\$ 2,097,975.04</u>	<u>\$ 975,138.91</u>	<u>\$ 1,165,111.10</u>	<u>\$ 4,238,225.05</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
	<u>LIABILITIES</u>			
Accounts Payable	\$ 83,230.70	\$ 65,313.99	\$ 422,720.91	\$ 571,265.60
Accrued Liabilities	74,891.23	18,784.00	5,399.00	99,074.23
Total Liabilities	<u>\$ 158,121.93</u>	<u>\$ 84,097.99</u>	<u>\$ 428,119.91</u>	<u>\$ 670,339.83</u>
	<u>FUND BALANCE</u>			
Nonspendable	\$ 80,588.00	\$ 24,547.00	\$ 8,201.30	\$ 113,336.30
Restricted	.00	164,848.81	199,729.16	364,577.97
Assigned	1,254,950.16	701,645.11	529,060.73	2,485,656.00
Unassigned	604,314.95	.00	.00	604,314.95
Total Fund Balance	<u>\$ 1,939,853.11</u>	<u>\$ 891,040.92</u>	<u>\$ 736,991.19</u>	<u>\$ 3,567,885.22</u>
<u>TOTAL LIABILITIES, AND FUND BALANCE</u>	<u>\$ 2,097,975.04</u>	<u>\$ 975,138.91</u>	<u>\$ 1,165,111.10</u>	<u>\$ 4,238,225.05</u>

The notes are an integral part of the financial statements. See accompanying independent auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT C -1

FUND BALANCES - Total Governmental Funds \$ 3,567,885.22

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not Financial Resources and therefore are not reported in the Governmental Funds.

Governmental Capital Assets	\$ 13,423,516.93
Less: Accumulated Depreciation	<u>(5,891,214.66)</u>
Net	<u>\$ 7,532,302.27</u>

Long-term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported in the Governmental Funds.

Bancorpsouth Lease	\$ (140,900.47)
2012 Bonds Payable	(1,880,000.00)
USDA Loan	(177,932.03)
Revenue Bonds	(375,000.00)
Bond Proceeds	(544,000.00)
Net OPEB Obligation	(670,938.00)
Net Pension Liability	<u>(1,900,008.00)</u>
Net	<u>\$ (5,688,778.50)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES (EXHIBIT A) \$ 5,411,408.99

The notes are an integral part of this statement. See accompanying independent auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT D

<u>REVENUES</u>	MAJOR FUNDS		NON-MAJOR	TOTAL
	GENERAL FUND	SALES TAX	FUNDS	GOVERNMENT
				FUNDS
Taxes				
Property	\$ 465,020.03	\$ .00	\$ 268,172.98	\$ 733,193.01
Sales	509,242.53	1,018,484.96	509,242.53	2,036,970.02
Franchise	201,820.80	.00	.00	201,820.80
Licenses and Permits	328,617.78	.00	.00	328,617.78
Intergovernment	29,979.06	.00	.00	29,979.06
Charges for Services	485,664.29	.00	20,912.00	506,576.29
Fines and Forfeits	15,117.12	.00	.00	15,117.12
Miscellaneous Revenues	58,796.44	19,740.00	1,521.00	80,057.44
Interest Income	11,345.45	9,202.30	2,275.75	22,823.50
Sales of Assets	7,290.00	.00	.00	7,290.00
Fees - Farmer's Market	1,620.00	.00	.00	1,620.00
State of Louisiana Supplemental Pay	61,750.00	.00	.00	61,750.00
Administrative Fee	75,000.00	.00	.00	75,000.00
Grants	26,784.54	.00	.00	26,784.54
Total Revenues	\$ 2,278,048.04	\$ 1,047,427.26	\$ 802,124.26	\$ 4,127,599.56
 <u>EXPENDITURES</u>				
Current				
General and Administrative	\$ 521,152.71	\$ 447,227.81	\$ 350,371.14	\$ 1,318,751.66
Public Safety	987,409.99	.00	.00	987,409.99
Fire Department	496,376.67	.00	.00	496,376.67
Sanitation Department	475,657.82	.00	.00	475,657.82
Streets	.00	519,094.75	.00	519,094.75
Prison Labor and Expenditures	.00	1,415.26	.00	1,415.26
Maintenance Department	.00	9,689.28	.00	9,689.28
Construction Cost	.00	.00	1,298,220.64	1,298,220.64
Total Expenditures	\$ 2,480,597.19	\$ 977,427.10	\$ 1,648,591.78	\$ 5,106,616.07
 <u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER (UNDER) EXPENDITURES</u>	\$ (202,549.15)	\$ 70,000.16	\$ (846,467.52)	\$ (979,016.51)
 <u>OTHER FINANCING SOURCES (USES)</u>				
Bond Proceeds	\$ .00	\$ .00	\$ 488,000.00	\$ 488,000.00
FEMA Grant	.00	.00	543,800.20	543,800.20
Interdepartment Transfers	.00	.00	217,485.27	217,485.27
Operating Transfers In	268,172.98	.00	21,523.37	289,696.35
Operating Transfers Out	(63,028.57)	(104,407.52)	(483,686.77)	(651,122.86)
Total Other Financing Sources (Uses)	\$ 205,144.41	\$ (104,407.52)	\$ 787,122.07	\$ 887,858.96
 Net Change in Fund Balances	\$ 2,595.26	\$ (34,407.36)	\$ (59,345.45)	\$ (91,157.55)
 <u>FUND BALANCE, Beginning</u>	1,937,257.85	880,480.62	684,556.63	3,502,295.10
Transfer - Debt Service Funds	.00	44,967.66	111,780.01	156,747.67
 <u>FUND BALANCE, Ending</u>	\$ 1,939,853.11	\$ 891,040.92	\$ 736,991.19	\$ 3,567,885.22

The notes are an integral part of this statement. See accompanying independent auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT D-1

	MAJOR FUNDS				TOTAL
	GENERAL FUND	SALES TAX	TOTAL MAJOR	NON-MAJOR	GOVERNMENT FUNDS
<u>NET CHANGE IN FUND BALANCE -</u> Total Governmental Funds (EXHIBIT D)	<u>\$ 2,595.26</u>	<u>\$ (34,407.36)</u>	<u>\$ (31,812.10)</u>	<u>\$ (59,345.45)</u>	<u>\$ (91,157.55)</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>					
Net Cost of Assets Sold	\$ .00	\$ .00	\$ .00	\$ .00	\$ .00
Capital Outlay - Net	312,251.79	996,360.78	1,308,612.57	11,744.30	1,320,356.87
Depreciation Expense	(258,235.76)	(133,587.43)	(391,823.19)	(55,032.88)	(446,856.07)
	<u>\$ 54,016.03</u>	<u>\$ 862,773.35</u>	<u>\$ 916,789.38</u>	<u>\$ (43,288.58)</u>	<u>\$ 873,500.80</u>
<p>The issuance of long-term debt provides current financial resources to governmental funds, while, the repayment of the principal of a long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:</p>					
Lease Adjustments	\$ (179,009.94)	\$ .00	\$ (179,009.94)	\$ .00	\$ (179,009.94)
Bonds Issued	.00	.00	.00	(488,000.00)	(488,000.00)
USDA Loan Payments	.00	16,387.60	16,387.60	.00	16,387.60
2012 Bond Payments	.00	20,000.00	20,000.00	.00	20,000.00
Revenue Bond Payments	.00	.00	.00	150,000.00	150,000.00
Bancorp South - Lease Payments	38,177.16	.00	38,177.16	.00	38,177.16
	<u>\$ (140,832.78)</u>	<u>\$ 36,387.60</u>	<u>\$ (104,445.18)</u>	<u>\$ (338,000.00)</u>	<u>\$ (442,445.18)</u>
<p>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.</p>					
Increase/Decrease in Accrued Expenses	\$ 30,871.94	\$ .00	\$ 30,871.94	\$ .00	\$ 30,871.94
Net Other Post Employment Benefits Obligations	(3,563.00)	.00	(3,563.00)	.00	(3,563.00)
Net Pension Liability - Current Year	(144,223.00)	.00	(144,223.00)	.00	(144,223.00)
	<u>\$ (116,914.06)</u>	<u>\$ .00</u>	<u>\$ (116,914.06)</u>	<u>\$ .00</u>	<u>\$ (116,914.06)</u>
<u>CHANGE IN NET POSITION OF</u> <u>GOVERNMENTAL ACTIVITIES</u> <u>(EXHIBIT B)</u>	<u>\$ (201,135.55)</u>	<u>\$ 864,753.59</u>	<u>\$ 663,618.04</u>	<u>\$ (440,634.03)</u>	<u>\$ 222,984.01</u>

The notes are an integral part of these statements. See accompanying independent auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

EXHIBIT E

<u>ASSETS</u>	<u>BUSINESS- TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 492,350.07	\$ 76,253.47	\$ 568,603.54
Accounts Receivable, Net of	247,585.81	.00	247,585.81
Prepaid Insurance	21,940.00	5,572.00	27,512.00
Accounts Receivable - Other Funds	.00	550.00	550.00
Total Current Assets	\$ 761,875.88	\$ 82,375.47	\$ 844,251.35
<u>Non-Current Assets</u>			
Restricted Assets:			
Cash and Cash Equivalents			
Water Fund - Meter Deposits	\$ 191,682.67	\$ .00	\$ 191,682.67
Depreciation and Contingency Fund	107,666.55	97,291.53	204,958.08
Construction Checking	.00	52.95	52.95
USDA Accounts	442,126.62	.00	442,126.62
Total Restricted Assets	\$ 741,475.84	\$ 97,344.48	\$ 838,820.32
<u>Capital Assets</u>			
Property, Plant, and Equipment, at Cost	\$ 10,986,877.48	\$ 8,035,967.65	\$ 19,022,845.13
Less: Accumulated Depreciation	(3,600,939.42)	(3,651,175.58)	(7,252,115.00)
Land	25,752.00	.00	25,752.00
Total Capital Assets	\$ 7,411,690.06	\$ 4,384,792.07	\$ 11,796,482.13
<u>TOTAL ASSETS</u>	\$ 8,915,041.78	\$ 4,564,512.02	\$ 13,479,553.80
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
<u>RESOURCES RELATED TO PENSIONS</u>	\$ 475,780.00	\$ 167,820.00	\$ 643,600.00
<u>LIABILITIES</u>			
<u>Current Liabilities (Payable from Current Assets):</u>			
Accounts Payable	\$ 76,129.66	\$ 37,045.66	\$ 113,175.32
Other Payables	214,722.66	.00	214,722.66
Accrued Liabilities	21,239.00	5,458.00	26,697.00
Total Current Liabilities	\$ 312,091.32	\$ 42,503.66	\$ 354,594.98
(Payable from Current Assets)			
<u>Current Liabilities (Payable from Restricted Assets)</u>			
Customers' Deposits	\$ 169,785.00	\$ .00	\$ 169,785.00
Bonds Payable	42,641.83	20,000.00	62,641.83
Accrued Interest Payable	.00	1,278.00	1,278.00
Total Current Liabilities	\$ 212,426.83	\$ 21,278.00	\$ 233,704.83
(Payable from Restricted Assets)			
<u>Long-Term Liabilities</u>			
Due To/From Sewer Funds	\$ 63,710.32	\$ (63,710.32)	\$ .00
Due To/From Other Funds	106,139.86	.00	106,139.86
Other Payable	14,910.00	.00	14,910.00
Bonds Payable	2,213,406.50	290,000.00	2,503,406.50
Post Retirement Benefits	181,727.00	94,052.00	275,779.00
Net Pension Liability	636,516.00	224,518.00	861,034.00
Total Long-Term Liabilities	\$ 3,216,409.68	\$ 544,859.68	\$ 3,761,269.36
<u>TOTAL LIABILITIES</u>	\$ 3,740,927.83	\$ 608,641.34	\$ 4,349,569.17

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

EXHIBIT E  
CONTINUED

<u>DEFERRED INFLOWS OF RESOURCES</u> <u>RESOURCES RELATED TO PENSIONS</u>	<u>BUSINESS -TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
	<u>\$ 172,759.00</u>	<u>\$ 60,937.00</u>	<u>\$ 233,696.00</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets Net of Related Debt	\$ 5,140,731.73	\$ 4,073,514.07	\$ 9,214,245.80
Restricted for Debt Service	549,793.17	97,344.48	647,137.65
Unrestricted	<u>(213,389.95)</u>	<u>(108,104.87)</u>	<u>(321,494.82)</u>
<u>TOTAL NET POSITION</u>	<u>\$ 5,477,134.95</u>	<u>\$ 4,062,753.68</u>	<u>\$ 9,539,888.63</u>

The notes are an integral part of these statements. See accompanying independent auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT F

	BUSINESS -TYPE ACTIVITIES - ENTERPRISE FUNDS		
	MAJOR FUNDS		
	WATER	SEWER	TOTAL
<u>Operating Revenues</u>			
Charges for Services	\$ 1,462,218.56	\$ 448,243.72	\$ 1,910,462.28
Miscellaneous	427.60	550.00	977.60
Total Operating Revenues	\$ 1,462,646.16	\$ 448,793.72	\$ 1,911,439.88
<u>Operating Expenses</u>			
<u>Administrative Expenses</u>			
Salaries and Employee Benefits	\$ 514,886.75	\$ 142,455.55	\$ 657,342.30
Administrative Fee	30,000.00	.00	30,000.00
Advertising	232.00	.00	232.00
Auditing	10,690.00	2,345.00	13,035.00
Bank Charges	449.13	.00	449.13
Computer Expense	18,927.87	.00	18,927.87
Dues	545.00	.00	545.00
Insurance - Liability	25,643.95	10,755.39	36,399.34
Miscellaneous	8,581.12	59,307.95	67,889.07
Office Supplies	6,100.79	.00	6,100.79
Postage	7,342.19	.00	7,342.19
Environmental Testing	2,450.00	.00	2,450.00
Equipment and Truck Expense	48,052.79	14,184.92	62,237.71
Telephone Expense	5,327.47	1,172.77	6,500.24
Travel and Training	4,322.82	1,486.05	5,808.87
Grant Application & Legal	14,910.00	.00	14,910.00
Water Bill Cost	12,342.57	.00	12,342.57
Total Administration	\$ 710,804.45	\$ 231,707.63	\$ 942,512.08
<u>Materials and Supplies</u>			
Chlorine	\$ 24,047.30	\$ 6,840.00	\$ 30,887.30
Chlorine Equipment Repairs	854.80	.00	854.80
Chemicals	.00	1,034.33	1,034.33
Chemicals Test	.00	12,648.25	12,648.25
Grant Expenses	.00	14,012.50	14,012.50
Supplies	74,854.62	13,475.42	88,330.04
Pump Repairs	.00	111,590.24	111,590.24
Equipment Maintenance	3,336.58	.00	3,336.58
Safe Drinking Program	12,722.94	.00	12,722.94
Major Repairs and Additions	25,893.02	46,867.69	72,760.71
Major Well and Tank Repairs	20,800.00	.00	20,800.00
Poultry Pride Water Well Repairs	67,534.91	.00	67,534.91
Meter Replacement	35,765.74	.00	35,765.74
Treatment Plant Repairs	.00	19,757.68	19,757.68
Water Supply Initiative Program	21,704.25	.00	21,704.25
Utilities	273,515.98	56,364.50	329,880.48
Total Materials and Supplies	\$ 561,030.14	\$ 282,590.61	\$ 843,620.75
<u>Depreciation and Amortization</u>	\$ 273,785.57	\$ 168,481.95	\$ 442,267.52
Total Operating Expenses	\$ 1,545,620.16	\$ 682,780.19	\$ 2,228,400.35
Net Operating Income (Loss)	\$ (82,974.00)	\$ (233,986.47)	\$ (316,960.47)

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT F  
CONTINUED

	<u>BUSINESS -TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest Income	\$ 7,539.24	\$ 1,278.03	\$ 8,817.27
Interest Expense	( 35,290.43)	(16,025.50)	(51,315.93)
Grants / LCDBG	10,190.99	54,688.34	64,879.33
Revenue - GASB 68	113,505.00	.00	113,505.00
Total Non-Operating Revenues (Expenses)	<u>\$ 95,944.80</u>	<u>\$ 39,940.87</u>	<u>\$ 135,885.67</u>
Net Income (Loss) Before Contributions & Transfers	<u>\$ 12,970.80</u>	<u>\$ (194,045.60)</u>	<u>\$ (181,074.80)</u>
<u>Transfers &amp; Others</u>			
Total Transfers & Others	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>
<u>Changes in Net Position</u>	<u>\$ 12,970.80</u>	<u>\$ (194,045.60)</u>	<u>\$ (181,074.80)</u>
<u>Net Position - Beginning of the Year</u>	<u>5,464,164.15</u>	<u>4,256,799.28</u>	<u>9,720,963.43</u>
<u>Net Position - End of the Year</u>	<u>\$ 5,477,134.95</u>	<u>\$ 4,062,753.68</u>	<u>\$ 9,539,888.63</u>

The notes are an integral part of this statement. See accompanying independent auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G

	<u>BUSINESS -TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	\$ 1,425,900.40	\$ 448,243.72	\$ 1,874,144.12
Payments to Suppliers	(508,932.36)	(249,142.06)	(758,074.42)
Payments to Employers and Employee Benefits	(515,118.13)	(143,328.55)	(658,446.68)
Other Receipts (Payments)	(201,395.10)	(87,556.08)	(288,951.18)
Net Cash Provided by Operating Activities	<u>\$ 200,454.81</u>	<u>\$ (31,782.97)</u>	<u>\$ 168,671.84</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Customer Deposit	\$ 6,050.65	\$ .00	\$ 6,050.65
Due To/From Sewer/Water Dept.	<u>3,736.64</u>	<u>(3,736.64)</u>	<u>.00</u>
Net Cash Provided by Noncapital Financing Activities	<u>\$ 9,787.29</u>	<u>\$ (3,736.64)</u>	<u>\$ 6,050.65</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchase of Capital Assets	\$ (200,861.95)	\$ (13,856.04)	\$ (214,717.99)
Post Retirement Benefits	1,661.00	859.00	2,520.00
GASB 68 - Net	(87,995.06)	561.29	(87,433.77)
Other Payable	34,689.25	.00	34,689.25
Interest Expense	(48,992.17)	(16,087.50)	(65,079.67)
Payment on Long-Term Debt	(243,022.68)	(15,000.00)	(258,022.68)
USDA Interim Financing - Regions	(2,006,525.10)	.00	(2,006,525.10)
LCDBG - Grant	2,499,071.00	.00	2,499,071.00
Grants - LGAP	10,190.99	54,688.34	64,879.33
Revenue - GASB 68	<u>113,505.00</u>	<u>.00</u>	<u>113,505.00</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ 71,720.28</u>	<u>\$ 11,165.09</u>	<u>\$ 82,885.37</u>
<u>Cash Flows from Investing Activities</u>			
Interest Earned on Investments	<u>\$ 7,539.24</u>	<u>\$ 1,278.03</u>	<u>\$ 8,817.27</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 7,539.24</u>	<u>\$ 1,278.03</u>	<u>\$ 8,817.27</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 289,501.62</u>	<u>\$ (23,076.49)</u>	<u>266,425.13</u>
<u>Cash and Cash Equivalents - July 1</u>	<u>944,324.29</u>	<u>196,674.44</u>	<u>1,140,998.73</u>
<u>Cash and Cash Equivalents - June 30</u>	<u>\$ 1,233,825.91</u>	<u>\$ 173,597.95</u>	<u>\$ 1,407,423.86</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>			
Cash and Cash Equivalents	\$ 492,350.07	\$ 76,253.47	\$ 568,603.54
Restricted Cash			
Water Fund - Meter Deposit	191,682.67	.00	191,682.67
Depreciation and Contingency Fund	107,666.55	97,291.53	204,958.08
USDA Accounts	442,126.62	.00	442,126.62
Construction Checking	.00	52.95	52.95
<u>Total Cash and Cash Equivalents</u>	<u>\$ 1,233,825.91</u>	<u>\$ 173,597.95</u>	<u>\$ 1,407,423.86</u>

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

EXHIBIT G  
CONTINUED

	<u>BUSINESS -TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>MAJOR FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
<u>Reconciliation of Operating Income</u>			
<u>(Loss) to Net Cash Flows from Operating Activities</u>			
Operating Income (Loss)	\$ (82,974.00)	\$ (233,986.47)	\$ (316,960.47)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities Depreciation	273,785.57	168,481.95	442,267.52
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(36,318.16)	(550.00)	(36,868.16)
(Increase) Decrease in Prepaid Insurance	(5,905.00)	1,696.00	(4,209.00)
Increase (Decrease) in Accounts Payable	52,097.78	33,448.55	85,546.33
Increase (Decrease) in Accrued Liabilities	(231.38)	(873.00)	(1,104.38)
<u>Net Cash Provided (Used) by Operating Accounts</u>	<u>\$ 200,454.81</u>	<u>\$ (31,782.97)</u>	<u>\$ 168,671.84</u>
<u>Schedule of Noncash, No Capital Financing, Capital and Related Financing, and Investing Activities</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>

The notes are an integral part of this statement. See accompanying independent auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
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TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
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INTRODUCTION

The Town of Farmerville, Louisiana (hereafter referred to as the Town) is governed by a “Special Legislative Charter” that was approved by the Louisiana State Legislature in 1842, which was amended in 1870, The Town must have an elected Mayor, five Aldermen/Alderwomen and a Marshal. See Schedule G for a detail of compensation.

The Town’s major operations include water and sewer, public safety, fire protection, recreation and parks, and general administrative services.

The Town of Farmerville is located in Union Parish surrounded by Darbonne Lake recreation area. The Town's major industry is timber and poultry, which includes a poultry processing plant. The Town’s population was 3,815 in 2013.

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Farmerville, Louisiana conform to generally accepted accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Status 24:517 and to guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to industry audit guide, Audits of State and Local Government Units (Revised) The following is a summary of certain significant accounting policies.

GASB Statement No. 14 - The reporting entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the municipality is considered a primary government, since, it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The municipality has oversight of other component units that are either blended into the municipalities basic financial statements or discretely presented in a separate column in the government-wide financial statements.

Blended Component Units - The Town of Farmerville did not have any blended component units.

Discretely Presented Component Units - The Town of Farmerville did not have any Discretely Presented Component Units.

Financial Reporting Entity - Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Town. The Town has no component units.

Government-Wide Accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In accordance with Government Accounting Standards Board Statement No. 34, the Town has presented a Statement of Net Position and Statement of Activities for the Town as a whole. These statements include the primary government, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-Wide accounting is designed to provide a more comprehensive view of the government’s operations and financial position as a single economic entity.

Part of the effect of interfund has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The Statement of Activities demonstrates the degree, to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program Revenues include, charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meetings, the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Policies specific to government-wide financial statements are as follows:

Eliminating Internal Activity - Interfund receivables and payables are eliminated in the Statements of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.

Application of FASB Statements and Interpretations - Reporting on governmental-type and business-type activities are based on FASB Statements and the Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalized Assets - Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Amounts less than \$500 are not capitalized unless they are considered major by the mayor or council. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted assets.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The Town has opted not to retroactively report these type of capital assets.

Program Revenues - The Statement of Activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for specific use.

Indirect Expenses - Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

Operating Revenues - Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Restricted Net Assets - When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitments or assignment actions.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Pensions

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to deductions from the fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenses/expenditure) until applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

Fund Accounting - The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds - Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. Major Governmental Funds

General Fund - is the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds. Starting, as of July 1, 2012, the police department and fire department were transferred to separate accounts. The police department and the fire department have funds restricted to police and fire department expenditures. A one half percent sales tax was passed for the police department.

Special Revenue Funds - Sales Tax - The Town of Farmerville Sales Tax Department - The citizens of the Town of Farmerville approved a 1% sales and use tax. Proceeds of the tax have been pledged and dedicated to the retirement of Sales Tax Bonds dated May 1, 1985, which has been retired. The excess funds can be used for streets and sanitation expenditures.

2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

a. On October 20, 2001 an additional ½ of 1% sales and use tax was approved. This tax was approved for construction of a recreation center and street improvements. Bonds were sold in the amount of \$2,900,000 for construction of the recreation center and improvements of the streets. The street construction was completed during 2002. The recreation center was completed at June 30, 2004. The 2002 bonds were paid off from a 2012 bond issue. The sales taxes approved in 2001 are to be used for retirement of the 2012 bonds, recreation center costs, and street improvements.

b. Farmerville Volunteer Fire Department, Inc. - The Town of Farmerville Volunteer Fire Department filed an amendment to the Articles of Incorporation on January 22, 2001. They also filed for tax exempt status from the Internal Revenue Service. They are a tax exempt organization under the code sections 509 (a) (1) and 170 (b) (A) (vi). Based on an opinion, at June 30, 2002, of the Louisiana Legislative Auditor's office, the Volunteer Fire Department, should be included in the Town's financial statements as a Special Revenue Fund. In prior years the Volunteer Fire Department had been included in the statements as a component unit of the Town of Farmerville. The volunteer fire department expenditures for operating the fire department is paid by the Town of Farmerville's General Fund. The transactions in the Volunteer Fire Department, Inc. is for miscellaneous fund raisers and miscellaneous expense for the volunteer fireman. The Town transfers the State

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
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JUNE 30, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

of Louisiana 2% rebate to the volunteer fire department, and is accumulated for purchase of equipment. Contributors to the Volunteer Fire Departments elect all the members of the governing board. The governing board is solely responsible for the Volunteer Fire Department Operations. The accounting records are maintained by an employee of the Town of Farmerville.

- c. Farmerville Area Fire Protection District of Union Parish - The Union Parish Police Jury created the Farmerville Area Fire Protection District of Union Parish on November 2, 1999. The fire district was created to pass a property tax to provide fire protection for an area of the parish without fire protection. The Union Parish Police Jury entered into an intergovernmental agreement with the Town of Farmerville to provide fire protection for the newly created district. The Fire District will retain 5% of the ad valorem taxes in their checking account. All other proceeds will be transferred to the Town of Farmerville, to be used by the Town's fire department. Based on an opinion of the Louisiana Legislative Auditor's Office, the Fire Protection District should be included in the Town's financial statement as a Special Revenue Fund.
3. Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest and related costs.
4. Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds - Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary funds's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary funds include:

1. Enterprise Funds - Account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town's enterprise fund includes services for water and sewer.
  - a. The Town of Farmerville Water Department - The Town of Farmerville rates for user charges are approved by the Town Council and the legal liability for the general obligations portion of the water authority's debt remain with the Town of Farmerville.
  - b. The Town of Farmerville Sewer Department - The sewer charges are approved by the Town Council, but are regulated by the EPA.

Basis of Accounting/Measurement Focus - The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

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

Budgets and Budgetary Accounting - The Town adopts an annual budget for the General Fund, Special Revenue Funds, and Enterprise Fund. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the council. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed in June each year. The police and fire departments are part of the general fund, separate budgets are prepared because of restricted revenues.

Cash and Cash Equivalents - Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities, plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank, that is mutually acceptable to both parties. The State of Louisiana banking regulations require the FDIC to ensure \$250,000 of checking and savings for each municipality.

Investments - Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Town are certificates of deposits held at Marion State Bank, First National Bank and Origin Bank and the fair value is determined by the face value of the certificate.

Bad Debts - Uncollectible amounts for ad valorem taxes are generally not significant. The Town records ad valorem taxes on a cash basis, so no receivables are recorded until year end. Any ad valorem taxes collected within 60 days of year end are considered receivable, so bad debts are not recorded and are considered immaterial. For customers' utility receivables, the allowance method is used to account for uncollectible amounts. Under this method, an allowance account is set up for what is deemed to be uncollectible.

Inventories - Are not considered material and are therefore not recorded. The Town purchases supplies as needed and do not maintain inventory quantities on hand.

Short-Term Interfund Receivables/Payables - During the course of operation, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements' balance sheet. In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize their "grossing up" effect on assets and liabilities within the governmental activities column.

Restricted Assets - Certain proceeds of the governmental funds and the enterprise funds are classified as restricted assets on the balance sheet because their use is limited. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted assets are used.

Prepaid Items - The Town purchases commercial insurance to cover their risk. Insurance companies usually require the premiums to be paid in advance of the coverage periods.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Capital Assets - The Town's assets are recorded at historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Equipment and Furniture	3 - 10 Years	Buildings	39 - 40 Years
Utility Plant/Sewer Collection System	5 - 40 Years	Infrastructure	40 - 60 Years
Vehicles	5 - 10 Years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Town has elected to not report its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 40 years is the water and sewer system that is reported in the business-type activities of the Town. From this point forward, the Town will use the basic approach to infrastructure reporting for its governmental activities.

Compensated Absences - The Town's maximum vacation pay carry forward each year is 40 hours. Sick pay is limited to 480 hours carryforward. Any vacation pay is paid at the termination of employment, while sick time is not guaranteed. Unpaid vacation time has been recorded as an accrued payable, while sick time has not.

Long-Term Obligations - In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. See Note # 6 for detail.

Fund Equity - GASB Statement Number 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

- a. Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributions, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- b. Committed Fund Balance - These amounts can only be used for specific purposes determined by formal resolutions or ordinances of the Town council - the government's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the city aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for us in satisfying those contractual requirements.
- c. Assigned Fund Balance - This classification reflects the amounts whose intent is to be used for specific purposes, but are neither restricted nor committed. The Town council and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts(except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
- d. Unassigned Fund Balance - This fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned- in order as needed.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

Major - Non-Major Funds - The Town's Major Funds are: General Fund, Sales Tax and Business Type Funds - Water and Sewer. The Non-Major Funds: 2002 Sales Tax Fund, Capital Projects Funds, Volunteer Fire Department and Farmerville Area Fire Protection District. In prior years financial statements, the Debt Service Funds were reported as a separate fund. As of June 30, 2017, the Debt Service Funds were transferred to the funds responsible for payment of the debt. The Debt Service funds increased the fund balance to the Sales Tax Fund and the Non-Major Funds.

Recently Issued Accounting Principles

GASB-63 - In June 2011, the GASB issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this statement are effective for financial periods beginning after December 31, 2011. During fiscal year ended June 30, 2013, the Town adopted the statement and restated balances previously referred to as net assets to net position.

GASB - 64 - This statements provides guidance on derivative instruments and application of hedge accounting termination provisions. This statements amends GASB statement number 53. This statement is effective for financial statements for periods beginning after June 15, 2011. The Town does not have any derivative instruments and hedge funds.

GASB - 65 - This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or resources or inflows of resources, certain items that were previously reported as assets and liabilities. Also, certain cost of construction projects that were traditionally added to the costs are now to be expensed out in the period occurred. These cost refer to the cost such as attorney fees, administrative cost, interest and fees to secure financing of the project. For prior year projects these costs are to be taken out of the cost of the assets and reclassified as a prior period adjustments. The Town reclassified the cost (net of depreciation) from the projects back to the year 2006. Projects before that date are considered to immaterial in 2014. This statement was adopted in 2014.

GASB - 66 - The statement is an amendment of GASB statements numbers 10 and 62. GASB 66 removes GASB 10 (Accounting and Financial Reporting for Risk Financing and Related Insurance Issues) by removing the provision that limits fund-based reporting of risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions on GASB 54. GASB 66 resolves conflicts between GASB 62 and other pronouncements. These changes clarify how to apply statement number 13 (Accounting for Operating Leases with Scheduled Rent Increases) and result in guidance that is consistent with requirements in statement number 48 (Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues). This statement is effective for periods beginning after December 15, 2012.

GASB - 67, 68, 71 and 73 - These statements concern pension plans guidelines. GASB 67 is effective for financial statements for fiscal years beginning after June 15, 2013. GASB 68 is effective for fiscal years beginning after June 15, 2014 and GASB 71 should be applied simultaneously with the GASB 68 Statement 73 covers pension not covered in statement 67 and 68. See Note # 26.

GASB - 69 - This statement is guidance on government combinations and disposals of government operations. The effective date is for periods beginning after December 15, 2013. The Town has not been required to implement these guidelines as of the date of this statement.

GASB - 70 - The statement addresses accounting and financial reporting for nonexchange financial guarantees. The provisions are effective for financial statements for reporting beginning after June 15, 2013 and do not apply to the Town's 2017 financial statements.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

GASB 71 - This statement addresses pension transitions for contributions made subsequent to the measurement date and amends statement 68.

GASB 72 - This statement deals with fair value measurement and application the requirements of which are effective for financial statements for reporting periods beginning after June 15, 2015.

GASB 74 - The statement addresses financial reporting for postemployment benefit plans other than pension plans that are administered through trusts.

GASB 75 - This statement also is about accounting and financial reporting by employers for postemployment benefits other than pensions. It replaces the requirements of GASB 45 and is effective for financial statements beginning after June 15, 2017.

GASB 76 - The provisions in this statement are effective for reporting periods beginning after June 15, 2015 and deals with the hierarchy of generally accepted accounting principles for state and local governments

GASB 77 - This statement defines tax abatements as reduction of tax revenues as the results from an agreement between governments and individuals or entities in which the governments forgo tax revenues for promises by specific actions that will benefit the government or citizens of the government. The statement is effective for periods beginning after December 15, 2015. This statement does not affect the Town.

GASB 78 - This statement's requirements are effective for reporting periods beginning after December 15, 2015 and addresses pensions provided through certain multiple-employer defined benefit pension plans. This statement addresses recognition and measurement of pension expense, expenditures, and liabilities; note disclosures, and required supplementary information for pensions that have certain characteristics.

GASB 79 - The requirements of this statement are effective for reporting periods beginning after June 15, 2015 except for certain paragraphs that are effective for reporting periods beginning after December 15, 2015 and concerns certain external investment pools and participants. The Town is not a member of an investment pool.

GASB 80 - The statement addresses blending requirements for certain component units and amends GASB 14. The Town does not have component units.

GASB 81 - This statement concerns irrevocable split- interest agreements and is effective for periods beginning after December 15, 2016. This statement's effect has not been determined for these financial statements.

GASB 82 - This statement amends statements 67, 68, and 73 for pension plans and is effective for periods beginning after June 15, 2016. This statement addresses required supplementary information, assumptions and treatment of deviations, and the classification of payments made by employers to satisfy employee contributions.

GASB 83 -87 - These statements are not effective for this financial statement.

NOTE # 2 - CASH AND INVESTMENTS

CASH PLEDGED BY BANKS

	FINANCIAL STATEMENT RECONCILED AMOUNT	AMOUNTS PER BANK			
		MARION STATE BANK	FIRST NATIONAL BANK	ORIGIN BANK	REGIONS BANK
Total - June 30, 2017	\$ 4,733,124.67	\$ 3,235,640.91	\$ 705,371.54	\$ 721,628.55	\$ 214,722.66
Deduct - Fire Dept Account	(82,677.71)	(82,677.71)	.00	.00	.00
Pledge Receipt	(4,667,302.23)	(3,129,494.65)	(437,573.53)	(1,100,234.05)	.00
Difference	\$ (16,855.27)	\$ 23,468.55	\$ 267,798.01	\$ (378,605.50)	\$ 214,722.66
FDIC Covers					
Time & Saving Deposits	(500,000.00)	(250,000.00)	(250,000.00)	.00	.00
Demand Deposits	(889,569.36)	(250,000.00)	(174,846.70)	(250,000.00)	(214,722.66)
Difference (Overfunded)					
Underfunded	\$ (1,406,424.63)	\$ (476,531.45)	\$ (157,048.69)	\$ (628,605.50)	\$ .00

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 2 - CASH AND INVESTMENTS CONTINUED

The pledged deposits are stated at market value. Under state law, these deposits must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit within the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Pledge securities are held in the following agencies:

<u>BANKS</u>	<u>AGENCIES</u>	<u>MARKET VALUE</u>	<u>PAR VALUE</u>
Origin Bank	Raymond James	\$ 3,129,494.65	\$ 3,037,844.25
First National Bank of Ruston	Raymond James	384,265.14	371,365.53
First National Bank of Ruston	Wachovia	53,308.39	52,504.09
Marion State Bank	Federal Home Loan Bank of Dallas	1,100,234.05	2,410,000.00

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term "savings deposits" includes NOW accounts, money market deposit accounts, but does not include interest-bearing demand deposit accounts. The term "demand deposits" mean deposits payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

The FDIC issued an updated description of the explanation of savings deposits as follows: (The insurance coverage of public unit accounts depends upon the type of deposit and location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by the public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term "savings deposits" includes NOW accounts, money market deposit accounts, and other interest-bearing checking accounts.)

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, R. S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

INVESTMENTS

The government's investments are categorized as either (1) insured or registered or for which the securities are held by the government or his agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the government's name.

<u>JUNE 30, 2017</u>	<u>CATEGORIES</u>			<u>CARRYING AMOUNT</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Government Securities				
Savings	\$ 552,965.63	\$ .00	\$ .00	\$ 552,965.63
Certificates of Deposit				
90 Days or Less	2,654,665.51	.00	.00	2,654,665.51
Total Investments	<u>\$ 3,207,631.14</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 3,207,631.14</u>

The State requires collateral pledged for deposits to be held in the government's name by the trust department. The trust department reviews collateral pledged for compliance. Substantially all deposits matured in June 2017, therefore, interest was not accrued on the certificates of deposits. The accounts have interest added on a monthly basis.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
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JUNE 30, 2017

NOTE # 3 - RECEIVABLES/ALLOWANCE FOR DOUBTFUL ACCOUNTS

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, and interest associated within the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Receivables at June 30, 2017 consist of the following:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>GENERAL</u>	<u>FIRE AND POLICE</u>	<u>SPECIAL REVENUE</u>		<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUNDS</u>	<u>2017 TOTAL</u>
<u>RECEIVABLES</u>			<u>SALES TAX</u>	<u>RECREATION</u>			
Franchise Taxes	\$ 16,500.57	\$ .00	\$ .00	\$ .00	\$ .00	\$ .00	\$ 16,500.57
Licenses & Taxes	2,902.70	.00	.00	.00	.00	.00	2,902.70
Rental	.00	.00	.00	.00	.00	.00	.00
Video Bingo	7,071.74	.00	.00	.00	.00	.00	7,071.74
State of Louisiana - Beer Tax	1,788.11	.00	.00	.00	.00	.00	1,788.11
State of Louisiana - Mowing	.00	.00	6,530.00	.00	.00	.00	6,530.00
FEMA	.00	.00	.00	.00	396,394.02	.00	396,394.02
Union Parish Police Jury	885.00	.00	.00	.00	.00	.00	885.00
Advalorem Taxes	322.93	488.70	.00	.00	.00	.00	811.63
Payment in Lieu of Taxes	18,361.00	.00	.00	.00	.00	.00	18,361.00
Sales Taxes	.00	46,871.31	93,742.63	46,871.31	.00	.00	187,485.25
Other Receivables	.00	26,262.26	27,405.80	.00	.00	.00	53,668.06
Total Receivables	<u>\$ 47,832.05</u>	<u>\$ 73,622.27</u>	<u>\$ 127,678.43</u>	<u>\$ 46,871.31</u>	<u>\$ 396,394.02</u>	<u>\$ .00</u>	<u>\$ 692,398.08</u>
<u>RECEIPTS/DISBURSEMENTS OTHER DEPARTMENTS</u>							
Water Department	\$ 106,139.86	\$ .00	\$ .00	\$ .00	\$ .00	\$ .00	\$ 106,139.86
Fire Department	62,101.55	(62,101.55)	.00	.00	.00	.00	.00
Net Other Departments	<u>\$ 168,241.41</u>	<u>\$ (62,101.55)</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 106,139.86</u>
<u>NET GOVERNMENTAL ACTIVITIES</u>	<u>\$ 216,073.46</u>	<u>\$ 11,520.72</u>	<u>\$ 127,678.43</u>	<u>\$ 46,871.31</u>	<u>\$ 396,394.02</u>	<u>\$ .00</u>	<u>\$ 798,537.94</u>
<u>BUSINESS TYPE ACTIVITIES</u>							
Customer Receivables							\$ 265,839.93
Allowances for Bad Debts							(18,254.12)
<u>NET BUSINESS TYPE ACTIVITIES</u>							<u>\$ 247,585.81</u>

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
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JUNE 30, 2017

NOTE # 3 - RECEIVABLES/ALLOWANCE FOR DOUBTFUL ACCOUNTS CONTINUED

Allowances for doubtful accounts for the Proprietary Fund - Water/Sewer receivable accounts is based on the collectibility of outstanding receivables.

Aged Accounts Receivable Water Customers:

	<u>TOTAL</u>	<u>CURRENT</u>	<u>DAYS 30 - 60</u>	<u>DAYS OVER 60</u>
June 30, 2017	\$ 265,839.93	\$ 218,641.74	\$ 33,169.19	\$ 14,029.00

NOTE # 4 - UTILITY RATES

Utility rates were increased on September 9, 2013. The rates for water, sewer and garbage are as follows:

I.	<u>RESIDENTIAL CURRENT</u>	<u>COMMERCIAL CURRENT</u>
<u>WATER</u>		
First 2,000 Gallons - In Town	\$ 17.00	\$ 25.00
Over 2,000 Gallons Per 1,000 Gal. - In	4.00	4.00
First 2,000 Gallons - Out of Town	25.00	33.00
Over 2,000 Gallons per 1,000 Gal.- Out	4.00	4.00
<u>SEWER<sup>2</sup></u>		
Based on water usage Per 1,000 Gallons:		
Inside City Limits	\$ 4.00	\$ 4.00
Outside City Limits	5.00	12.00
<u>GARBAGE</u>	\$ 10.00	\$ 25.00
<u>RECONNECT FEE</u>	\$ 25.00	
<u>DUMPSTER</u>		
<u>40 Cu Yd - Per Pull</u>		\$ 150.00
<u>8 Cu Yd - Per Container</u>		\$ 25.00
Plus 1 X Week		50.00
Plus 2 X Week		100.00
<u>6 Cu Yd - Per Container</u>		\$ 20.00
Plus 1 X Week		40.00
Plus 2 X Week		80.00
<u>4 Cu Yd - Per Container</u>		\$ 15.00
Plus 1 X Week		25.00
Plus 2 X Week		50.00
<u>COMPACTOR</u>		\$150.00 - \$250.00
<u>TAPPING FEE</u>		\$ 250.00

II. Any full time employee, council member, firemen, and the mayor receive a preferred rate or employee discount for utilities. Based on the approved rate schedule:

	<u>CURRENT</u>
Water	\$ 17.00
Sewer	4.00
Garbage	10.00
	<u>\$ 31.00</u>

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
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NOTE # 4 - UTILITY RATES CONTINUED

III. The Town of Farmerville , also, has an industrial rate of 75 to 76 cents per 1,000 gallons of water. The Town of Farmerville also has an institutional rate minimum of \$25 for the first 2,000 gallons and \$4.00 per 1,000 gallons of water used over 2,000 gallons. The Poultry Plant receives the industrial rate of \$.85 per 1,000 gallons with no minimum. The Union Parish Police Jury Jail has an industrial rate of \$1.75. Water systems with a contract with the Town are charged \$1.50 per 1,000 gallons, while systems with no contract are charged \$4.00 per 1,000 gallons. Institutional out of town customers receive a minimum fee charge of \$33.

NOTE # 5 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Tax notices are usually mailed during November each year and become delinquent after December 31, of the year. The delinquent taxes are sold each year, therefore, an allowance for uncollectible was not recorded.

For the Year Ended June 30, 2017, taxes were levied on property with assessed valuations totaling \$25,188,283 and were dedicated as follows:

	<u>MILLS</u>	<u>TAXES</u>
General Fund	8.80	\$ 235,249.19
Dedicated Fund - Fire Dept.	7.90	211,409.84
Total Taxes Levied	16.70	\$ 446,659.03
Dedicated Funds - Area Fire Protection District		\$ 268,172.98
Payments in Lieu of Taxes		\$ 18,361.00

A recap of the largest assessment is as follows:

		<u>ASSESSED VALUE</u>	<u>TAX AMOUNT</u>
Wal Mart Real Estate	Rental Company	\$ 882,889.00	\$ 14,037.94
Wal Mart Store	Retail Store 1	751,379.00	11,951.70
Claiborne Electric	Utility Company	729,860.00	11,604.77
Marion State Bank	Bank 2	646,916.00	10,285.97
Lakeview Nursing Home	Nursing Home	662,075.00	10,527.00
Daniel Kamin Enterprises	Rental Property	581,231.00	9,241.57
Deloutre Properties	Land Development	376,020.00	6,932.73
Preaus Motors	Auto Dealership	367,207.00	5,838.59
Farmerville Motors	Auto Dealership	352,522.00	5,605.10
Community Trust Bank	Bank 1	341,516.00	5,430.10
Totals			\$ 91,455.47

The Town bills and collects its own property taxes using the assessed values determined by the Union Parish Tax Assessor, as follows:

Levy Date	January 1, 2016
Millage Rates Adopted	
Tax Bills Mailed	November 20, 2016
Due Date	December 31, 2016
Lien Date	January 1, 2017

State law requires the Town to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year.

NOTE # 6 - LONG-TERM DEBT

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 6 - LONG-TERM DEBT CONTINUED

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 25-year serial bonds, except for refunds in issues, with equal amount of principal maturing each year. The Town did not have any general obligation bonds.

The excess funds from general obligation bonds were transferred to the general fund to be used as restricted funds. The funds not expended are shown as restricted funds in the general fund equity.

Revenue Bonds

The government also issues bonds where the government pledges income to pay debt service. A \$.01 sales tax is pledged to pay these revenue bonds.

In February 2002, \$2,900,000 of revenue bonds were issued for construction of a recreation center and street improvements. An additional sales tax of ½ of 1% sales tax was approved for payment of these bonds.

2002 Sales Tax Bonds

The 2002 sales tax bonds were paid off and a new bond issue 2012 bonds were issued in the amount of \$2,575,000. The new bonds interest rate ranges from 1% to 3.95%, which replaces the interest rate of 4.25%.

2010 Revenue Bonds

The Town received \$500,000 of revenue bonds in June 2010. These bonds were used for the street construction cost on Louisiana Highway 2. The bonds are payable over 20 years with an interest rate of 4.95%.

USDA Loan and Grant

The USDA loan was for purchase of equipment for the street department with the use of the USDA grant for the purchase of equipment for the water department. The total loan was \$269,100 and the grant was for \$144,900. The monthly payments are \$2,008 with payments starting on May 10, 2011. The interest rate is 4.13%. The bonds are payable from the sales tax fund, with the water department payment of the excess of the equipment purchase over the grant of \$13,900.

Bancorpsouth - Lease Purchase

The Town purchased a garbage truck with a 3 year lease purchase agreement. The monthly payment is \$1,630.98 per month for 36 months with a balloon payment of \$100,000.00. The balance was refinanced at \$2,698.13 per month. The truck was returned in 2016. A new truck was purchased in July 2016 with monthly payments of \$3,773.20 for 24 months with a final payment of \$95,000.00.

2015 - USDA Water Well Project

The total loan amount received was \$2,224,000.00 with an interest rate of 1.875% for 39 years. Interim financing by Regions Bank at June 30, 2016.

2016 - Bonds \$1,000,000 - Water System

Purpose of providing financing for the construction of utility infrastructure, turn lane and related public improvements to enhance economic development. Bond date April 13, 2016; maturity date June 1, 2036 and interest rate of 3.55%. Total bonds \$1,000,000.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 6 - LONG-TERM DEBT CONTINUED

Outstanding Revenue Bonds and Lease Purchase balances at June 30, 2017 are as follows:

<u>PURPOSE</u>	<u>INTEREST RATES</u>	<u>INTEREST PAID</u>	<u>BALANCE OF PRINCIPAL 06/30/17</u>
<b><u>PROPRIETARY FUND</u></b>			
Revenue Bonds	4.95%	\$ 16,087.50	\$ 310,000.00
USDA Loan	1.875%	31,083.98	2,256,048.32
Total Proprietary Fund		<u>\$ 47,171.48</u>	<u>\$ 2,566,048.32</u>
<b><u>GOVERNMENTAL FUNDS</u></b>			
Bancorpsouth Lease Purchase	2.29%	\$ 3,395.47	\$ 140,900.47
USDA	4.13%	7,708.14	177,932.03
Revenue Bonds - 2010	4.95%	19,552.50	375,000.00
Revenue Bonds - 2012	2.20% - 3.95%	66,900.00	1,880,000.00
Total Governmental Funds		<u>\$ 97,556.11</u>	<u>\$ 2,573,832.50</u>
<b><u>CAPITAL PROJECTS</u></b>			
2016 Bonds - Interim Financing	3.55%	\$ .00	\$ 544,000.00
<b><u>TOTALS</u></b>		<u>\$ 144,727.59</u>	<u>\$ 5,683,880.82</u>

Revenue Bonds Debt service requirements and Lease Purchase requirements are listed below:

PRINCIPAL AMOUNTS

<u>FISCAL YEAR ENDING JUNE 30</u>	<u>INTEREST RATES</u>	<u>UTILITIES REVENUE BONDS</u>	<u>USDA INTEREST RATES</u>	<u>USDA LOAN</u>	<u>USDA INTEREST RATES</u>	<u>USDA LOAN</u>
<b><u>PROPRIETARY FUND</u></b>						
2018	4.95%	\$ 20,000.00	1.875%	\$ 37,895.22	1.875%	\$ 4,746.61
2019	4.95%	20,000.00	1.875%	38,611.91	1.875%	4,836.60
2020	4.95%	20,000.00	1.875%	39,342.12	1.875%	4,928.08
2021	4.95%	20,000.00	1.875%	40,086.16	1.875%	5,021.25
2022	4.95%	20,000.00	1.875%	40,844.27	1.875%	5,116.21
2023 - 2027	4.95%	120,000.00	1.875%	216,104.40	1.875%	27,069.62
2028 - 2032	4.95%	90,000.00	1.875%	237,326.92	1.875%	29,727.99
2033 - 2037	-	-	1.875%	260,633.53	1.875%	32,647.37
2038 - 2042	-	-	1.875%	286,228.98	1.875%	35,853.73
2043 - 2047	-	-	1.875%	314,338.05	1.875%	39,374.53
2048 - 2052	-	-	1.875%	345,207.55	1.875%	43,241.31
2053 - 2057	-	-	1.875%	342,267.37	1.875%	39,321.20
2058 - 2062	-	-	Refund	(214,722.66)	-	-
Totals		<u>\$ 310,000.00</u>		<u>\$ 1,984,163.82</u>		<u>\$ 271,884.50</u>

BOND PRINCIPAL & INTEREST

2018	4.95%	35,345.00	1.875%	\$ 79,272.00	1.875%	\$ 9,804.00
2019	4.95%	34,355.00	1.875%	79,272.00	1.875%	9,804.00
2020	4.95%	33,365.00	1.875%	79,272.00	1.875%	9,804.00
2021	4.95%	32,375.00	1.875%	79,272.00	1.875%	9,804.00
2022	4.95%	31,385.00	1.875%	79,272.00	1.875%	9,804.00
2023 - 2027	4.95%	160,590.00	1.875%	396,360.00	1.875%	49,020.00
2028 - 2032	4.95%	129,902.50	1.875%	396,360.00	1.875%	49,020.00
2033 - 2037	-	-	1.875%	396,360.00	1.875%	49,020.00
2038 - 2042	-	-	1.875%	396,360.00	1.875%	49,020.00
2043 - 2047	-	-	1.875%	396,360.00	1.875%	49,020.00
2048 - 2052	-	-	1.875%	396,360.00	1.875%	49,020.00
2053 - 2057	-	-	1.875%	384,703.34	1.875%	41,206.16
2058 - 2062	-	-	Refund	(214,722.66)	-	-
Totals		<u>\$ 457,317.50</u>		<u>\$ 2,944,500.68</u>		<u>\$ 384,346.16</u>

TOWN OF FARMERVILLE-  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 6 - LONG-TERM DEBT CONTINUED

GOVERNMENTAL FUNDS

Revenue Bonds Debt Service requirements and Lease Purchase requirements are listed below:

PRINCIPAL AMOUNTS

FISCAL YEAR ENDING JUNE 30	INTEREST RATES	RECREATION & STREETS	INTEREST RATES	REVENUE BONDS	INTEREST RATES	USDA	INTEREST RATES	GEN. FUND BANKCORP-SO LEASE PURCHASE
2018	2.50%	\$ 155,000.00	4.95%	\$ 20,000.00	4.125%	\$ 17,076.82	2.29%	\$ 42,495.95
2019	2.50%	160,000.00	4.95%	20,000.00	4.125%	17,794.66	2.29%	98,404.52
2020	2.50%	170,000.00	4.95%	25,000.00	4.125%	18,542.73	-	-
2021	2.50%	175,000.00	4.95%	25,000.00	4.125%	19,322.25	-	-
2022	2.50%	185,000.00	4.95%	25,000.00	4.125%	20,134.52	-	-
2023 - 2027	3.30% - 3.45%	1,035,000.00	4.95%	150,000.00	4.125%	85,061.05	-	-
2028 - 2032		-	4.95%	110,000.00	4.125%	-	-	-
<b>Totals</b>		<b>\$ 1,880,000.00</b>		<b>\$ 375,000.00</b>		<b>\$ 177,932.03</b>		<b>\$ 140,900.47</b>

BOND PRINCIPAL AND INTEREST

FISCAL YEAR ENDING JUNE 30	INTEREST RATES	RECREATION & STREETS	INTEREST RATES	REVENUE BONDS	INTEREST RATES	USDA	INTEREST RATES	GEN. FUND BANKCORP-SO LEASE PURCHASE
2018	2.50%	\$ 218,600.00	4.95%	\$ 38,562.50	4.125%	\$ 24,096.00	2.29%	\$ 45,278.41
2019	2.50%	219,725.00	4.95%	37,572.50	4.125%	24,096.00	2.29%	98,773.20
2020	2.50%	225,325.00	4.95%	41,582.50	4.125%	24,096.00	-	-
2021	2.50%	225,225.00	4.95%	40,345.00	4.125%	24,096.00	-	-
2022	2.50%	229,712.50	4.95%	39,107.50	4.125%	24,096.00	-	-
2023 - 2027	2.50% - 3.30%	1,156,565.00	4.95%	200,490.00	4.125%	92,081.48	-	-
2028 - 2032	3.30% - 3.45%	-	4.95%	121,137.50	4.125%	-	-	-
<b>Totals</b>		<b>\$ 2,275,152.50</b>		<b>\$ 518,797.50</b>		<b>\$ 212,561.48</b>		<b>\$ 144,051.61</b>

Changes in Long-Term Liabilities During the year ended June 30, 2017, The following changes occurred in liabilities reported in the general long-term debt account group. Revenue Bonds Debt Service requirements and Lease Purchase requirements are listed below:

<u>PROPRIETARY FUND</u>	<u>ADDITIONS</u>			
	<u>JULY 1, 2016</u>	<u>ADJUSTMENTS</u>	<u>PAYMENTS</u>	<u>JUNE 30, 2017</u>
Revenue Bonds	\$ 325,000.00	\$ .00	\$ 15,000.00	\$ 310,000.00
Interim Financing - Regions	2,006,525.11	.00	2,006,525.11	.00
USDA Loan	.00	2,224,071.00	25,184.52	2,198,886.48
USDA Loan	.00	275,000.00	3,115.50	271,884.50
USDA Loan Refund	.00	.00	214,722.66	(214,722.66)
<b>Total</b>	<b>\$ 2,331,525.11</b>	<b>\$ 2,499,071.00</b>	<b>\$ 2,264,547.79</b>	<b>\$ 2,566,048.32</b>
<u>GOVERNMENTAL FUNDS</u>				
Sales Tax - Streets & Recreation	\$ 2,030,000.00	\$ .00	\$ 150,000.00	\$ 1,880,000.00
Revenue Bonds 2010	395,000.00	.00	20,000.00	375,000.00
BancorpSouth - Lease Purchase	.00	179,010.20	38,109.73	140,900.47
USDA Loan	194,319.89	.00	16,387.86	177,932.03
<b>Total</b>	<b>\$ 2,619,319.89</b>	<b>\$ 179,010.20</b>	<b>\$ 224,497.59</b>	<b>\$ 2,573,832.50</b>
<u>CAPITAL PROJECTS</u>				
Revenue Bonds 2016 \$1,000,000	\$ 56,000.00	\$ 488,000.00	\$ .00	\$ 544,000.00
<b>GRAND TOTAL</b>	<b>\$ 5,006,845.00</b>	<b>\$ 3,166,081.20</b>	<b>\$ 2,489,045.38</b>	<b>\$ 5,683,880.82</b>

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NOTE # 7 - CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2017 is as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BEGINNING</u> <u>BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENT</u>	<u>ENDING</u> <u>BALANCE</u>
Non-Depreciable Assets:				
Land	\$ 349,335.91	\$ .00	\$ .00	\$ 349,335.91
Depreciable Assets:				
Buildings	2,276,413.63	.00	.00	2,276,413.63
Improvements Other Than Buildings	1,163,836.26	.00	.00	1,163,836.26
Machinery and Equipment	5,024,841.13	323,996.09	(15,361.00)	5,333,476.22
Infrastructure	<u>3,304,094.13</u>	<u>996,360.78</u>	<u>.00</u>	<u>4,300,454.91</u>
Totals at Historical Cost	<u>\$ 12,118,521.06</u>	<u>\$ 1,320,356.87</u>	<u>\$ (15,361.00)</u>	<u>\$ 13,423,516.93</u>
Less: Accumulated Depreciation				
Buildings	\$ 604,357.85	\$ 49,726.55	\$ .00	\$ 654,084.40
Improvements	464,179.64	29,751.00	.00	493,930.64
Machinery and Equipment	3,477,040.38	269,524.04	(10,361.00)	3,736,203.42
Infrastructure	<u>909,141.72</u>	<u>97,854.48</u>	<u>.00</u>	<u>1,006,996.20</u>
Total Accumulated Depreciation	<u>\$ 5,454,719.59</u>	<u>\$ 446,856.07</u>	<u>\$ (10,361.00)</u>	<u>\$ 5,891,214.66</u>
 <u>CAPITAL ASSETS NET</u>	 <u>\$ 6,663,801.47</u>	 <u>\$ 873,500.80</u>	 <u>\$ (5,000.00)</u>	 <u>\$ 7,532,302.27</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>				
Non-Depreciable Assets:				
Land	\$ 25,752.00	\$ .00	\$ .00	\$ 25,752.00
Construction in Process				
Water Department	2,257,639.00	.00	(2,257,639.00)	.00
Sewer Department	.00	.00	.00	.00
Depreciable Assets:				
Sewer Department	8,022,111.61	13,856.04	.00	8,035,967.65
Water Department	<u>8,528,376.53</u>	<u>2,458,500.95</u>	<u>.00</u>	<u>10,986,877.48</u>
Totals at Historical Cost	<u>\$ 18,833,879.14</u>	<u>\$ 2,472,356.99</u>	<u>\$ (2,257,639.00)</u>	<u>\$ 19,048,597.13</u>
Less Accumulated Depreciation				
Water System	\$ 3,327,153.85	\$ 273,785.57	\$ .00	\$ 3,600,939.42
Sewer System	<u>3,482,693.63</u>	<u>168,481.95</u>	<u>.00</u>	<u>3,651,175.58</u>
Total Accumulated Depreciation	<u>\$ 6,809,847.48</u>	<u>\$ 442,267.52</u>	<u>\$ .00</u>	<u>\$ 7,252,115.00</u>
 <u>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS NET</u>	 <u>\$ 12,024,031.66</u>	 <u>\$ 2,030,089.47</u>	 <u>\$ (2,257,639.00)</u>	 <u>\$ 11,796,482.13</u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Investments 25 - 60 Years      Equipment 10 - 20 Years      Vehicles 4 - 5 Years

FASB-34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FASB-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisition of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned of the tax-exempt borrowing. No interest costs were capitalized.

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NOTE # 8 - INTERFUND ASSETS/LIABILITIES

All interfund payables/receivables are required to be paid within one year except the sewer/water receivable/payable.

DUE FROM/TO OTHER FUNDS

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>	
<u>GOVERNMENTAL ACTIVITIES/ BUSINESS-TYPE ACTIVITIES</u>			
General Fund - Garbage	Water - Garbage Fees	\$ 106,139.86	
<u>GENERAL FUND INTERCOMPANY</u>			
General Fund	Fire Department	62,101.55	
<u>WATER - SEWER DEPARTMENT INTERCOMPANY</u>			
Sewer Department	Water Department - Loan	<u>63,710.32</u>	
Totals		<u>\$ 231,951.73</u>	
<u>TRANSFERRED FROM</u>	<u>TRANSFERRED TO</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
Fire District	Fire Department	Property Taxes in Excess of Required Deposit	\$ 268,172.98
General Fund	Police Department	Expenditures	300,000.00
Fire Department	Volunteer Fire Department	2% Monies	21,523.37
Sales Tax - Recreation	Debt Service Fund	Bonds	215,513.79
General Fund	Debt Service Fund	Lease Purchase	41,505.20
Sales Tax	Debt Service Fund	\$500 Bonds	75,511.52
Sales Tax	Debt Service Fund	USDA Notes	28,896.00
			<u>\$ 951,122.86</u>

NOTE # 9 - COMPENSATION

See Schedule G for detail schedule of compensation paid to elected officials. Schedule H for a schedule of compensation benefits and other payments to Mayor. The Police Chief is also the elected Marshall. In that capacity he receives \$700 a month. He also receives a salary for his position as chief of police.

NOTE #10 - EMPLOYEE RETIREMENT

Substantially all employees of the Town of Farmerville are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana and Social Security. These systems are multiple-employer public employee retirement systems(PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan as follows:

A. Municipal Employees Retirement System of Louisiana (System) - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality were members of Plan B. In July 2002, the Town elected Plan A.

Normal Retirement eligibility and benefit computation

A member of Plan A is eligible to retire and receive normal retirement benefits if:

1. He has credit for at least twenty-five years of Plan A service, regardless of his age; or,
2. He has credit for at least ten years of Plan A service and is at least the age of sixty years

The monthly Maximum Plan A normal retirement benefit is an amount equal to three percent of the member's final compensation multiplied by his years of credited service (three percent multiplied by each year of credited service multiplied by final compensation), provided that:

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NOTE #10 - EMPLOYEE RETIREMENT CONTINUED

1. A member who held an elective office in a participating municipality is paid an additional monthly benefit equal to one-half of one percent of the member's final compensation multiplied by each year of such elective service (one-half of one percent multiplied by each year of such elective service multiplied by final compensation); and
2. For an employee who was a member only of the supplemental plan prior to the revision date, the monthly benefit earned for service credited prior to the revision date will be determined on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date.

For example, the monthly retirement benefit of a member who has credit for twenty-seven years of service with a final compensation (see definition) of \$1,500 would be computed as follows:  $3\% \times 27 \times \$1,500 = \$1,215$ . If this member had credit for thirty years of service his benefit would be \$1,350 ( $3\% \times 30 \times \$1,500 = \$1,350$ ).

The monthly benefit, as it may be increased by cost-of-living adjustments, is paid for the life of the retiree and, if an optional mode of benefit payments is selected (see Mode of payment options), a monthly benefit, payable upon the death of the retiree, will be paid to the option beneficiary for the life of the beneficiary.

Applications for normal retirement should be submitted to the system at least six weeks prior to the planned retirement date. A copy of the member's birth certificate and, if an optional mode of benefit payments is selected (see Mode of payment options), a copy of the option beneficiary's birth certificate must be attached to the application of retirement.

If a retired member dies without having received in retirement benefits an amount equal to his accumulated employee contributions and if he is survived by no person eligible for any other benefits, the difference between the amount of his accumulated employee contributions and the amount he received in retirement benefits will, upon application, therefore, be paid to his designated beneficiary or, if none, his estate.

Early Retirement eligibility and benefit computation

A member of Plan A who has credit for twenty years of Plan A service, exclusive of military service, may retire at any age. However, the benefits paid to such a member must be actuarially reduced from the earliest age that he would otherwise have become eligible for a normal retirement if he had continued in service to that age and such a member may not participate in the Deferred Retirement Option Plan.

Disability retirement eligibility and benefit computation

A member of Plan A is eligible to retire and receive disability retirement benefits if he has credit for at least five years of service, is not eligible for normal retirement benefits, and suffers disability.

The monthly Maximum Plan A disability retirement benefit is the lesser of (1) an amount equal to three percent of the member's final compensation multiplied by his years of service (three percent multiplied by each year of credited service multiplied by final compensation), but not less than forty-five percent of the member's final compensation, or, (2) an amount equal to what the member's normal retirement benefit would be based on his current final compensation, but assuming he remained in continuous service until his earliest normal retirement age and using the retirement benefit computation factors which would be applicable to his normal retirement. An applicant for disability retirement may select an optional mode of benefit payments (see Mode of payment options).

Survivor benefit eligibility and computation

Upon the death of a member of Plan A who has credit for five or more years of service and who is not eligible for normal retirement benefits, the following survivor benefits, upon application therefore, are payable:

1. A surviving spouse with minor children will be paid a monthly benefit equal to sixty percent of the member's final compensation, such benefit to continue as long as the spouse lives or until no child in his care satisfies the definition of minor child. A surviving spouse is deemed to have minor children for as long as at least one minor child is legally under his care. The surviving spouse must have been married to the deceased member for at least twelve months preceding the member's death to be eligible for survivor benefits.

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NOTE # 10 - EMPLOYEE RETIREMENT CONTINUED

2. A surviving minor child with no surviving spouse will be paid a monthly benefit equal to thirty percent of the member's final compensation; however, total payments may not exceed sixty percent of the member's final compensation. If more than two minor children survive the member, the benefit payable at any time to each child is an amount determined by dividing the total amount payable (sixty percent of the member's final compensation) by the number of children eligible for a benefit. Minor child survivor benefits may only be applied for and paid to the person who has legal care, custody, and control of minor child.

A member who is eligible for normal retirement at the time of his death and who leaves a surviving spouse will be deemed to have retired and selected the Option No. 2 mode of benefit payments on the date of his death; such benefits, upon application therefore, are paid in lieu of any other survivor benefits. Upon the death of any member who is eligible for normal retirement at the time of his death and who leaves surviving minor children but no surviving spouse, an amount equal to thirty percent of the member's final compensation shall be paid to each minor child each month, not to exceed an aggregate of sixty percent. If more than two minor children survive such a member, the benefit payable at any time to each child is an amount determined by dividing the total amount payable (sixty percent of the member's final compensation) by the number of children then eligible for a benefit. Minor child survivor benefits may only be applied for and paid to the person who has legal care, custody, and control of minor child.

A copy of the member's and survivor's marriage license must be attached to the application for survivor benefit's if the applicant is a surviving spouse of a member. A copy of the minor child's birth certificate and applicable custody judgment must be attached to the application for survivor benefits if the application is filed on behalf of a surviving minor child of a member.

If only one person is eligible for survivor benefits that person may apply for and be paid a refund of the deceased member's accumulated employee contributions in lieu of payment of survivor benefits. If two or more persons are eligible for survivor benefits and they all agree to do so, they may apply for and be paid a refund of the deceased member's accumulated employee contributions in lieu of payment of survivor benefits. The survivor(s) must notify the board in writing of the decision to request a refund in lieu of the survivor benefits. Such refund payments are subject to the same provisions as are other refund payments.

Employee contributions

Each member of Plan A shall contribute 9.25% of his earnings from each and every payment of earnings.

Each participating employer of Plan A shall contribute an amount equal to a percentage of each employee's earnings as determined each year by the Public Retirement Systems' Actuarial Committee. However, subject to certain restrictions, the board of trustees may maintain the employer contribution rate for the next fiscal year at the same rate as the current year if the rate determined by the Public Retirement Systems' Actuarial Committee for the next fiscal year is less than the rate for the current year.

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each municipality. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

B. Municipal Police Employees Retirement System of Louisiana (System) - All full-time police department employees engaged in law enforcement may participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year.

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FARMERVILLE, LOUISIANA  
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NOTE # 10 - EMPLOYEE RETIREMENT CONTINUED

C. Firefighters Retirement System of Louisiana - Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1990, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 39 consecutive or joined months that produce the highest average.

Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

State statute requires covered employees to contribute a percentage of their salaries to the System. Employer contributions are determined annually based on results of the valuation of the prior fiscal year with adjustments for any dedicated tax monies or appropriated funds.

The following provides certain disclosures for the municipality and the retirement systems that are required by GASB Codification Section P20-129.

	<u>YEAR ENDED JUNE 30, 2017</u>					
	<u>%</u>	<u>MUNICIPAL</u>	<u>%</u>	<u>POLICE</u>	<u>%</u>	<u>FIREFIGHTERS</u>
Total Current Year Payroll	-	\$ 1,268,443.20	-	\$ 613,846.66	-	\$ 89,707.66
Total Current Year						
Wages		\$ 920,453.00		\$ 55,266.65		\$ 81,883.72
Supplemental Pay		.00		9,000.00		9,000.00
Total		<u>\$ 920,453.00</u>		<u>\$ 64,266.65</u>		<u>\$ 90,883.72</u>
Contributions:						
Required by statute:						
Employees	9.50%	\$ 87,443.00	10.00%	\$ 6,426.00	10.00%	\$ 9,088.37
Employer	22.75%	209,403.00	31.75%	20,405.41	29.25%	24,828.49
Total		<u>\$ 296,846.00</u>		<u>\$ 26,831.41</u>		<u>\$ 33,916.86</u>

NOTE # 11 - RELATED PARTY TRANSACTIONS

The Town of Farmerville did not have any related party transactions during the fiscal year ended June 30, 2017.

NOTE # 12 - LEGAL COMPLIANCE - BUDGET

The budget for the year ended June 30, 2017 was adopted in June 2016 and revised June 2017. The budgets were prepared based on generally accepted accounting principles (GAAP), except depreciation is not budgeted. Budgets were not prepared for the Volunteer Fire Department or the Farmerville Fire District funds. The majority of the Fire District Funds are included with the Fire Department budgets. Budgets are adopted as totals rather than line items

<u>GOVERNMENTAL BUDGET</u>		<u>INCOME</u>	<u>EQUITY</u>	<u>EXPENSE</u>	<u>TOTAL</u>
General Fund	- Budget	\$ 1,359,200.00	\$ .00	\$ (1,322,445.00)	\$ 36,755.00
	- Actual	1,366,448.40	.00	(1,338,315.73)	28,132.67
Fire Department	- Budget	536,700.00	.00	(531,900.00)	4,800.00
	- Actual	531,526.84	.00	(517,900.04)	13,626.80
Police Department	- Budget	928,460.00	62,640.00	(991,100.00)	.00
	- Actual	948,245.78	39,164.21	(987,409.99)	.00
Special Revenue Sales Tax	- Budget	1,109,710.00	.00	(1,101,900.00)	7,810.00
	- Actual	1,047,427.26	34,407.36	(1,081,834.62)	.00
Special Revenue Recreation	- Budget	527,300.00	4,490.00	(531,790.00)	.00
	- Actual	532,009.83	.00	(530,442.18)	1,567.65

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NOTE # 12 - LEGAL COMPLIANCE - BUDGET CONTINUED

<u>TOTAL MAJOR BUDGET</u>	<u>INCOME</u>	<u>EQUITY</u>	<u>EXPENSE</u>	<u>TOTAL</u>
<u>TOTAL MAJOR FUNDS BUDGET</u>				
Total Budget	\$ 4,461,370.00	\$ 67,130.00	\$ (4,479,135.00)	\$ 49,365.00
Total Actual	4,425,658.11	73,571.57	(4,452,902.56)	46,327.12
Difference	<u>\$ 35,711.89</u>	<u>\$ (6,441.57)</u>	<u>\$ (26,232.44)</u>	<u>\$ 3,037.88</u>
 <u>ADDITIONAL BUDGET</u>				
<u>TOTAL MAJOR FUNDS BUDGET</u>				
Water Department - Budget	\$ 1,456,200.00	\$ 47,400.00	\$ (1,503,600.00)	\$ .00
- Actual	1,480,376.39	.00	(1,307,125.02)	173,251.37
Sewer Department - Budget	\$ 500,000.00	\$ 48,722.50	\$ (548,722.50)	\$ .00
- Actual	504,760.09	25,563.65	(530,323.74)	.00
<u>TOTAL</u>				
Total Budget	\$ 1,956,200.00	\$ 96,122.50	\$ (2,052,322.50)	\$ .00
Total Actual	1,985,136.48	25,563.65	(1,837,448.76)	173,251.37
Difference	<u>\$ 28,936.48</u>	<u>\$ (70,558.85)</u>	<u>\$ 214,873.74</u>	<u>\$ 173,251.37</u>

The water and sewer department budget did not include the expenses for depreciation or GASB 68 revenue. These amounts were reduced from the actual per the financial statements. The capital projects funds for water were accounted for in the capital project fund and then the assets are transferred to the water department. These transactions were not accounted for in the sewer budget, therefore, they are deleted from the amounts above.

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

1. The Town Clerk, with inputs from the Mayor and all department heads, prepares the proposed budget information for the general and major special revenue funds. Once reviewed and approved by the Town Clerk and Mayor, the budgets for each fiscal year are submitted to the Town Council for approval. This is done no later than fifteen days prior to the Town Council meeting in June each year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After holding the public hearing and completion of all actions necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer 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 Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, (GAAP) except as stated above. Budgeted amounts are as originally adopted or as amended by Town Council.

NOTE # 13 - ON-BEHALF PAYMENTS

The Town's employees for the police and fire department receive supplement pay from the State of Louisiana. In accordance with GASB Statement 24, the Town has recorded revenues and expenditures for these payments in the General Fund.

NOTE # 14 - SUMMARY DISCLOSURES OF SIGNIFICANT CONTINGENCIES

At June 30, 2017 the Town of Farmerville did not have a significant contingencies, the final review as made at the audit committee meeting on December 14, 2017.

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NOTE # 15 - PROPRIETARY FUND SEGMENT INFORMATION

The Town maintains one Enterprise Fund which provides water and sewer services. Segment information for the year ended June 30, 2017 is as follows:

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
Current Assets	\$ 761,875.88	\$ 82,375.47	\$ 844,251.35
Non-Current Assets	741,475.84	97,344.48	838,820.32
Capital Assets, Net	7,411,690.06	4,384,792.07	11,796,482.13
Deferred Outflows of Resources	<u>475,780.00</u>	<u>167,820.00</u>	<u>643,600.00</u>
Total Assets and Deferred Outflows	<u>\$ 9,390,821.78</u>	<u>\$ 4,732,332.02</u>	<u>\$ 14,123,153.80</u>
Current Liabilities	\$ 524,518.15	\$ 63,781.66	\$ 588,299.81
Long-Term Liabilities	3,216,409.68	544,859.68	3,761,269.36
Deferred Inflows of Resources	<u>172,759.00</u>	<u>60,937.00</u>	<u>233,696.00</u>
Total Net Liabilities and Deferred Inflows	<u>\$ 3,913,686.83</u>	<u>\$ 669,578.34</u>	<u>\$ 4,583,265.17</u>
Invested in Capital Assets			
Net of Related Debt	\$ 5,140,731.73	\$ 4,073,514.07	\$ 9,214,245.80
Restricted	549,793.17	97,344.48	647,137.65
Unrestricted	<u>(213,389.95)</u>	<u>(108,104.87)</u>	<u>(321,494.82)</u>
Total Net Position	<u>\$ 5,477,134.95</u>	<u>\$ 4,062,753.68</u>	<u>\$ 9,539,888.63</u>
Operating Revenues:			
Water Sales and Service	\$ 1,462,646.16	\$ .00	\$ 1,462,646.16
Sewer Sales and Service	<u>.00</u>	<u>448,793.72</u>	<u>448,793.72</u>
Total Operating Revenues	<u>\$ 1,462,646.16</u>	<u>\$ 448,793.72</u>	<u>\$ 1,911,439.88</u>
Operating Expenses	\$ (1,271,834.59)	\$ (514,298.24)	\$ (1,786,132.83)
Depreciation	<u>(273,785.57)</u>	<u>(168,481.95)</u>	<u>(442,267.52)</u>
Operating (Losses)	\$ (82,974.00)	\$ (233,986.47)	\$ (316,960.47)
Non-Operating Revenue/Expense	<u>95,944.80</u>	<u>39,940.87</u>	<u>135,885.67</u>
Change in Net Position	\$ 12,970.80	\$ (194,045.60)	\$ (181,074.80)
Net Position - Beginning	5,464,164.15	4,256,799.28	9,720,963.43
Net Position - Ending	<u>\$ 5,477,134.95</u>	<u>\$ 4,062,753.68</u>	<u>\$ 9,539,888.63</u>

NOTE # 16 - STATEMENT OF CASH FLOWS FOR PROPRIETARY FUNDS

For purposes of this Statement of Cash Flows, for proprietary fund types, all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased are considered to be cash equivalents. The cash and cash equivalents as stated on the Statement of Cash Flows is as follows:

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
Unrestricted	\$ 492,350.07	\$ 46,253.47	\$ 538,603.54
Restricted	<u>741,475.84</u>	<u>127,344.48</u>	<u>868,820.32</u>
Totals	<u>\$ 1,233,825.91</u>	<u>\$ 173,597.95</u>	<u>\$ 1,407,423.86</u>

The segment information on the Statement of Cash Flows is as follows:

	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
Cash Flows from Operating Activities	\$ 200,454.81	\$ (31,782.97)	\$ 168,671.84
Cash Flows from Non-Capital Financing Activities	9,787.29	(3,736.64)	6,050.65
Cash Flows from Capital and Related Financing Activities	71,720.28	11,165.09	82,885.37
Cash Flows from Investing Activities	<u>7,539.24</u>	<u>1,278.03</u>	<u>8,817.27</u>
Net Increase (Decrease in Cash and Cash Equivalents)	\$ 289,501.62	\$ (23,076.49)	\$ 266,425.13
Cash and Cash Equivalents - July 1	<u>944,324.29</u>	<u>196,674.44</u>	<u>1,140,998.73</u>
Cash and Cash Equivalents - June 30	<u>\$ 1,233,825.91</u>	<u>\$ 173,597.95</u>	<u>\$ 1,407,423.86</u>

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
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JUNE 30, 2017

NOTE # 17 - ECONOMIC DEPENDENCY

A large portion of the increase/decrease in water and garbage revenues are due to the agreement with the Poultry Processing Plant.

NOTE # 18 - LEGAL ACTION

The Town's attorney advises us that the Town has no pending material litigations, claims or assessments.

NOTE # 19 - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. There were no claims that exceeded insurance coverage in the prior year.

NOTE # 20 - FUND BALANCE

The components of fund balance are as follows:

<u>GOVERNMENTAL FUNDS</u>	<u>NON- SPENDABLE</u>	<u>RESTRICTED</u>	<u>ASSIGNED</u>	<u>UNASSIGNED</u>	<u>TOTAL</u>
Fire Department	\$ 27,703.00	\$ .00	\$ 1,186,144.26	\$ .00	\$ 1,213,847.26
Fire Department - Volunteer	.00	.00	82,677.71	.00	82,677.71
Fire Department - Fire District	.00	.00	6,437.94	.00	6,437.94
Police Department	32,488.00	.00	68,805.90	.00	101,293.90
Recreation/Street Improvements	8,201.30	112,266.22	439,945.08	.00	560,412.60
Capital Projects Fund	.00	87,462.94	.00	.00	87,462.94
General Fund	20,397.00	.00	.00	604,314.95	624,711.95
Sales Tax	24,547.00	164,848.81	701,645.11	.00	891,040.92
Totals	<u>\$ 113,336.30</u>	<u>\$ 364,577.97</u>	<u>\$ 2,485,656.00</u>	<u>\$ 604,314.95</u>	<u>\$ 3,567,885.22</u>

<u>BUSINESS TYPE ACTIVITIES</u>	<u>RESTRICTED</u>	<u>UNRESTRICTED</u>	<u>INVESTED IN CAPITAL ASSETS</u>	<u>TOTAL</u>
Water	\$ 549,793.17	\$ (213,389.95)	\$ 5,140,731.73	\$ 5,477,134.95
Sewer	97,344.48	(108,104.87)	4,073,514.07	4,062,753.68
Totals	<u>\$ 647,137.65</u>	<u>\$ (321,494.82)</u>	<u>\$ 9,214,245.80</u>	<u>\$ 9,539,888.63</u>

NOTE # 21 - CAPITAL PROJECTS FUND

See Schedule C-1 and D-1 for details of the Capital Projects Fund.

In 2011, the Town built a new street off of Louisiana 2. The project was being funded by a bond issue for \$500,000. The Town received a USDA loan for Street Department equipment. The USDA grant was used for water department equipment. An addition to the Unionville Fire Station was financed by the State of Louisiana Facility Planning & Control. The State of Louisiana Miscellaneous State Aid Fund provided a \$40,000 grant for improvements to LA 2 intersection. In 2012 the 2002 bonds were paid off with the sale of the 2012 bonds, which are to be paid from the 2002 sales tax. The balance of the 2012 bonds are to be used for street improvements. The LCDBG funds were used for purchase of generators and improvements to the water system for the poultry plant. (See page 62, Schedule C-1 Non-Major Capital Projects.)

ASSETS

Cash in Banks	\$ 98,607.96
Accounts Receivable	396,394.02
<u>TOTAL ASSETS</u>	<u>\$ 495,001.98</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Estimate Payables	\$ 386,974.44
Retainage Payable	20,564.60
<u>TOTAL LIABILITIES</u>	<u>\$ 407,539.04</u>

TOWN OF FARMERVILLE  
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NOTE # 20 - FUND BALANCE CONTINUED

<u>FUND BALANCE</u>	
Restricted	\$ 87,462.94
Total Fund Balance	<u>\$ 87,462.94</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 495,001.98</u>
<u>RECEIPTS</u>	
Interest Income	\$ 264.50
Total Receipts	<u>\$ 264.50</u>
<u>EXPENDITURES</u>	
General Government	\$ 1,212.30
Construction Cost	1,124,660.93
Repairs & Maintenance	<u>173,559.71</u>
Total Expenditures	<u>\$ 1,299,432.94</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Operating Transfer In	\$ 1,249,285.47
Operating Transfer Out	<u>.00</u>
Total Other Financing Sources (Uses)	<u>\$ 1,249,285.47</u>
<u>EXCESS OF RECEIPTS AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</u>	\$ (49,882.97)
<u>FUND BALANCE - JULY 1</u>	<u>137,345.91</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 87,462.94</u>

NOTE # 22 - POST EMPLOYMENT BENEFITS

The Town of Farmerville provides continuing employee benefits for its employees who retired with the State Municipal Retirement System, the Police Retirement System and the Fire Retirement System. The Town of Farmerville provides health insurance through the Louisiana Municipal Risk Management Agency, II for each employee. Family coverage is available, but not paid by the Town. The Town is also providing life insurance and dental insurance for retirees.

The Town records the cost of these benefits as expenditures on a monthly basis. For the year ended June 30, 2017, the total cost of the benefit to employees was \$535,098.00. As of June 30, 2017 the Town had no retiree benefits payable. These premiums are financed on a "pay-as-you-go" basis.

The Town was required to implement Governmental Accounting Standards Board Statement No. 45 entitled "Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions" (GASB 45). The major change under GASB 45 is to attribute the cost of post retirement benefits to the time which the employee is working for the employer. This standard does not require the funding of these benefits, but it does require recognizing the liability and expense in the financial statements.

Plan Description. The Town of Farmerville medical and dental benefits are provided and made available to employees upon actual retirement. These benefits terminate at age 65.

The employees are covered by a retirement system whose retirement eligibility provisions are as follows:

The Town is the Municipal Employees Retirement System of Louisiana. The system is composed of two distinct plans. Plan A and B with separate assets and benefit provisions. The employees were members of Plan B, which has a 30 years service and retirement of any age after 30 years. The Town changed to Plan A in July 2002, which has 25 years of service or 10 years at age 60. The Fire and Police Retirement has 25 years of service at any age, 20 years at age 50 and 12 years at age 55. The employees do not contribute to the post employment benefits costs.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
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NOTE # 22 - POST EMPLOYMENT BENEFITS CONTINUED

Funding Policy. The Town of Farmerville recognized the cost of providing post employment medical and dental benefits as an expense when the benefit premiums were due and thus financed the cost of the post employment benefits on a pay-as-you-go basis. Effective with the fiscal year beginning June 1, 2009, the Town of Farmerville is required to implement the Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post Employment Benefits other than pensions (GASB45).

The Town had not implemented GASB 45 until June 30, 2012. The previous year required amounts were implemented in 2012.

Annual Required Contribution. The Town of Farmerville's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The required contribution is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total Annual Required Contribution for the fiscal year beginning July 1, 2017 is \$51,640.00 as set forth below.

	<u>MEDICAL</u>		<u>TOTAL</u>
	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	
Normal Cost	\$ 15,438.00	\$ 6,346.00	\$ 21,784.00
30-Year UAL Amortization Amount	21,159.00	8,697.00	29,856.00
Annual Required Contribution (ARC)	<u>\$ 36,597.00</u>	<u>\$ 15,043.00</u>	<u>\$ 51,640.00</u>

Net Post-employment Benefit Obligation (Asset). The table below shows the Town of Farmerville's net Other Post-employment Benefit (OPEB) Obligation (Asset) for the fiscal year ended June 30, 2017.

	<u>MEDICAL</u>		<u>TOTAL</u>
	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	
Beginning Net OPEB Obligation (Asset) July 1, 2016	\$ 664,800.00	\$ 273,259.00	\$ 938,059.00
Annual Required Contributions	\$ 36,599.00	\$ 15,041.00	\$ 51,640.00
Interest on Net OPEB Obligation (Asset)	23,270.00	9,563.00	32,833.00
ARC Adjustment	<u>(36,147.00)</u>	<u>(14,857.00)</u>	<u>(51,004.00)</u>
OPEB Cost	\$ 23,722.00	\$ 9,747.00	\$ 33,469.00
Current Year Retirement Premium			
Change in Net OPEB Obligation	<u>\$ (17,584.00)</u>	<u>\$ (7,227.00)</u>	<u>\$ (24,811.00)</u>
Ending Net OPEB Obligation (Asset) June 30, 2017	<u>\$ 670,938.00</u>	<u>\$ 275,779.00</u>	<u>\$ 946,717.00</u>

Funded Status and Funding Progress. In the fiscal year ending June 30, 2016, the Town of Farmerville made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of June 30, 2016, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$546,717 which is defined as that portion, as determined by a particular actuarial cost method (the Town of Farmerville used the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses, which is not provided by normal cost. Since the plan was not funded for all fiscal years, the entire actuarial accrued liability of \$946,717 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 946,717.00
Actuarial Value of Plan Assets	
Unfunded Act. Accrued Liabilities (UAAL)	\$ 946,717.00
Funded Ratio (Act. Val. Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 1,171,495.96
UAAL as a Percentage of Covered Payroll	80.81%

Turnover Rate. The age-related turnover rates, were based on the percentage from GASB pronouncement tables, based on the age of the employee.

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NOTE # 22 - POST EMPLOYMENT BENEFITS CONTINUED

Post employment Benefit Plan Eligibility Requirements. The post retirements benefits are limited to the period from retirement until the employee qualifies for Medicare benefits at age 65. The benefits are payable based on the Municipal Retirement System retirement dates. See above note on Plan A and B retirement dates.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). The Town of Farmerville has not funded the post retirement benefits.

Health Care Cost Trend Rate. The expected rate of increase in medical cost was used at the increased rate of insurance premiums at June 30, 2016.

Mortality Rate. The calculation did not use a mortality rate since the post retirement benefits terminate at age 65.

Method of Determining Value of Benefits. The "Value of Benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are actual rates for active and retired before Medicare eligibility, so we have estimated the rates for retirees before Medicare as 100% of the actual rates for the retiree portion of the coverage (not dependents) for retirees until Medicare eligibility. Coverage ceases upon Medicare eligibility at age 65.

NOTE # 23 - SUBSEQUENT EVENTS

Due to severe flooding in March of 2016, the Town had major damage to their infrastructure. The Town has been working with FEMA to help finance the repairs to the damaged streets and culverts within the Town. The Town has to finance 25% of the cost of estimated 28 different projects. These projects are to continue in fiscal year 2018. The Eagle Point Drive project was finished in the fall of 2017 with an awarded bid to T. L. Construction for \$938,341.50. The Town awarded a bid for drainage and culvert project to Mabry Company of \$129,700.

The Town awarded a bid for repairs to Francis Street to Amethyst Construction with a cost of \$57,025.

The Town has a project for road repairs bid awarded to Dreher Contracting for \$112,600 on November 13, 2017.

Murphy Brothers Trucking and Construction was awarded a bid for \$19,500 for repairs on Bad Eye Road Drainage and Improvements in September 2017.

NOTE # 24 - FUND CHANGES AND FUND BALANCES

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2017 are as follows:

<u>CLASSIFICATION/FUND</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
<u>NON-SPENDABLE</u>		
General Fund	Prepaid Items	\$ 20,397.00
Sales Tax - Recreation	Prepaid Items	8,201.30
Fire Department	Prepaid Items	27,703.00
Police Department	Prepaid Items	32,488.00
Sales Tax	Prepaid Items	24,547.00
<u>RESTRICTED</u>		
Debt Service		
2012 Sales Tax	Debt Service	112,266.22
Bonds	Debt Service	164,848.81
Capital Projects		
2012 Bonds Construction	Street Improvements	73,238.79
Highway Improvements	Street Improvements	22,445.51
TIF Proceeds	Street Improvements	(11,145.02)
Glory Road	Street Improvements	2,866.94
Dozier Creek	Street Improvements	56.72

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE # 24 - FUND CHANGES AND FUND BALANCES CONTINUED

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2017 are as follows:

<u>CLASSIFICATION/FUND</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
<u>COMMITTED</u>		
None		
<u>ASSIGNED:</u>		
Farmerville Volunteer Fire Department	Fire Department	\$ 82,677.71
Farmerville Area Fire Protection District	Fire Department	6,437.94
Fire Department	Fire Department	1,186,144.26
Police Department	Police Department	68,805.90
Sales Tax Fund - 2002 Sales Tax	Streets & Recreation	439,945.08
Sales Tax Fund	Garbage/Streets/Sewer	701,645.11
<u>CLASSIFICATION/FUND</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
<u>UNASSIGNED:</u>		
General Fund		\$ 604,314.95
 <u>TOTAL FUND BALANCE</u>		 <u>\$ 3,567,885.22</u>

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated (2) identify the portion of the fund balance that is not appropriate for future expenditures.

NOTE # 25 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES UNDER GASB 65

The *Governmental Accounting Standards Board* (GASB) released Concepts Statement No. 4 *Elements of Financial Statements* which provides a framework for determining the nature of a financial accounting or reporting issues. Since the release of the framework, GASB has been looking at the assets and liabilities on the balance sheet to determine if they should continue to be reflected as such. GASB has concluded that, in order to improve financial reporting, there are assets and liabilities that no longer should be reflected as assets and liabilities. These changes are included in GASB Statement No. 65, *Items Previously Reported as Asset and Liabilities*.

While GASB Statement No. 65 covers such transactions as leases, nonexchange transactions, and sales of future revenues, the most common impact will be on debt issuance costs (other than prepaid insurance), lending and mortgage banking activities. This removes the deferral of such costs and activities and will require the governmental entity to expense the costs in the period incurred, except for certain defined transactions. The pronouncement requires the transaction to be reflected as deferred inflows of resources or deferred outflows of resources.

The most common deferred inflows and outflows of resources are gain/loss on debt refunding and imposed nonexchange transactions, such as when taxes are levied for property taxes and received or recognized as a receivable. Government-mandated and voluntary exchange transactions will be reported as an inflow or outflow in the period unless the resources are provided or received in advance of time requirements being met.

GASB Statement No. 65 is specifically limited to the transactions provided in the pronouncement and the concepts and reasoning for classification of said assets and liabilities should not be applied to other transactions.

GASB has also issued GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which sets forth the financial presentation of deferred inflows and outflows. GASB Statement No. 63 provides guidance on the presentation of deferred inflows and outflows of resources. Effectively, deferred inflows and outflows will be reflected below total assets and total liabilities and the balance sheet will be renamed to Statement of Net Position. The change in geography of the deferred inflows and outflows will allow the readers to see the impact the deferred resources have on the financial statements.

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NOTE # 26 - GASB 68 - MUNICIPAL RETIREMENT SYSTEM

SCHEDULE OF EMPLOYER ALLOCATIONS

	<u>FIREFIGHTERS</u>		<u>POLICE - MPERS</u>		<u>GENERAL - MERS</u>		<u>TOTALS</u>
	<u>PROJECTED REQUIRED EMPLOYER EMPLOYER CONTRIBUTION</u>	<u>EMPLOYER ALLOCATION PERCENTAGE</u>	<u>PROJECTED REQUIRED EMPLOYER CONTRIBUTION</u>	<u>EMPLOYER ALLOCATION PERCENTAGE</u>	<u>PROJECTED REQUIRED EMPLOYER CONTRIBUTION</u>	<u>EMPLOYER ALLOCATION PERCENTAGE</u>	
June 30, 2013	\$ 32,360.00	0.0390332%	\$ 24,430.00	0.0219120%	\$ 208,508.00	0.5859040%	\$ 265,298.00
June 30, 2014	\$ 30,844.00	0.0391470%	\$ 23,844.00	0.0228950%	\$ 187,825.00	0.5595560%	\$ 242,513.00
June 30, 2015	\$ 24,809.00	0.0399100%	\$ 19,029.00	0.0225840%	\$ 197,946.00	0.5811330%	\$ 241,784.00
June 30, 2016	\$ 24,903.00	0.0405300%	\$ 18,480.00	0.0223630%	\$ 196,800.00	0.5578180%	\$ 240,183.00

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

	<u>FIREFIGHTER NET PENSION LIABILITY</u>	<u>POLICE - MPERS NET PENSION LIABILITY</u>	<u>GENERAL -MERS NET PENSION LIABILITY</u>	<u>TOTALS</u>
June 30, 2013	\$ 206,875.00	\$ 175,042.00	\$ 1,815,956.00	\$ 2,197,873.00
June 30, 2014	\$ 174,201.00	\$ 143,233.00	\$ 1,436,069.00	\$ 1,753,503.00
June 30, 2015	\$ 215,399.00	\$ 176,922.00	\$ 1,363,464.00	\$ 1,755,785.00
June 30, 2016	\$ 265,103.00	\$ 209,604.00	\$ 2,286,335.00	\$ 2,761,042.00

PENSION LIABILITIES, PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2016 the Town of Farmerville reported a total of \$2,468,219.00 for its proportionate share of the net pension liability of MERS, MPERS and Firefighter combined. The net pension liability was measured as of June 30, 2017 for all plans. The total pension liability was used to calculate the net pension liability as determined by actuarial valuations as of June 30, 2016. The Town's portion of the net pension liability was based on projections of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2016, the projected required employer contribution of the Town's proportion of MERS was \$196,800.00, .557818%, MPERS was \$18,480.00, .022363%, and the Firefighter's was \$24,903.00 or .04053%.

For the year ended June 30, 2017, the Town recognized pension expense for MERS \$123,596.81, for MPERS \$20,404.66 and \$22,710.56 Firemen Pension Fund. (MERS - Municipal Employees Retirement System, MPERS - Municipal Police Employees Retirement System)

TOWN OF FARMERVILLE  
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NOTE # 26 - GASB 68 - MUNICIPAL RETIREMENT SYSTEM CONTINUED

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

<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>FIREFIGHTERS</u>	<u>POLICE - MPERS</u>	<u>GENERAL -MERS</u>	<u>TOTALS</u>
Net Difference Between Projected and Actual Investment Earnings				
on Pension Plan Investments	\$ 63,713.00	\$ 32,253.00	\$ 522,138.00	\$ 618,104.00
Changes of Assumptions	2,285.00	10,191.00	83,228.00	95,704.00
Changes in Proportion	<u>5,359.00</u>	<u>1,964.00</u>	<u>1,103,613.00</u>	<u>1,110,936.00</u>
Total Deferred Outflows of Resources	<u>\$ 71,357.00</u>	<u>\$ 44,408.00</u>	<u>\$ 1,708,979.00</u>	<u>\$ 1,824,744.00</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Difference Between Expected and Actual Experience	\$ 10,494.00	\$ 3,334.00	\$ 72,273.00	\$ 86,101.00
Net Difference Between Projected and Actual Investment Earnings				
on Pension Plan Investments	.00	.00	.00	.00
Changes of Assumptions	74.00	13.00	.00	87.00
Changes in Proportion	<u>2,178.00</u>	<u>2,445.00</u>	<u>548,268.00</u>	<u>552,891.00</u>
Total Deferred Inflows of Resources	<u>\$ 12,746.00</u>	<u>\$ 5,792.00</u>	<u>\$ 620,541.00</u>	<u>\$ 639,079.00</u>
 <u>PENSION EXPENSE (BENEFIT)</u>				
Proportionate Share of Plan Pension Expense	\$ 42,045.00	\$ 26,692.00	\$ 330,970.00	\$ 399,707.00
Net Amortization of Deferred Amounts from Changes				
In Proportion	<u>438.00</u>	<u>947.00</u>	<u>(23,683.00)</u>	<u>(22,298.00)</u>
Total Employer Pension Expense (Benefit)	<u>\$ 42,483.00</u>	<u>\$ 27,639.00</u>	<u>\$ 307,287.00</u>	<u>\$ 377,409.00</u>
 <u>SCHEDULE OF EMPLOYERS PROPORTIONATE SHARE OF CONTRIBUTIONS AND NON-EMPLOYER CONTRIBUTIONS</u>				
<u>Proportionate Share of Employer Contributions</u>	<u>\$ 24,941.00</u>	<u>\$ 18,499.00</u>	<u>\$ 199,349.00</u>	<u>\$ 242,789.00</u>
<u>Proportionate Share of Non-Employer Contributions</u>	<u>\$ 10,062.00</u>	<u>\$ 4,161.00</u>	<u>\$ 33,799.00</u>	<u>\$ 48,022.00</u>
 <u>SCHEDULE OF AMORTIZATION - JUNE 30, 2017 - JUNE 30, 2022</u>				
June 30, 2017	14,851.00	9,578.00	175,419.00	199,848.00
June 30, 2018	14,851.00	8,448.00	662,837.00	686,136.00
June 30, 2019	18,853.00	12,399.00	169,183.00	200,435.00
June 30, 2020	9,986.00	8,191.00	80,999.00	99,176.00
June 30, 2021	6.00	.00	.00	6.00
June 30, 2022	<u>64.00</u>	<u>.00</u>	<u>.00</u>	<u>64.00</u>
<u>TOTALS</u>	<u>\$ 58,611.00</u>	<u>\$ 38,616.00</u>	<u>\$ 1,088,438.00</u>	<u>\$ 1,185,665.00</u>

TOWN OF FARMERVILLE  
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NOTE # 26 - GASB 68 - MUNICIPAL RETIREMENT SYSTEM CONTINUED

ACTUARIAL ASSUMPTIONS

A summary of the significant actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014 are as follows:

<u>INFLATION</u>	<u>MPERS</u>	<u>FIREFIGHTERS</u>	<u>MERS</u>
Salary Increase	9.75% for First Two Years	15.0% Average Including Inflation	5.0% (2.875% Inflation, 2.125% Merit)
Investment Rate of Return	7.50% Expected Normal Rate of Return	7.5% Net of Investment Expense	7.5% Net of Investment Expense

For MERS mortality rates were based on RP-2000 Employee Table for active members; RP 2000 Healthy Annuitant Table for healthy annuitants; and RP2000 Disabled Lives Mortality Tables for disabled annuitants. For MPERS, the actuarial assumptions used in the June 30, 2016 valuation was based on the results of an experience study for the period July 2009 and June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.75% for MERS and 7.5% for MPERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the system's actuaries. Based on those assumptions, the system's fiduciary net pension was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of returns on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following, presents the Town's proportionate share of the net pension liability calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2016.

SCHEDULE OF NET PENSION LIABILITY SENSITIVITY TO CHANGE DISCOUNT RATE

	<u>FIREFIGHTERS</u>		<u>POLICE -MPERS</u>		<u>GENERAL -MERS</u>	
	<u>CHANGES IN DISCOUNT RATE</u>		<u>CHANGES IN DISCOUNT RATE</u>		<u>CHANGES IN DISCOUNT RATE</u>	
	1% DECREASE	1% INCREASE	1% DECREASE	1% INCREASE	1% DECREASE	1% INCREASE
June 30, 2015	<u>6.50%</u> <u>\$ 305,564.00</u>	<u>8.50%</u> <u>\$ 139,605.00</u>	<u>6.00%</u> <u>\$ 245,991.00</u>	<u>8.00%</u> <u>\$ 119,044.00</u>	<u>6.75%</u> <u>\$ 2,716,718.00</u>	<u>8.75%</u> <u>\$ 1,529,911.00</u>
June 30, 2016	<u>\$ 361,181.00</u>	<u>\$ 184,303.00</u>	<u>\$ 279,421.00</u>	<u>\$ 150,987.00</u>	<u>\$ 2,906,357.00</u>	<u>\$ 1,757,266.00</u>

The above information on the retirement accounts are found on the following Louisiana internet sites:

- 1) Louisiana Firefighters Retirement System
- 2) Louisiana Municipal Police Employees Retirement System
- 3) MPERS (Municipal Employees Retirement System of Louisiana) - In the year 2016, the information was provided by the employee from the MPERS.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE #27 - 2015 THEFT UPDATE

In 2015, one of the Town's cashier stole \$26,086.94 in funds from the Town. The cashier pleaded guilty to the charges and agreed to pay the Town back over a five year period.

A recap of balance due from Mrs. Meeking as of June 30, 2017 is as follows:

<u>DEPARTMENTS</u>	<u>POLICE</u>	<u>WATER</u>	<u>OTHER</u>	<u>TOTAL</u>
<u>ORIGINAL AMOUNTS</u>	\$ 15,276.50	\$ 7,210.44	\$ 3,600.00	\$ 26,086.94
 <u>PAYMENTS</u>				
2016	(1,383.51)	.00	.00	(1,383.51)
2017	(3,694.25)	.00	.00	(3,694.25)
 <u>BALANCE DUE</u>	 <u>\$ 10,198.74</u>	 <u>\$ 7,210.44</u>	 <u>\$ 3,600.00</u>	 <u>\$ 21,009.18</u>

NOTE # 28 - SCHEDULE OF FEDERAL AWARDS

A detail list of federal programs are listed below. For the year ended June 30, 2017, the company had no Major federal programs.

<u>GRANTOR TITLE</u>	<u>FEDERAL CFDA #</u>	<u>PASS-THROUGH ENTITY</u>	<u>CURRENT EXPENDITURES</u>	<u>AWARD AMOUNT</u>	<u>PERCENT COMPLETE</u>
United States Department of Agriculture Water Well Project	10-760		\$ 44,799.39	\$ 2,499,000.00	100.00%
 FEMA GRANT					
General Fund - Emergency Protection Measures		FAR002B	6,784.54	6,784.54	100.00%
Sales Tax - Eagle Point Drive - Road Rebuilt		FAR003C	371,620.08	1,153,593.32	-
Sales Tax - Road Repair		FAR005C	15,949.95	170,196.17	-
Water Department - Emergency Protection Measures		FAR006B	10,190.99	10,190.99	100.00%
Sales Tax - Roads & Culverts		FAR007C	8,823.99	110,473.29	-
Sales Tax - Bad Eye Road		FAR010C	48,330.75	48,330.75	100.00%
FY2017 Louisiana Community Development Block Grant (LCDBG) Sewer Rehab	14-228	#548861	.00	548,861.00	

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT A

<u>REVENUES</u>	<u>ORIGINAL</u>	<u>AMENDED</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
<u>TAXES</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>YEAR</u>	<u>(UNFAVORABLE)</u>
			<u>TO DATE</u>	
Advalorem - General	\$ 210,000.00	\$ 234,000.00	\$ 235,249.19	\$ 1,249.19
Franchise	195,000.00	202,000.00	201,820.80	(179.20)
Housing Authority in Lieu of Taxes	10,000.00	.00	18,361.00	18,361.00
Total Taxes	<u>\$ 415,000.00</u>	<u>\$ 436,000.00</u>	<u>\$ 455,430.99</u>	<u>\$ 19,430.99</u>
<u>LICENSES AND TAXES</u>				
Alcoholic Beverages	\$ 8,000.00	\$ 9,500.00	\$ 9,510.00	\$ 10.00
Occupational	105,000.00	112,000.00	112,762.00	762.00
Building - Licenses & Permits	10,000.00	13,000.00	13,212.00	212.00
Occupational Insurance	90,000.00	138,000.00	117,280.16	(20,719.84)
Video Bingo	80,000.00	75,000.00	75,853.62	853.62
Total Licenses and Taxes	<u>\$ 293,000.00</u>	<u>\$ 347,500.00</u>	<u>\$ 328,617.78</u>	<u>\$ (18,882.22)</u>
<u>CHARGES FOR SERVICES</u>				
Garbage Fees	\$ 370,000.00	\$ 430,000.00	\$ 438,711.13	\$ 8,711.13
Zoning Charges	500.00	400.00	500.00	100.00
Total Charges for Services	<u>\$ 370,500.00</u>	<u>\$ 430,400.00</u>	<u>\$ 439,211.13</u>	<u>\$ 8,811.13</u>
<u>MISCELLANEOUS</u>				
Condemned Houses	\$ 120,000.00	\$ 1,200.00	\$ 1,350.00	\$ 150.00
Miscellaneous	1,000.00	60,000.00	51,034.00	(8,966.00)
FEMA Grant - General Fund	.00	.00	6,784.54	6,784.54
Fees - Farmer's Market	1,000.00	1,600.00	1,620.00	20.00
Administrative Fees	75,000.00	75,000.00	75,000.00	.00
Interest Income	100.00	500.00	551.52	51.52
Total Miscellaneous	<u>\$ 197,100.00</u>	<u>\$ 138,300.00</u>	<u>\$ 136,340.06</u>	<u>\$ (1,959.94)</u>
<u>STATE SOURCES</u>				
State Revenue Sharing	\$ 500.00	\$ .00	\$ .00	\$ .00
Beer Tax	7,000.00	7,000.00	6,848.44	(151.56)
Total State Sources	<u>\$ 7,500.00</u>	<u>\$ 7,000.00</u>	<u>\$ 6,848.44</u>	<u>\$ (151.56)</u>
<u>TOTAL REVENUE</u>	<u>\$ 1,283,100.00</u>	<u>\$ 1,359,200.00</u>	<u>\$ 1,366,448.40</u>	<u>\$ 7,248.40</u>
<u>EXPENDITURES</u>				
<u>SUMMARY OF EXPENDITURES -</u>				
<u>BY DEPARTMENT</u>				
<u>General Government</u>				
Administrative	<u>\$ 483,090.00</u>	<u>\$ 510,500.00</u>	<u>\$ 508,656.91</u>	<u>\$ 1843.09</u>
<u>SUMMARY OF EXPENDITURES -</u>				
<u>BY FUNCTION</u>				
Sanitation	<u>\$ 471,110.00</u>	<u>\$ 470,445.00</u>	<u>\$ 475,657.82</u>	<u>\$ (5,212.82)</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 954,200.00</u>	<u>\$ 980,945.00</u>	<u>\$ 984,314.73</u>	<u>\$ (3,369.73)</u>
<u>EXCESS REVENUES OVER</u>				
<u>EXPENDITURES</u>	<u>\$ 328,900.00</u>	<u>\$ 378,255.00</u>	<u>\$ 382,133.67</u>	<u>\$ 3,878.67</u>

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT A  
CONTINUED

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL YEAR TO DATE</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<u>SUMMARY OF OTHER FINANCING</u>				
<u>RECEIPTS (USES)</u>				
Transfers Out				
FEMA Capital Projects	\$ .00	\$ .00	\$ (12,495.80)	\$ (12,495.80)
Debt Service Funds	(32,000.00)	(41,500.00)	(41,505.20)	(5.20)
Police Department	<u>(280,000.00)</u>	<u>(300,000.00)</u>	<u>(300,000.00)</u>	<u>.00</u>
Total Summary of Other Financing Receipts (Uses)	<u>\$ (312,000.00)</u>	<u>\$ (341,500.00)</u>	<u>\$ (354,001.00)</u>	<u>\$ (12,501.00)</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>\$ 16,900.00</u>	<u>\$ 36,755.00</u>	<u>\$ 28,132.67</u>	<u>\$ (8,622.33)</u>
<u>FUND BALANCE - JULY 1</u>	<u>596,579.28</u>	<u>596,579.28</u>	<u>596,579.28</u>	
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 613,479.28</u>	<u>\$ 633,334.28</u>	<u>\$ 624,711.95</u>	

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
GENERAL FUND - FIRE DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT A-1

<u>REVENUES</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL YEAR TO DATE</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<u>LOCAL SOURCES</u>				
<u>TAXES</u>				
Advalorem - Fire Department	\$ 198,000.00	\$ 210,000.00	\$ 211,409.84	\$ 1,409.84
<u>MISCELLANEOUS</u>				
Miscellaneous	\$ .00	\$ 1,900.00	\$ 1,908.73	8.73
Sale of Fixed Assets	.00	7,300.00	7,290.00	(10.00)
Interest Income	8,000.00	16,000.00	10,614.67	\$ (5,385.33)
Total Miscellaneous	<u>\$ 8,000.00</u>	<u>\$ 25,200.00</u>	<u>\$ 19,813.40</u>	<u>\$ (5,386.60)</u>
<u>STATE SOURCES</u>				
Supplemental Pay	\$ 12,000.00	\$ 12,000.00	\$ 9,000.00	\$ (3,000.00)
State 2% Insurance Fund	24,000.00	21,500.00	23,130.62	1,630.62
Total State Sources	<u>\$ 36,000.00</u>	<u>\$ 33,500.00</u>	<u>\$ 32,130.62</u>	<u>\$ (1,369.38)</u>
<u>TOTAL REVENUE</u>	<u>\$ 242,000.00</u>	<u>\$ 268,700.00</u>	<u>\$ 263,353.86</u>	<u>\$ (5,346.14)</u>
<u>EXPENDITURES</u>				
Salaries and Expenditures	\$ 90,000.00	\$ 81,000.00	\$ 80,707.66	\$ 292.34
Salaries - Supplementary Pay	12,000.00	12,000.00	9,000.00	3,000.00
Employee Benefits Expenditures				
Dental Insurance	1,000.00	500.00	376.25	123.75
Medicare Tax	1,500.00	1,300.00	1,283.67	16.33
Retirement	26,000.00	22,000.00	22,710.50	(710.50)
FICA	6,400.00	5,500.00	5,488.70	11.30
Unemployment	200.00	200.00	160.75	39.25
Hospital Insurance	15,000.00	14,000.00	13,260.08	739.92
Workers Compensation Insurance	7,000.00	5,000.00	4,992.67	7.33
Miscellaneous Expense	600.00	1,000.00	1,739.26	(739.26)
Employee Drug Test	400.00	200.00	80.00	120.00
Uniforms	6,000.00	10,000.00	10,489.24	(489.24)
Advertising	500.00	1,400.00	785.50	614.50
Administrative Fees	5,000.00	5,000.00	5,000.00	.00
Assets Purchase	350,000.00	247,000.00	238,513.59	8,486.41
Audit Cost	4,000.00	3,500.00	3,345.00	155.00
Clothing Allowance	10,000.00	8,400.00	8,366.33	33.67
Computer Expense	500.00	2,000.00	1,843.72	156.28
Dues and Subscriptions	200.00	200.00	244.00	(44.00)
Fire Equipment Repairs	4,000.00	1,000.00	942.83	57.17
Fire Prevention	4,500.00	4,500.00	3,394.15	1,105.85
Fire Station Repairs	5,000.00	2,000.00	1,541.70	458.30
Insurance	35,000.00	35,000.00	34,628.28	371.72
Miscellaneous	6,000.00	6,000.00	5,837.75	162.25
Office Supplies	2,000.00	1,000.00	907.59	92.41
Radios	6,500.00	4,500.00	4,634.90	(134.90)
Supplies	20,000.00	12,000.00	11,321.32	678.68
Telephone	3,500.00	4,200.00	4,696.93	(496.93)
Travel and Training	4,000.00	2,000.00	2,203.79	(203.79)
Utilities	10,000.00	8,000.00	7,809.60	190.40
Vehicle - Gas and Oil	7,000.00	5,000.00	4,867.24	132.76
Vehicle Repairs and Expense	11,000.00	5,000.00	5,203.67	(203.67)
Total Expenditures	<u>\$ 654,800.00</u>	<u>\$ 510,400.00</u>	<u>\$ 496,376.67</u>	<u>\$ 14,023.33</u>

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
GENERAL FUND - FIRE DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT A-1  
CONTINUED

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL YEAR TO DATE</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	\$ (412,800.00)	\$ (241,700.00)	\$ (233,022.81)	\$ 8,677.19
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers Out:				
Transfer to Fire District	\$ (24,000.00)	\$ (21,500.00)	\$ (21,523.37)	\$ (23.37)
Transfer to Volunteer Fire Department	(10,000.00)	.00	.00	.00
Operating Transfers In:				
Farmerville Fire District	<u>260,000.00</u>	<u>268,000.00</u>	<u>268,172.98</u>	<u>172.98</u>
Total Other Financing Sources (Uses)	<u>\$ 226,000.00</u>	<u>\$ 246,500.00</u>	<u>\$ 246,649.61</u>	<u>\$ 149.61</u>
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</u>	\$ (186,800.00)	\$ 4,800.00	\$ 13,626.80	<u>\$ 8,826.80</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,200,220.46</u>	<u>1,200,220.46</u>	<u>1,200,220.46</u>	
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,013,420.46</u>	<u>\$ 1,205,020.46</u>	<u>\$ 1,213,847.26</u>	

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
GENERAL FUND - POLICE DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT A-2

<u>REVENUES</u>	<u>ORIGINAL</u>	<u>AMENDED</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
<u>LOCAL SOURCES</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>YEAR</u>	<u>(UNFAVORABLE)</u>
<u>TAXES</u>			<u>TO DATE</u>	
Sales Taxes	\$ 505,000.00	\$ 506,800.00	\$ 509,242.53	\$ 2,442.53
 <u>CHARGES FOR SERVICES</u>				
Juvenile Court	\$ 1,000.00	\$ 100.00	\$ 100.00	\$ .00
Municipal Court Cost	75,000.00	42,000.00	41,531.50	(468.50)
Accident Report	1,500.00	1,300.00	1,290.00	(10.00)
Drug Task Force	5,000.00	2,560.00	2,568.00	8.00
AMS Collection	1,000.00	1,000.00	963.66	(36.34)
Total Charges for Services	<u>\$ 83,500.00</u>	<u>\$ 46,960.00</u>	<u>\$ 46,453.16</u>	<u>\$ (506.84)</u>
 <u>FINES AND FORFEITS</u>				
DWI Fines	\$ 8,000.00	\$ 2,500.00	\$ 2,462.12	\$ (37.88)
Municipal Court Fines	20,000.00	10,000.00	10,075.00	75.00
Bench Warrants	3,000.00	2,500.00	2,580.00	80.00
Total Fines and Forfeits	<u>\$ 31,000.00</u>	<u>\$ 15,000.00</u>	<u>\$ 15,117.12</u>	<u>\$ 117.12</u>
 <u>MISCELLANEOUS</u>				
Miscellaneous	\$ 1,000.00	\$ 4,500.00	\$ 4,503.71	\$ 3.71
Interest Income	200.00	200.00	179.26	(20.74)
Sex Offender Registration	100.00	.00	.00	.00
Total Miscellaneous	<u>\$ 1,300.00</u>	<u>\$ 4,700.00</u>	<u>\$ 4,682.97</u>	<u>\$ (17.03)</u>
 <u>STATE SOURCES</u>				
Grants	\$ .00	\$ .00	\$ 20,000.00	\$ 20,000.00
Supplemental Pay State of Louisiana	72,000.00	55,000.00	52,750.00	(2,250.00)
Total State Sources	<u>\$ 72,000.00</u>	<u>\$ 55,000.00</u>	<u>\$ 72,750.00</u>	<u>\$ 17,750.00</u>
 <u>TOTAL REVENUE</u>	<u>\$ 692,800.00</u>	<u>\$ 628,460.00</u>	<u>\$ 648,245.78</u>	<u>\$ 19,785.78</u>
 <u>EXPENDITURES</u>				
Salaries	\$ 535,000.00	\$ 561,000.00	\$ 549,996.65	\$ 11,003.35
Salaries - Supplementary Pay	66,000.00	55,000.00	52,750.00	2,250.00
Employee Benefits Expenditure\				
Dental Insurance	5,000.00	5,000.00	5,012.94	(12.94)
Medicare Tax	8,800.00	8,800.00	8,774.21	25.79
FICA	37,500.00	37,500.00	37,517.10	(17.10)
Retirement	20,000.00	20,500.00	20,404.66	95.34
Unemployment	1,500.00	1,200.00	1,103.71	96.29
Hospital Insurance	105,000.00	109,000.00	110,058.44	(1,058.44)
Life Insurance	2,200.00	2,200.00	2,080.66	119.34
Employee Drug Test	800.00	500.00	330.00	170.00
Miscellaneous Employee Expense	1,000.00	1,000.00	936.60	63.40
Workers Compensation Insurance	20,000.00	20,000.00	19,909.68	90.32
Uniforms	2,000.00	2,500.00	2,368.27	131.73
Prisoners Expenditures	.00	.00	4,305.01	(4,305.01)
Dog Expense	2,000.00	2,000.00	2,100.00	(100.00)
Advertising and Filing	500.00	200.00	169.50	30.50
Auditing	3,000.00	3,700.00	3,690.00	10.00
Computer Expense	2,000.00	1,500.00	1,505.66	(5.66)
Dues and Subscriptions	1,200.00	2,000.00	2,208.05	(208.05)
Equipment Expense	2,000.00	2,000.00	2,336.23	(336.23)
Insurance	42,000.00	35,000.00	35,572.12	(572.12)

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
GENERAL FUND - POLICE DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
- BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT A-2  
CONTINUED

<u>EXPENDITURES</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL YEAR TO DATE</u>	<u>FAVORABLE (UNFAVORABLE)</u>
Office Supplies	\$ 4,000.00	\$ 5,000.00	\$ 4,983.60	\$ 16.40
Office Cleanings	2,000.00	300.00	300.00	.00
Travel and Training	4,000.00	7,200.00	7,197.43	2.57
Assets Purchases	40,000.00	40,000.00	41,750.62	(1,750.62)
Building Maintenance	2,000.00	4,000.00	4,084.55	(84.55)
Miscellaneous	1,000.00	3,500.00	3,876.56	(376.56)
Telephone	6,000.00	6,000.00	6,240.10	(240.10)
Supplies	3,000.00	3,500.00	3,929.75	(429.75)
Vehicle - Gas and Oil	25,000.00	24,000.00	23,554.78	445.22
Vehicle Repairs	12,000.00	15,000.00	16,428.62	(1,428.62)
Police Utilities	6,000.00	6,000.00	5,867.67	132.33
AMS Collection Expense	500.00	500.00	351.86	148.14
Sales Tax Collection Expense	5,050.00	5,500.00	5,714.96	(214.96)
<u>TOTAL EXPENDITURES</u>	<u>\$ 968,050.00</u>	<u>\$ 991,100.00</u>	<u>\$ 987,409.99</u>	<u>\$ 3,690.01</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ (275,250.00)</u>	<u>\$ (362,640.00)</u>	<u>\$ (339,164.21)</u>	<u>\$ 23,475.79</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfer In:				
Transfers from General Fund	\$ 280,000.00	\$ 300,000.00	\$ 300,000.00	\$ .00
Total Other Financing Sources (Uses)	<u>\$ 280,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ .00</u>
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</u>	<u>\$ 4,750.00</u>	<u>\$ (62,640.00)</u>	<u>\$ (39,164.21)</u>	<u>\$ 23,475.79</u>
<u>FUND BALANCE - JULY 1</u>	<u>140,458.11</u>	<u>140,458.11</u>	<u>140,458.11</u>	
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 145,208.11</u>	<u>\$ 77,818.11</u>	<u>\$ 101,293.90</u>	

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SPECIAL REVENUES - SALES TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT B

<u>REVENUE</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL YEAR TO DATE</u>	<u>FAVORABLE (UNFAVORABLE)</u>
Sales Tax	\$ 1,010,000.00	\$ 1,013,650.00	\$ 1,018,484.96	\$ 4,834.96
Interest Earned	8,000.00	8,000.00	9,202.30	1,202.30
State Mowing Contract	13,060.00	13,060.00	19,590.00	6,530.00
Miscellaneous	.00	.00	150.00	150.00
FEMA Reimbursement / Grant	20,000.00	75,000.00	.00	(75,000.00)
<b>TOTAL REVENUES</b>	<b>\$ 1,051,060.00</b>	<b>\$ 1,109,710.00</b>	<b>\$ 1,047,427.26</b>	<b>\$ (62,282.74)</b>
 <u>EXPENDITURES</u>				
<u>GENERAL GOVERNMENT</u>				
Salaries	\$ 85,000.00	\$ 88,000.00	\$ 81,674.85	\$ 6,325.15
Employee Benefits Expenditures				
Medicare Tax	1,300.00	1,300.00	1,237.67	62.33
FICA	16,600.00	18,000.00	18,012.77	(12.77)
Municipal Retirement	5,200.00	5,200.00	5,292.01	(92.01)
Unemployment	300.00	300.00	175.93	124.07
Hospital Insurance	15,000.00	16,000.00	16,002.42	(2.42)
Dental	1,000.00	1,000.00	701.75	298.25
Workers Compensation Insurance	1,000.00	.00	.00	.00
Miscellaneous Employee Cost	500.00	200.00	.00	200.00
Employee Drug Test	200.00	.00	.00	.00
Uniforms	1,500.00	1,200.00	536.39	663.61
Administrative Fees	30,000.00	30,000.00	30,000.00	.00
Advertising and Filing	400.00	400.00	394.00	6.00
Auditing	4,000.00	4,500.00	4,345.00	155.00
Building Maintenance	2,000.00	.00	.00	.00
Capital Projects / Repairs	100,000.00	50,000.00	30,444.17	19,555.83
Computer	5,000.00	5,500.00	5,430.60	69.40
FEMA Grant Transfers	100,000.00	250,000.00	217,485.27	32,514.73
Insurance	12,000.00	12,000.00	9,934.40	2,065.60
Miscellaneous	.00	.00	4,521.43	(4,521.43)
Office Expenditures	3,000.00	3,000.00	2,610.62	389.38
Sales Tax Collection Cost	10,100.00	10,100.00	11,429.87	(1,329.87)
Telephone	2,000.00	3,500.00	3,353.79	146.21
Travel	4,000.00	4,000.00	3,644.87	355.13
Total General Government	<b>\$ 400,100.00</b>	<b>\$ 504,200.00</b>	<b>\$ 447,227.81</b>	<b>\$ 56,972.19</b>
 <u>PRISON LABOR AND EXPENDITURES</u>				
Labor and Expenditures	\$ 3,000.00	\$ 1,500.00	\$ 1,415.26	\$ 84.74
Total Prison Labor and Expenditures	<b>\$ 3,000.00</b>	<b>\$ 1,500.00</b>	<b>\$ 1,415.26</b>	<b>\$ 84.74</b>
 <u>STREET REPAIRS</u>				
Salaries	\$ 198,000.00	\$ 174,000.00	\$ 174,838.84	\$ (838.84)
Employee Benefit Expenditures				
Medicare Taxes	2,900.00	2,500.00	2,442.00	58.00
Municipal Retirement	38,000.00	36,000.00	34,992.26	1,007.74
FICA Taxes	12,400.00	10,500.00	10,441.81	58.19
Unemployment Taxes	500.00	500.00	345.41	154.59
Hospital Insurance	40,000.00	38,000.00	38,187.60	(187.60)
Dental	2,200.00	1,600.00	1,364.28	235.72
Workers Compensation Insurance	18,000.00	18,000.00	16,551.97	1,448.03
Employee Drug Testing	600.00	200.00	440.00	(240.00)
Miscellaneous Employee Expense	500.00	500.00	373.28	126.72
Uniforms	5,000.00	6,500.00	6,286.48	213.52

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SPECIAL REVENUES - SALES TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT B  
CONTINUED

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>AMENDED</u> <u>BUDGET</u>	<u>ACTUAL</u> <u>YEAR</u> <u>TO DATE</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<u>STREET REPAIRS CONTINUED</u>				
Clean City Expense	\$ 25,000.00	\$ 24,000.00	\$ 23,486.15	\$ 513.85
Insurance	18,000.00	22,000.00	20,393.05	1,606.95
Street Asset Purchase	600.00	600.00	599.00	1.00
Street Improvement/Maintenance	30,000.00	25,000.00	36,996.51	(11,996.51)
Truck Equipment - Oil and Gas	15,000.00	17,000.00	17,368.19	(368.19)
Truck Equipment Repairs	10,000.00	15,000.00	18,477.76	(3,477.76)
Utilities	100,000.00	105,000.00	102,401.78	2,598.22
Miscellaneous	10,000.00	14,000.00	13,108.38	891.62
Total Street Repair	<u>\$ 526,700.00</u>	<u>\$ 510,900.00</u>	<u>\$ 519,094.75</u>	<u>\$ (8,194.75)</u>
<u>MAINTENANCE DEPARTMENT</u>				
Shop Supplies	\$ 10,000.00	\$ 8,000.00	\$ 7,001.20	\$ 998.80
Shop Utilities	2,500.00	2,500.00	2,688.08	(188.08)
Total Maintenance Department	<u>\$ 12,500.00</u>	<u>\$ 10,500.00</u>	<u>\$ 9,689.28</u>	<u>\$ 810.72</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 942,300.00</u>	<u>\$ 1,027,100.00</u>	<u>\$ 977,427.10</u>	<u>\$ 49,672.90</u>
<u>EXCESS OF REVENUE OVER (UNDER)</u> <u>EXPENDITURES</u>	<u>\$ 108,760.00</u>	<u>\$ 82,610.00</u>	<u>\$ 70,000.16</u>	<u>\$ (12,609.84)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In (Out):				
Transfer Debt Service - TIF Bonds	\$ (39,600.00)	\$ (45,000.00)	\$ (75,511.52)	\$ (30,511.52)
Transfer Debt Service - USDA Loan	(29,800.00)	(29,800.00)	(28,896.00)	904.00
Transfer to Sewer	<u>(100,000.00)</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Other Financing Sources (Uses)	<u>\$ (169,400.00)</u>	<u>\$ (74,800.00)</u>	<u>\$ (104,407.52)</u>	<u>\$ (29,607.52)</u>
<u>EXCESS OF REVENUE AND OTHER</u> <u>SOURCES OVER (UNDER)</u> <u>EXPENDITURES AND OTHER (USES)</u> <u>BEFORE EXTRAORDINARY ITEM</u>	<u>\$ (60,640.00)</u>	<u>\$ 7,810.00</u>	<u>\$ (34,407.36)</u>	<u>\$ (42,217.36)</u>
<u>FUND BALANCE - JULY 1</u>	<u>\$ 880,480.62</u>	<u>\$ 880,480.62</u>	<u>\$ 880,480.62</u>	
Transfer - Debt Service Funds	<u>.00</u>	<u>.00</u>	<u>44,967.66</u>	
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 819,840.62</u>	<u>\$ 888,290.62</u>	<u>\$ 891,040.92</u>	

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SPECIAL REVENUES - 2002 SALES TAX FUND - RECREATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT B-1

<u>REVENUE</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL YEAR TO DATE</u>	<u>FAVORABLE (UNFAVORABLE)</u>
Sales Tax	\$ 505,000.00	\$ 505,000.00	\$ 509,242.53	\$ 4,242.53
Membership Dues	2,000.00	1,800.00	1,822.00	22.00
Building Rental	16,000.00	13,000.00	13,150.00	150.00
Interest	2,500.00	1,500.00	1,855.30	355.30
Special Revenue	<u>6,000.00</u>	<u>6,000.00</u>	<u>5,940.00</u>	<u>(60.00)</u>
Total Revenues	<u>\$ 531,500.00</u>	<u>\$ 527,300.00</u>	<u>\$ 532,009.83</u>	<u>\$ 4,709.83</u>
 <u>EXPENDITURES</u>				
Salaries	\$ 122,000.00	\$ 122,000.00	\$ 123,046.80	\$ (1,046.80)
Employee Benefits Expenditures				
Medicare Tax	1,740.00	1,740.00	1,749.68	(9.68)
FICA	22,000.00	24,000.00	23,759.49	240.51
Municipal Retirement	7,600.00	7,600.00	7,481.75	118.25
Unemployment	300.00	300.00	242.59	57.41
Hospital Insurance	30,000.00	30,000.00	29,320.68	679.32
Dental Insurance	1,400.00	1,400.00	1,198.49	201.51
Workers Compensation Insurance	4,800.00	5,200.00	5,224.05	(24.05)
Employee Drug Testing	200.00	450.00	495.00	(45.00)
Miscellaneous Employee Expense	1,000.00	1,200.00	1,182.40	17.60
Uniforms	3,000.00	2,500.00	2,252.93	247.07
Asset Purchases	15,000.00	12,000.00	11,744.30	255.70
Activity Expense	10,000.00	12,000.00	11,146.88	853.12
Administrative	10,000.00	10,000.00	10,000.00	.00
Advertising and Filing	1,500.00	1,500.00	1,045.00	455.00
Auditing	3,000.00	3,500.00	3,345.00	155.00
Ball Park Expense	1,000.00	.00	.00	.00
Computer Expense	1,000.00	1,000.00	1,216.98	(216.98)
Liability Insurance	15,000.00	13,000.00	14,457.97	(1,457.97)
Miscellaneous	1,000.00	200.00	(109.95)	309.95
Office Supplies	1,500.00	1,500.00	1,505.62	(5.62)
Repairs and Maintenance	15,000.00	15,000.00	14,378.57	621.43
Sales Tax Collection Fee	5,050.00	6,000.00	5,714.96	285.04
Supplies	6,000.00	7,000.00	7,240.72	(240.72)
Telephone	4,000.00	5,000.00	5,030.10	(30.10)
Travel & Training	1,000.00	200.00	101.15	98.85
Utilities	26,000.00	27,000.00	27,562.30	(562.30)
Vehicle Expense	<u>3,000.00</u>	<u>4,500.00</u>	<u>4,594.93</u>	<u>(94.93)</u>
Total Expenditures	<u>\$ 313,090.00</u>	<u>\$ 315,790.00</u>	<u>\$ 314,928.39</u>	<u>\$ 861.61</u>
 <u>EXCESS OF REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	<u>\$ 218,410.00</u>	<u>\$ 211,510.00</u>	<u>\$ 217,081.44</u>	<u>\$ 5,571.44</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfer In (Out)				
Debt Service Fund	<u>\$ (216,000.00)</u>	<u>\$ (216,000.00)</u>	<u>\$ (215,513.79)</u>	<u>\$ 486.21</u>
Total Other Financing Sources (Uses)	<u>\$ (216,000.00)</u>	<u>\$ (216,000.00)</u>	<u>\$ (215,513.79)</u>	<u>\$ 486.21</u>
 <u>EXCESS OF REVENUES AND OTHER</u>				
<u>SOURCES OVER (UNDER) EXPENDITURES</u>				
<u>AND OTHER (USES) BEFORE</u>				
<u>EXTRAORDINARY ITEM</u>	<u>\$ 2,410.00</u>	<u>\$ (4,490.00)</u>	<u>\$ 1,567.65</u>	<u>\$ 6,057.65</u>
 <u>FUND BALANCE - JULY 1</u>				
	447,064.94	447,064.94	447,064.94	
 <u>TRANSFER - DEBT SERVICE FUNDS</u>				
	<u>.00</u>	<u>.00</u>	<u>111,780.01</u>	
 <u>FUND BALANCE - JUNE 30</u>				
	<u>\$ 449,474.94</u>	<u>\$ 442,574.94</u>	<u>\$ 560,412.60</u>	

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
OTHER POST EMPLOYMENT BENEFITS (OPEB)  
SCHEDULE OF FUNDING PROGRESS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATEMENT C

ACTUARIAL VALUATION DATE	ACTUARIAL VALUATION OF ASSETS	ACTUARIAL ACCRUED LIABILITY UNIT CREDIT	UNFUNDED AAL (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
07/01/10 - 06/30/11	\$ .00	\$ 190,611.00	\$ 190,611.00	0.00%	\$ 733,969.00	25.97%
07/01/11 - 06/30/12	.00	239,001.00	239,001.00	0.00%	859,289.00	27.38%
07/01/12 - 06/30/13	.00	315,375.00	315,375.00	0.00%	892,028.00	35.35%
07/01/13 - 06/30/14	.00	48,519.00	48,519.00	0.00%	728,045.20	6.66%
07/01/14 - 06/30/15	.00	130,499.80	130,499.80	0.00%	850,086.76	15.35%
07/01/15 - 06/30/16	.00	14,053.20	14,053.20	0.00%	1,151,452.00	46.50%
07/01/16 - 06/30/17	.00	8,658.00	8,658.00	0.00%	1,171,495.96	80.81%
Totals		<u>\$ 946,717.00</u>	<u>\$ 946,717.00</u>			

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
MAJOR GOVERNMENTAL FUNDS  
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>FIREFIGHTER</u>		<u>POLICE</u>		<u>MERS</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
A. Employer Proportion of the Net Pension Liability (Asset)	.04053%	.03991%	.022363%	.022584%	.557818%	.581133%
B. Employer Proportionate Share of the Net Position Liability (Asset)	\$ 265,103.00	\$ 215,399.00	\$ 209,604.00	\$ 176,922.00	\$ 2,286,335.00	\$ 1,363,464.00
C. Employer's Covered Employee Payroll	\$ 89,707.66	\$ 79,740.41	\$ 59,927.71	\$ 50,643.52	\$ 1,021,860.59	\$ 997,413.30
D. Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	2.95%	2.70%	3.50%	3.49%	2.24%	1.36%
E. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	-	-	-	-	-	-

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

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
MUNICIPAL EMPLOYEE'S RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2017

STATEMENT E

	<u>FIREFIGHTER</u>		<u>POLICE</u>		<u>MERS</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
A. Contractually Required Contribution	\$ 22,710.50	\$ 24,903.47	\$ 20,404.66	\$ 185,747.22	\$ 232,717.71	\$ 165,348.72
B. Contributions in Relation to Contractual Required Contribution	\$ 22,710.50	\$ 24,903.47	\$ 20,404.66	\$ 185,747.22	\$ 232,717.71	\$ 165,348.72
C. Contribution Deficiency (Excess)	-	-	-	-	-	-
D. Covered Employee Payroll	\$ 89,707.66	\$ 79,740.41	\$ 59,927.71	\$ 50,643.52	\$ 1,021,860.59	\$ 997,413.30
E. Contribution as A % of Covered Employee Payroll	29.25%	29.25%	31.75%	29.50%	22.75%	19.38%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

The notes are an integral part of these statements. See accompanying notes and auditors' report.

OTHER SUPPLEMENTAL INFORMATION(PART III)

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
ENTERPRISE FUND

SCHEDULE A

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>WATER</u>				<u>SEWER</u>			
	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL YEAR TO DATE</u>	<u>FAVORABLE (UNFAVORABLE)</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>YEAR TO DATE</u>	<u>ACTUAL FAVORABLE (UNFAVORABLE)</u>
<b><u>OPERATING REVENUES</u></b>								
Charges for Service								
Water Sales	\$ 1,400,000.00	\$ 1,385,000.00	\$ 1,370,394.95	\$ (14,605.05)	\$ .00	\$ .00	\$ .00	\$ .00
Less Bad Debts	(10,000.00)	(12,000.00)	23,907.62	35,907.62	.00	.00	.00	.00
NSF Fees	600.00	700.00	934.39	234.39	.00	.00	.00	.00
Penalties	54,000.00	46,000.00	43,925.60	(2,074.40)	.00	.00	.00	.00
Sewer Sales	.00	.00	.00	.00	400,000.00	442,000.00	445,993.72	3,993.72
Cleaning Fees	300.00	1,600.00	1,875.00	275.00	.00	.00	.00	.00
DHH Fee	5,200.00	15,000.00	15,681.00	681.00	.00	.00	.00	.00
Tapping Fees	2,000.00	5,500.00	5,500.00	.00	2,000.00	2,000.00	2,250.00	250.00
Miscellaneous	4,000.00	200.00	427.60	227.60	.00	.00	.00	.00
Grants/Fema	.00	.00	.00	.00	.00	.00	550.00	550.00
Total Operating Revenues	<u>\$ 1,456,100.00</u>	<u>\$ 1,442,000.00</u>	<u>\$ 1,462,646.16</u>	<u>\$ 20,646.16</u>	<u>\$ 402,000.00</u>	<u>\$ 444,000.00</u>	<u>\$ 448,793.72</u>	<u>\$ 4,793.72</u>
<b><u>OPERATING EXPENSES</u></b>								
Cost of Sales and Service	\$ 611,400.00	\$ 734,300.00	\$ 563,480.14	\$ 170,819.86	\$ 215,000.00	\$ 284,000.00	\$ 282,590.61	\$ 1,409.39
Administration	791,000.00	769,300.00	743,644.88	25,655.12	188,522.50	264,722.50	247,733.13	16,989.37
Depreciation	.00	.00	273,785.57	(273,785.57)	.00	.00	168,481.95	(168,481.95)
Total Operating Expenses	<u>\$ 1,402,400.00</u>	<u>\$ 1,503,600.00</u>	<u>\$ 1,580,910.59</u>	<u>\$ (77,310.59)</u>	<u>\$ 403,522.50</u>	<u>\$ 548,722.50</u>	<u>\$ 698,805.69</u>	<u>\$ (150,083.19)</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>\$ 53,700.00</u>	<u>\$ (61,600.00)</u>	<u>\$ (118,264.43)</u>	<u>\$ (56,664.43)</u>	<u>\$ (1,522.50)</u>	<u>\$ (104,722.50)</u>	<u>\$ (250,011.97)</u>	<u>\$ (145,289.47)</u>
<b><u>NONOPERATING REVENUE (EXPENSES)</u></b>								
Revenue - GASB 68	\$ .00	\$ .00	\$ 113,505.00	\$ 113,505.00	\$ .00	\$ .00	\$ .00	\$ .00
Grant Income/FEMA	.00	10,200.00	10,190.99	(9.01)	42,000.00	55,000.00	54,688.34	(311.66)
Interest Income	3,000.00	4,000.00	7,539.24	3,539.24	1,500.00	1,000.00	1,278.03	278.03
Total Nonoperating Revenue (Expenses)	<u>\$ 3,000.00</u>	<u>\$ 14,200.00</u>	<u>\$ 131,235.23</u>	<u>\$ 117,035.23</u>	<u>\$ 43,500.00</u>	<u>\$ 56,000.00</u>	<u>\$ 55,966.37</u>	<u>\$ (33.63)</u>
<b><u>NET INCOME (LOSS)</u></b>	<u>\$ 56,700.00</u>	<u>\$ (47,400.00)</u>	<u>\$ 12,970.80</u>	<u>\$ 60,370.80</u>	<u>\$ 41,977.50</u>	<u>\$ (48,722.50)</u>	<u>\$ (194,045.60)</u>	<u>\$ (145,323.10)</u>
<b><u>NET POSITION - JULY 1</u></b>	<u>5,464,164.15</u>	<u>5,464,164.15</u>	<u>5,464,164.15</u>		<u>4,256,799.28</u>	<u>4,256,799.28</u>	<u>4,256,799.28</u>	
<b><u>NET POSITION - JUNE 30</u></b>	<u>\$ 5,520,864.15</u>	<u>\$ 5,416,764.15</u>	<u>\$ 5,477,134.95</u>		<u>\$ 4,298,776.78</u>	<u>\$ 4,208,076.78</u>	<u>\$ 4,062,753.68</u>	

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA

SCHEDULE A-1

ENTERPRISE FUND

SCHEDULE OF DETAIL OF EXPENSES, BUDGET (GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

COST OF SALES AND SERVICES	WATER				SEWER			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL YEAR TO DATE	FAVORABLE (UNFAVORABLE)	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL YEAR TO DATE	FAVORABLE (UNFAVORABLE)
<u>WATER AND SEWER SUPPLIES AND MATERIALS</u>								
Chemicals	\$ .00	\$ .00	\$ .00	\$ .00	\$ 1,000.00	\$ 12,000.00	\$ 1,034.33	\$ 10,965.67
Chemical Test	.00	.00	.00	.00	8,000.00	16,000.00	12,648.25	3,351.75
Chlorine	10,000.00	24,000.00	24,047.30	(47.30)	3,000.00	6,000.00	6,840.00	(840.00)
Chlorine Equipment Repair	2,000.00	1,000.00	854.80	145.20	.00	.00	.00	.00
Grant Expense	50,000.00	60,000.00	.00	60,000.00	.00	6,000.00	14,012.50	(8,012.50)
Asset Purchases	.00	.00	.00	.00	.00	14,000.00	.00	14,000.00
Environmental Testing	.00	.00	2,450.00	(2,450.00)	.00	.00	.00	.00
Poultry Plant Water Well Repairs	75,000.00	78,000.00	67,534.91	10,465.09	.00	.00	.00	.00
Major Repairs and Additions	35,000.00	105,000.00	25,893.02	79,106.98	50,000.00	30,000.00	46,867.69	(16,867.69)
Major Well and Tank Repairs	30,000.00	20,000.00	20,800.00	(800.00)	.00	.00	.00	.00
Meter Replacement	25,000.00	35,000.00	35,765.74	(765.74)	.00	.00	.00	.00
Equipment Maintenance and Supplies	900.00	3,500.00	3,336.58	163.42	.00	.00	.00	.00
Pump Repair	.00	.00	.00	.00	30,000.00	110,000.00	111,590.24	(1,590.24)
Safe Drinking Program	5,500.00	12,800.00	12,722.94	77.06	.00	.00	.00	.00
Supplies	50,000.00	75,000.00	74,854.62	145.38	8,000.00	14,000.00	13,475.42	524.58
Treatment Plant Repairs	.00	.00	.00	.00	50,000.00	20,000.00	19,757.68	242.32
Reserved Account	18,000.00	18,000.00	.00	18,000.00	.00	.00	.00	.00
Water Supply Initiative	20,000.00	22,000.00	21,704.25	295.75	.00	.00	.00	.00
Utilities	235,000.00	280,000.00	273,515.98	6,484.02	65,000.00	56,000.00	56,364.50	(364.50)
Transfer to Sewer	55,000.00	.00	.00	.00	.00	.00	.00	.00
Totals	\$ 611,400.00	\$ 734,300.00	\$ 563,480.14	\$ 170,819.86	\$ 215,000.00	\$ 284,000.00	\$ 282,590.61	\$ 1,409.39
<u>ADMINISTRATIVE</u>								
Advertising and Filing	\$ 500.00	\$ 500.00	\$ 232.00	\$ 268.00	\$ .00	\$ .00	\$ .00	\$ .00
Administrative Fee	30,000.00	30,000.00	30,000.00	.00	.00	.00	.00	.00
Auditing	12,000.00	11,000.00	10,690.00	310.00	2,000.00	2,400.00	2,345.00	55.00
Bank Charges	500.00	500.00	449.13	50.87	.00	.00	.00	.00
Computer Expense	15,000.00	20,000.00	18,927.87	1,072.13	.00	.00	.00	.00
Dues	1,000.00	1,000.00	545.00	455.00	.00	.00	.00	.00
Insurance - Liability	24,000.00	32,000.00	25,643.95	6,356.05	9,000.00	9,800.00	10,755.39	(955.39)
Miscellaneous	10,000.00	3,000.00	8,581.12	(5,581.12)	300.00	59,000.00	59,307.95	(307.95)
Office Supplies	6,000.00	6,000.00	6,100.79	(100.79)	.00	.00	.00	.00
Postage	10,000.00	8,000.00	7,342.19	657.81	.00	.00	.00	.00
Radio Repairs	1,000.00	.00	.00	.00	.00	.00	.00	.00
Telephone	14,000.00	6,000.00	5,327.47	672.53	1,200.00	1,200.00	1,172.77	27.23
Travel and Training	6,000.00	4,500.00	4,322.82	177.18	800.00	1,500.00	1,486.05	13.95
Grant Expenses	.00	.00	14,910.00	(14,910.00)	.00	.00	.00	.00
Loan Payments - Interest	110,000.00	95,000.00	35,290.43	59,709.57	32,572.50	32,572.50	16,025.50	16,547.00
Water Bill Cost	14,000.00	14,000.00	12,342.57	1,657.43	.00	.00	.00	.00
Subtotal	\$ 254,000.00	\$ 231,500.00	\$ 180,705.34	\$ 50,794.66	\$ 45,872.50	\$ 106,472.50	\$ 91,092.66	\$ 15,379.84
<u>Truck &amp; Equipment Expense</u>								
Equipment - Gas and Oil	\$ 2,000.00	\$ 7,000.00	\$ 7,332.36	\$ (332.36)	\$ .00	\$ .00	\$ .00	\$ .00
Equipment Repairs	10,000.00	14,000.00	13,928.88	71.12	2,000.00	8,500.00	8,362.52	137.48
Truck - Gas and Oil	10,000.00	15,000.00	14,532.24	467.76	7,000.00	6,000.00	5,129.00	871.00
Truck Repairs	10,000.00	10,000.00	12,259.31	(2,259.31)	1,000.00	1,000.00	693.40	306.60
Total Truck & Equipment Expenses	\$ 32,000.00	\$ 46,000.00	\$ 48,052.79	\$ (2,052.79)	\$ 10,000.00	\$ 15,500.00	\$ 14,184.92	\$ 1,315.08

<u>Cost of Labor</u>																
Salaries	\$	345,000.00	\$	320,000.00	\$	322,206.89	\$	(2,206.89)	\$	93,000.00	\$	94,000.00	\$	93,049.57	\$	950.43
Employee Benefits																
Post Retirement Benefits		.00		.00		1,661.00		(1,661.00)		.00		.00		859.00		(859.00)
Retirement Expense		50,000.00		59,000.00		84,125.88		(25,125.88)		15,000.00		18,000.00		18,477.89		(477.89)
Medicare Tax		5,000.00		4,600.00		.00		4,600.00		1,350.00		1,350.00		1,352.89		(2.89)
FICA Contribution		22,000.00		19,500.00		19,613.88		(113.88)		5,800.00		5,800.00		5,784.88		15.12
Unemployment Tax		1,000.00		1,000.00		639.79		360.21		200.00		200.00		187.86		12.14
Hospital Insurance		60,000.00		64,000.00		64,009.68		(9.68)		15,000.00		16,000.00		16,002.42		(2.42)
Dental		2,600.00		2,800.00		2,805.35		(5.35)		1,000.00		1,000.00		701.06		298.94
Worker's Compensation Insurance		14,000.00		14,000.00		13,187.84		812.16		400.00		5,500.00		5,474.67		25.33
Employee Drug Testing		400.00		400.00		385.00		15.00		100.00		100.00		.00		100.00
Miscellaneous Employee Expense		1,000.00		1,000.00		846.96		153.04		.00		.00		8.20		(8.20)
Uniforms		4,000.00		5,500.00		5,404.48		95.52		800.00		800.00		557.11		242.89
Total Cost Labor	\$	<u>505,000.00</u>	\$	<u>491,800.00</u>	\$	<u>514,886.75</u>	\$	<u>(23,086.75)</u>	\$	<u>132,650.00</u>	\$	<u>142,750.00</u>	\$	<u>142,455.55</u>	\$	<u>294.45</u>
Total Administrative	\$	<u>791,000.00</u>	\$	<u>769,300.00</u>	\$	<u>743,644.88</u>	\$	<u>25,655.12</u>	\$	<u>188,522.50</u>	\$	<u>264,722.50</u>	\$	<u>247,733.13</u>	\$	<u>16,989.37</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

## **MAJOR - SPECIAL REVENUE FUNDS**

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

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### SALES TAX FUND

Proceeds of the 1% sales tax are to be used for costs incurred in operating a Sanitary Landfill Site for Garbage and Waste Disposal; for Street Repair and Maintenance; and for Sewer Repair and Maintenance.

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### 2011 ½ SALES TAX FOR POLICE

On April 30, 2011 a ½ of 1% sales tax was passed for the operations of the Farmerville Police Department. A separate fund will account for the dedicated funds. The police department is a department of the General Fund.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

SCHEDULE B

	<u>MAJOR GOVERNMENTAL FUNDS</u>					<u>TOTAL GENERAL FUND</u>
	<u>GENERAL FUND</u>	<u>GARBAGE DEPARTMENT</u>	<u>FIRE DEPARTMENT</u>	<u>POLICE DEPARTMENT</u>	<u>ELIMINATIONS</u>	
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 478,675.64	\$ .00	\$ 97,312.24	\$ 46,934.15	\$ .00	\$ 622,922.03
Property Taxes Receivable - Net	322.93	.00	488.70	.00	.00	811.63
Sales Tax Receivable	.00	.00	.00	46,871.31	.00	46,871.31
Receivable - Franchise Fees	.00	.00	.00	.00	.00	.00
Accounts Receivable - Other	47,509.17	.00	.00	20,000.00	.00	67,509.17
Prepaid Items	20,397.00	.00	27,703.00	32,488.00	.00	80,588.00
Due from Other Funds	106,139.81	.00	.00	6,262.26	.00	112,402.07
Due from Major Funds	62,101.55	.00	.00	.00	(62,101.55)	.00
Restricted Assets						
Cash and Cash Equivalents	769.43	.00	1,166,101.40	.00	.00	1,166,870.83
<u>TOTAL ASSETS</u>	<u>\$ 715,915.53</u>	<u>\$ .00</u>	<u>\$ 1,291,605.34</u>	<u>\$ 152,555.72</u>	<u>\$ (62,101.55)</u>	<u>\$ 2,097,975.04</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Accounts Payables	\$ 44,724.35	\$ .00	\$ 9,293.53	\$ 29,212.82	\$ .00	\$ 83,230.70
Accrued Liabilities	33,214.00	.00	6,363.00	22,049.00	.00	61,626.00
Other Liabilities	769.43	.00	.00	.00	.00	769.43
Due from Other Funds	12,495.80	.00	.00	.00	.00	12,495.80
Due from Major Funds	.00	.00	62,101.55	.00	(62,101.55)	.00
Total Liabilities	<u>\$ 91,203.58</u>	<u>\$ .00</u>	<u>\$ 77,758.08</u>	<u>\$ 51,261.82</u>	<u>\$ (62,101.55)</u>	<u>\$ 158,121.93</u>
<u>FUND BALANCE</u>						
Nonspendable	\$ 20,397.00	\$ .00	\$ 27,703.00	\$ 32,488.00	\$ .00	\$ 80,588.00
Assigned	.00	.00	1,186,144.26	68,805.90	.00	1,254,950.16
Unassigned	604,314.95	.00	.00	.00	.00	604,314.95
Total Net Position	<u>\$ 624,711.95</u>	<u>\$ .00</u>	<u>\$ 1,213,847.26</u>	<u>\$ 101,293.90</u>	<u>\$ .00</u>	<u>\$ 1,939,853.11</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 715,915.53</u>	<u>\$ .00</u>	<u>\$ 1,291,605.34</u>	<u>\$ 152,555.72</u>	<u>\$ (62,101.55)</u>	<u>\$ 2,097,975.04</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHEDULE B-1

REVENUES	MAJOR GOVERNMENTAL FUNDS				ELIMINATIONS	TOTAL GENERAL FUND
	GENERAL FUND	GARBAGE DEPARTMENT	FIRE DEPARTMENT	POLICE DEPARTMENT		
<u>Taxes</u>						
Advalorem - General	\$ 235,249.19	\$ .00	\$ 211,409.84	\$ .00	\$ .00	\$ 446,659.03
Sales Taxes	.00	.00	.00	509,242.53	.00	509,242.53
Franchise	201,820.80	.00	.00	.00	.00	201,820.80
Housing Authority in Lieu of Taxes	18,361.00	.00	.00	.00	.00	18,361.00
Total Taxes	<u>\$ 455,430.99</u>	<u>\$ .00</u>	<u>\$ 211,409.84</u>	<u>\$ 509,242.53</u>	<u>\$ .00</u>	<u>\$ 1,176,083.36</u>
<u>Licenses and Taxes</u>						
Alcoholic Beverages	\$ 9,510.00	\$ .00	\$ .00	\$ .00	\$ .00	\$ 9,510.00
Occupational	112,762.00	.00	.00	.00	.00	112,762.00
Occupational Insurance	117,280.16	.00	.00	.00	.00	117,280.16
Other	13,212.00	.00	.00	.00	.00	13,212.00
Video Bingo	75,853.62	.00	.00	.00	.00	75,853.62
Total Licenses and Taxes	<u>\$ 328,617.78</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 328,617.78</u>
<u>Intergovernmental Revenues</u>						
Beer Tax	\$ 6,848.44	\$ .00	\$ .00	\$ .00	.00	\$ 6,848.44
State 2% Insurance Fund	.00	.00	23,130.62	.00	.00	23,130.62
Total Intergovernmental Revenues	<u>\$ 6,848.44</u>	<u>\$ .00</u>	<u>\$ 23,130.62</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 29,979.06</u>
<u>Charges for Services</u>						
Juvenile Court	\$ .00	\$ .00	\$ .00	\$ 100.00	\$ .00	\$ 100.00
Municipal Court Cost	\$ .00	\$ .00	\$ .00	41,531.50	.00	41,531.50
Accident Report	.00	.00	.00	1,290.00	.00	1,290.00
Drug Task Force	.00	.00	.00	2,568.00	.00	2,568.00
AMS Collection	.00	.00	.00	963.66	.00	963.66
Garbage Fees	.00	438,711.13	.00	.00	.00	438,711.13
Zoning Charges	500.00	.00	.00	.00	.00	500.00
Total Charges for Services	<u>\$ 500.00</u>	<u>\$ 438,711.13</u>	<u>\$ .00</u>	<u>\$ 46,453.16</u>	<u>\$ .00</u>	<u>\$ 485,664.29</u>
<u>Fines and Forfeits</u>						
DWI Fines	\$ .00	\$ .00	\$ .00	\$ 2,462.12	.00	\$ 2,462.12
Municipal Court Fines	.00	.00	.00	10,075.00	.00	10,075.00
Bench Warrants	.00	.00	.00	2,580.00	.00	2,580.00
Total Fines and Forfeits	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 15,117.12</u>	<u>\$ .00</u>	<u>\$ 15,117.12</u>
<u>Miscellaneous</u>						
Grants	\$ 6,784.54	\$ .00	\$ .00	\$ 20,000.00	.00	\$ 26,784.54
Condemned Houses	1,350.00	.00	.00	.00	.00	1,350.00
Miscellaneous	51,034.00	.00	1,908.73	4,503.71	.00	57,446.44
Supplemental Pay - State of Louisiana	.00	.00	9,000.00	52,750.00	.00	61,750.00
Sale of Assets	.00	.00	7,290.00	.00	.00	7,290.00
Fees - Farmer's Market	1,620.00	.00	.00	.00	.00	1,620.00
Administrative Fees	75,000.00	.00	.00	.00	.00	75,000.00

Interest Income	551.52	.00	10,614.67	179.26	.00	11,345.45
Total Miscellaneous	\$ 136,340.06	\$ .00	\$ 28,813.40	\$ 77,432.97	\$ .00	\$ 242,586.43
<b>TOTAL REVENUE</b>	<b>\$ 927,737.27</b>	<b>\$ 438,711.13</b>	<b>\$ 263,353.86</b>	<b>\$ 648,245.78</b>	<b>\$ .00</b>	<b>\$ 2,278,048.04</b>
<b>EXPENDITURES</b>						
<b>General and Administrative</b>						
Salaries and Expenditures	\$ 232,599.48	\$ 241,796.77	\$ 80,707.66	\$ 549,996.65	\$ .00	\$ 1,105,100.56
Supplemental Pay	.00	.00	9,000.00	52,750.00	.00	61,750.00
Employee Benefits Expenditures						
Dental Insurance	924.86	2,804.24	376.25	5,012.94	.00	9,118.29
Medicare Tax	3,310.01	3,401.42	1,283.67	8,774.21	.00	16,769.31
FICA	14,153.41	14,543.09	5,488.70	37,517.10	.00	71,702.30
Unemployment	256.49	472.13	160.75	1,103.71	.00	1,993.08
Retirement	28,039.55	51,381.10	22,710.50	20,404.66	.00	122,535.81
Hospital Insurance	23,952.75	64,009.68	13,260.08	110,058.44	.00	211,280.95
Life Insurance	.00	.00	.00	2,080.66	.00	2,080.66
Uniforms	2,901.89	7,112.33	10,489.24	2,368.27	.00	22,871.73
Workers Compensation Insurance	579.78	658.80	1,739.26	936.60	.00	3,914.44
Miscellaneous Employee Expense	1,475.99	29,398.36	4,992.67	19,909.68	.00	55,776.70
Employee Drug Testing	55.00	495.00	80.00	330.00	.00	960.00
Attorney's Fees	11,027.50	.00	.00	.00	.00	11,027.50
Administrative Fees	.00	.00	5,000.00	.00	.00	5,000.00
Auditing	7,690.00	.00	3,345.00	3,690.00	.00	14,725.00
Advertising and Filing	18,035.93	.00	785.50	169.50	.00	18,990.93
Bank Charges	.54	.00	.00	.00	.00	.54
City Hall Maintenance and Supplies	9,039.32	.00	.00	.00	.00	9,039.32
Civil Defense	245.19	.00	.00	.00	.00	245.19
Collection Expenditures						
AMS	.00	.00	.00	351.86	.00	351.86
Sales Taxes	.00	.00	.00	5,714.96	.00	5,714.96
Computer Expenditures	8,289.27	.00	1,843.72	1,505.66	.00	11,638.65
Container Expense	.00	3,282.50	.00	.00	.00	3,282.50
Coroner Expenditures	11,750.00	.00	.00	.00	.00	11,750.00
Dues and Subscriptions	6,735.90	.00	244.00	2,208.05	.00	9,187.95
Election Expense	2,607.44	.00	.00	.00	.00	2,607.44
Insurance	17,444.03	10,466.00	34,628.28	35,572.12	.00	98,110.43
Office Supplies	9,067.38	.00	907.59	4,983.60	.00	14,958.57
Office Cleaning	750.00	.00	.00	300.00	.00	1,050.00
Radio and Equipment Repairs	.00	.00	5,577.73	.00	.00	5,577.73
Vehicle Gas, Oil and Repairs	1,403.50	37,714.64	10,070.91	39,983.40	.00	89,172.45
Equipment Repairs	.00	.00	.00	2,336.23	.00	2,336.23
Repairs & Maintenance	475.21	.00	.00	4,084.55	.00	4,559.76
Telephone	9,998.52	.00	4,696.93	6,240.10	.00	20,935.55
Travel and Training	23,015.01	.00	2,203.79	7,197.43	.00	32,416.23
Supplies	.00	.00	11,321.32	3,929.75	.00	15,251.07
Fire Prevention Payments	.00	.00	3,394.15	.00	.00	3,394.15
Fire Station Repairs	.00	.00	1,541.70	.00	.00	1,541.70
Fire Clothing Allowance	.00	.00	8,366.33	.00	.00	8,366.33

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA

SCHEDULE B-1  
CONTINUED

MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>EXPENDITURES</u>	<u>MAJOR GOVERNMENTAL FUNDS</u>					<u>TOTAL GENERAL FUND</u>
	<u>GENERAL FUND</u>	<u>GARBAGE DEPARTMENT</u>	<u>FIRE DEPARTMENT</u>	<u>POLICE DEPARTMENT</u>	<u>ELIMINATIONS</u>	
<u>General and Administrative Continued</u>						
Prisoner's Expenditures	\$ 1,235.34	\$ .00	\$ .00	\$ 4,305.01	\$ .00	\$ 5,540.35
Dog Expense	.00	.00	.00	2,100.00	.00	2,100.00
Utilities	10,722.46	.00	7,809.60	5,867.67	.00	24,399.73
Asset Purchases	23,346.84	4,295.00	238,513.59	41,750.62	.00	307,906.05
Economic Development	.00	.00	.00	.00	.00	.00
Farmers Market Building	676.00	.00	.00	.00	.00	676.00
Grant Expense	12,495.80	.00	.00	.00	.00	12,495.80
Triad Phone Service	1,100.00	.00	.00	.00	.00	1,100.00
Miscellaneous	7,192.03	3,826.76	5,837.75	3,876.56	.00	20,733.10
Christmas Supply Cost	1,697.31	.00	.00	.00	.00	1,697.31
LSU Ag Center	10,000.00	.00	.00	.00	.00	10,000.00
Code of Ordinances	5,867.98	.00	.00	.00	.00	5,867.98
Website Expense	995.00	.00	.00	.00	.00	995.00
<u>TOTAL EXPENDITURES</u>	<u>\$ 521,152.71</u>	<u>\$ 475,657.82</u>	<u>\$ 496,376.67</u>	<u>\$ 987,409.99</u>	<u>\$ .00</u>	<u>\$ 2,480,597.19</u>
<u>OPERATING REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 406,584.56</u>	<u>\$ (36,946.69)</u>	<u>\$ (233,022.81)</u>	<u>\$ (339,164.21)</u>	<u>\$ .00</u>	<u>\$ (202,549.15)</u>
<u>TRANSFERS</u>						
Transfers Out	\$ (300,000.00)	\$ (41,505.20)	\$ (21,523.37)	\$ .00	\$ 300,000.00	\$ (63,028.57)
Transfers In	.00	.00	268,172.98	300,000.00	(300,000.00)	268,172.98
Total Transfers	<u>\$ (300,000.00)</u>	<u>\$ (41,505.20)</u>	<u>\$ 246,649.61</u>	<u>\$ 300,000.00</u>	<u>\$ .00</u>	<u>\$ 205,144.41</u>
<u>EXCESS OF REVENUE &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY</u>	<u>\$ 106,584.56</u>	<u>\$ (78,451.89)</u>	<u>\$ 13,626.80</u>	<u>\$ (39,164.21)</u>	<u>\$ .00</u>	<u>\$ 2,595.26</u>
<u>FUND BALANCE - JULY 1</u>	<u>596,579.28</u>	<u>.00</u>	<u>1,200,220.46</u>	<u>140,458.11</u>	<u>.00</u>	<u>1,937,257.85</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 703,163.84</u>	<u>\$ (78,451.89)</u>	<u>\$ 1,213,847.26</u>	<u>\$ 101,293.90</u>	<u>\$ .00</u>	<u>\$ 1,939,853.11</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

**NON-MAJOR - SPECIAL REVENUE FUNDS**

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

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FARMERVILLE VOLUNTEER FIRE DEPARTMENT, INC.

The volunteer fire department receives funds from fund raisers, drink sales and from the State of Louisiana 2% rebate funds. Their expenses are purchases of drinks, miscellaneous equipment, fund raiser and volunteer firemen benefits. Most funds are accumulated to be used for purchase of fire department equipment.

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FARMERVILLE AREA FIRE PROTECTION DISTRICT OF UNION PARISH

The Fire District receives proceeds of advalorem taxes from the Sheriff's Department. Five percent of collections are retained by the fire district. The remaining funds are transferred to the Town of Farmerville for use in operating expenses, capital improvements and equipment purchases.

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2002 SALES TAX FUND

On October 20, 2001 an additional ½ of 1% sales and use tax was approved. This tax was approved for construction of a recreation center and street improvements. Bonds were sold in the amount of \$2,900,000 for construction of the recreation center and improvements of the streets. These bonds were paid off by a new bond issued in 2012 for \$2,575,000, which will be paid off from the 2002 sales tax.

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**CAPITAL PROJECTS FUND**

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Capital projects funds should be established when capital acquisition or construction is financed, in whole or in part, through bonds, intergovernmental revenues, major private donations or special assessments. In addition, capital projects funds can be useful when capital acquisition or construction is financed by several funds or over several accounting periods.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

SCHEDULE C

	NON-MAJOR SPECIAL REVENUE FUNDS		
	RECREATION SALES TAX	FARMERVILLE VOLUNTEER FIRE DEPARTMENT	FARMERVILLE AREA FIRE PROTECTION DISTRICT
<u>ASSETS</u>			
Cash and Certificates of Deposits	\$ 413,654.64	\$ 82,677.71	\$ 6,437.94
Receivables			
Sales Taxes	46,871.31	.00	.00
Prepaid Insurance	8,201.30	.00	.00
Bond Sinking Fund	112,266.22	.00	.00
<u>TOTAL ASSETS</u>	<u>\$ 580,993.47</u>	<u>\$ 82,677.71</u>	<u>\$ 6,437.94</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Vouchers Payables	\$ 15,181.87	\$ .00	\$ .00
Accrued Liabilities	5,399.00	.00	.00
<u>TOTAL LIABILITIES</u>	<u>\$ 20,580.87</u>	<u>\$ .00</u>	<u>\$ .00</u>
<u>FUND BALANCE</u>			
Nonspendable	\$ 8,201.30	\$ .00	\$ .00
Restricted	112,266.22	.00	.00
Assigned	439,945.08	82,677.71	6,437.94
<u>TOTAL FUND BALANCE</u>	<u>\$ 560,412.60</u>	<u>\$ 82,677.71</u>	<u>\$ 6,437.94</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 580,993.47</u>	<u>\$ 82,677.71</u>	<u>\$ 6,437.94</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NON-MAJOR GOVERNMENTAL FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2017

SCHEDULE C-1

	NON-MAJOR CAPITAL PROJECTS FUND				
	2012 BONDS CONSTRUCTION	INFA- HIGHWAY IMPROVEMENTS	TIF PROCEEDS GLORY ROAD	DOZIER CREEK	FEMA PROJECT
<u>ASSETS</u>					
Cash	\$ 73,238.79	\$ 22,445.51	\$ 2,866.94	\$ 56.72	\$ .00
Accounts Receivable	.00	.00	.00	.00	396,394.02
<u>TOTAL ASSETS</u>	<u>\$ 73,238.79</u>	<u>\$ 22,445.51</u>	<u>\$ 2,866.94</u>	<u>\$ 56.72</u>	<u>\$ 396,394.02</u>
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES</u>					
Estimate Payable	\$ .00	\$ .00	\$ .00	\$ .00	\$ 386,974.44
Retainage Payable	.00	.00	.00	.00	20,564.60
Total Liabilities	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 407,539.04</u>
<u>FUND BALANCE</u>					
Restricted	\$ 73,238.79	\$ 22,445.51	\$ 2,866.94	\$ 56.72	\$ (11,145.02)
Total Fund Balance	<u>\$ 73,238.79</u>	<u>\$ 22,445.51</u>	<u>\$ 2,866.94</u>	<u>\$ 56.72</u>	<u>\$ (11,145.02)</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 73,238.79</u>	<u>\$ 22,445.51</u>	<u>\$ 2,866.94</u>	<u>\$ 56.72</u>	<u>\$ 396,394.02</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NON-MAJOR GOVERNMENT FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2017

SCHEDULE C-2

<u>ASSETS</u>	<u>TOTAL NON-MAJOR</u>
Cash	\$ 216,871.41
Receivables	396,394.02
Sales Taxes	46,871.31
Prepaid Insurance	8,201.30
Bonds Sinking Funds	112,266.22
Restricted Assets	384,506.84
<u>TOTAL ASSETS</u>	<u>\$ 1,165,111.10</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Vouchers Payable	\$ 422,720.91
Accrued Liabilities	5,399.00
Total Liabilities	<u>\$ 428,119.91</u>
<u>FUND BALANCE</u>	
Nonspendable	\$ 8,201.30
Restricted	199,729.16
Assigned	529,060.73
Total Fund Balance	<u>\$ 736,991.19</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 1,165,111.10</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NON-MAJOR GOVERNMENT FUNDS  
COMBINING STATEMENT OF REVENUE EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE D

	NON-MAJOR SPECIAL REVENUE FUNDS		
	RECREATION SALES TAX	FARMERVILLE VOLUNTEER FIRE DEPARTMENT	FARMERVILLE AREA FIRE PROTECTION DISTRICT
<u>REVENUES</u>			
Taxes			
Sales Taxes	\$ 509,242.53	\$ .00	\$ .00
Advalorem Taxes	.00	.00	268,172.98
Miscellaneous			
Memberships	1,822.00	.00	.00
Youth Programs	5,940.00	.00	.00
Building Rental & Fees	13,150.00	.00	.00
Interest Earned	1,855.30	145.11	10.84
Others	.00	1,521.00	.00
<u>TOTAL REVENUES</u>	<u>\$ 532,009.83</u>	<u>\$ 1,666.11</u>	<u>\$ 268,183.82</u>
<u>EXPENDITURES</u>			
General Government	\$ 314,928.39	\$ 33,083.33	\$ 1,147.12
<u>TOTAL EXPENDITURES</u>	<u>\$ 314,928.39</u>	<u>\$ 33,083.33</u>	<u>\$ 1,147.12</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 217,081.44</u>	<u>\$ (31,417.22)</u>	<u>\$ 267,036.70</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ .00	\$ 21,523.37	\$ .00
Operating Transfers Out	(215,513.79)	.00	(268,172.98)
Total Other Financing Sources (Uses)	<u>\$ (215,513.79)</u>	<u>\$ 21,523.37</u>	<u>\$ (268,172.98)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER USES SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)</u>	<u>\$ 1,567.65</u>	<u>\$ (9,893.85)</u>	<u>\$ (1,136.28)</u>
<u>FUND BALANCE - JULY 1</u>	447,064.94	92,571.56	7,574.22
TRANSFER - DEBT SERVICE FUNDS	<u>111,780.01</u>	<u>.00</u>	<u>.00</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 560,412.60</u>	<u>\$ 82,677.71</u>	<u>\$ 6,437.94</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHEDULE D-1

	<u>NON-MAJOR CAPITAL PROJECTS FUND</u>				
	<u>2012 BONDS CONSTRUCTION</u>	<u>HIGHWAY IMPROVEMENTS</u>	<u>TIF PROCEEDS</u>	<u>DOZIER CREEK</u>	<u>FEMA PROJECT</u>
<u>REVENUES</u>					
Interest Earned	\$ 109.77	\$ 44.11	\$ 110.62	\$ .00	\$ .00
Total Revenues	<u>\$ 109.77</u>	<u>\$ 44.11</u>	<u>\$ 110.62</u>	<u>\$ .00</u>	<u>\$ .00</u>
<u>EXPENDITURES</u>					
General Government	\$ .00	\$ 1,200.00	\$ 12.30	\$ .00	\$ .00
Construction Cost					
Folly Beach - Sewer	.00	.00	38,963.00	.00	.00
Folly Beach - Roads & Drainage	.00	.00	486,827.15	.00	.00
Eagle Drive	.00	.00	.00	.00	598,870.78
Repairs & Maintenance	.00	.00	.00	.00	173,559.71
Total Expenditures	<u>\$ .00</u>	<u>\$ 1,200.00</u>	<u>\$ 525,802.45</u>	<u>\$ .00</u>	<u>\$ 772,430.49</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 109.77</u>	<u>\$ (1,155.89)</u>	<u>\$ (525,691.83)</u>	<u>\$ .00</u>	<u>\$ (772,430.49)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In					
Intermin Financing	\$ .00	\$ .00	\$ 488,000.00	\$ .00	\$ .00
FEMA	.00	.00	.00	.00	543,800.20
Interdepartment Transfers	.00	.00	.00	.00	217,485.27
Operating Transfers Out	.00	.00	.00	.00	.00
Total Other Financing Sources (Uses)	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ 488,000.00</u>	<u>\$ .00</u>	<u>\$ 761,285.47</u>
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>\$ 109.77</u>	<u>\$ (1,155.89)</u>	<u>\$ (37,691.83)</u>	<u>\$ .00</u>	<u>\$ (11,145.02)</u>
<u>FUND BALANCE - JULY 1</u>	<u>73,129.02</u>	<u>23,601.40</u>	<u>40,558.77</u>	<u>56.72</u>	<u>.00</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 73,238.79</u>	<u>\$ 22,445.51</u>	<u>\$ 2,866.94</u>	<u>\$ 56.72</u>	<u>\$ (11,145.02)</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
NON-MAJOR GOVERNMENT FUND  
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE D-2

	<u>NON-MAJOR FUNDS TOTALS</u>
<u>REVENUES</u>	
Taxes	
Sales Taxes	\$ 509,242.53
Advalorem Taxes	268,172.98
Miscellaneous	
Memberships	1,822.00
Youth Programs	5,940.00
Building Rental and Fees	13,150.00
Interest Earned	2,275.75
Others	1,521.00
<u>TOTAL REVENUES</u>	<u>\$ 802,124.26</u>
 <u>EXPENDITURES</u>	
General Government	\$ 350,371.14
Construction Cost	1,124,660.93
Repairs and Maintenance	173,559.71
<u>TOTAL EXPENDITURES</u>	<u>\$ 1,648,591.78</u>
 <u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	 <u>\$ (846,467.52)</u>
 <u>OTHER FINANCING AND SOURCES (USES)</u>	
Operating Transfers In	\$ 1,270,808.84
Operating Transfers Out	(483,686.77)
Total Other Financing Sources (Uses)	<u>\$ 787,122.07</u>
 <u>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	 <u>\$ (59,345.45)</u>
 <u>FUND BALANCE - JULY 1</u>	 684,556.63
 <u>TRANSFER - DEBT SERVICE FUNDS</u>	 <u>111,780.01</u>
 <u>FUND BALANCE - JUNE 30</u>	 <u>\$ 736,991.19</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 2017

SCHEDULE E

<u>INSURANCE COMPANY</u>	<u>POLICY NUMBER</u>	<u>DATES</u>	<u>TYPE</u>	<u>COVERAGE</u>	<u>COST</u>	<u>PREPAID</u>
Western Surety	18297290	07/03/17 - 07/03/18	La. P E H B # 1	\$ 10,000.00	\$ 161.00	\$ .00
	68716392	04/09/17 - 04/09/18	La. P E Position Schedule #1	10,000.00	100.00	.00
	18306710	09/01/16 - 09/01/17	La. P E Position Schedule # 1	10,000.00	100.00	.00
	18295749	07/18/17 - 07/18/18	La. Clerk & Tax Collector - Gay Nell Pepper	300,000.00	1,750.00	.00
	14552362N	01/16/14 - 01/16/19	La. Notary Public - Gay Nell Pepper	10,000.00	.00	.00
	15243804	10/01/16 - 10/01/17	Mayor Stein Baughman, Jr.	200,000.00	350.00	.00
	13355742	08/22/17 - 08/22/18	La. Supervisor of Public Service Mike Allen	25,000.00	100.00	.00
	14552375N	01/16/14 - 01/16/19	La. Notary Public - Mike Allen	10,000.00	.00	.00
	24905268	02/22/17 - 02/22/20	La. Town Council Alderman - Jerry Taylor	100,000.00	350.00	.00
						<u>\$ 2,911.00</u>
One Beacon Insurance	791-00-0650-0003	05/01/17 - 05/01/18	Commercial General Liabilities			
			General Aggregate	\$ 2,000,000.00		
			Products - Completed Operations	2,000,000.00		
			Personal A - Bodily Injury & Property Damage	1,000,000.00		
			Personal B - Personal & Advertising Injury	1,000,000.00		
			Damages to Premises Rental	300,000.00		
			Failure to Supply	500,000.00		
			Sexual Abuse	300,000.00	\$ 41,565.00	\$ 34,637.00
			Professional Liability Coverages			
			Public Officials Errors & Omissions	1,000,000.00		
Public Officials Employment Practices	1,000,000.00					
Public Officials Employment Benefits Administration	1,000,000.00					
Law Enforcement Liability	1,000,000.00	16,206.00	13,505.00			
One Beacon Insurance			Business Auto			
			Liability Insurance	1,000,000.00		
			Louisiana Uninsured Motorists Coverage - Bodily Injury	300,000.00	65,302.00	54,418.00
					<u>\$ 123,073.00</u>	<u>\$ 102,560.00</u>
VFIA	VFIS TR-2067220-04	05/01/17 - 05/01/18	Emergency Service Organization Portable Equipment	**	\$ 2,916.00	\$ 2,430.00

			Autos - Liability	\$ 1,000,000.00	17,763.00	14,802.00
			Medical Payments	300,000.00		
			Uninsured Motorists	300,000.00		
			General Liability Coverage	1,000,000.00	707.00	589.00
			** Guaranteed Replacement Cost	250.00		
			Fee		40.48	.00
					<u>\$ 21,426.48</u>	<u>\$ 17,821.00</u>
VFIA	VFP 4319-5718E-01	05/01/17 - 05/01/18	Volunteer Firemen			
			Accidental Death Benefit Amount	\$ 75,000.00		
			Illness Loss of Life Benefit Amount	75,000.00		
			Dependent Child & Education			
			Benefit Amount	30,000.00		
			Spousal Support & Education			
			Benefit Amount	15,000.00	<u>\$ 3,379.00</u>	<u>\$ 2,816.00</u>
EMC Insurance Company	5X5-91-96-18	01/01/17 - 01/01/18	Property			
			Property & Equipment Breakdown			
			Buildings	\$ 4,820,730.00		
			Personal Property	3,915,000.00		
			Property in the Open	730,000.00		
			Total	<u>\$ 9,465,730.00</u>	\$ 26,600.00	\$ 13,300.00
			2005 LA Fair Plan		712.81	.00
					<u>\$ 27,312.81</u>	<u>\$ 13,300.00</u>
EMC Insurance Company	5C5-91-96-18	01/01/17 - 01/01/18	Inland Marine			
			Contractors Equipment	\$ 671,583.00	<u>\$ 6,043.00</u>	<u>\$ 3,021.00</u>
Louisiana Workers Compensation Corporation	105877929	01/01/17 - 01/01/18	Workers Compensation			
			Bodily Injury By Accident	\$ 1,000,000.00		
			Bodily Injury By Disease -			
			Policy Limit	1,000,000.00		
			Bodily Injury By Disease -			
			Each Employee	1,000,000.00		
Travelers	105877929	01/01/17 - 01/01/18	Crime Policy			
			Employee Theft	\$ 50,000.00		
			Forgery or Alteration	50,000.00		
			On Premises	25,000.00		
			Claim Expense	5,000.00	<u>\$ 521.00</u>	<u>\$ 260.00</u>
<b>TOTALS</b>					<u>\$ 184,666.29</u>	<u>\$ 139,778.00</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
CASH ACCOUNTS AND INVESTMENTS  
JUNE 30, 2017

SCHEDULE F

<u>GENERAL FUND</u>	<u>INTEREST RATE</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL FUNDS</u>
Checking				
General Fund	0.15%	\$ 475,569.73	\$ .00	\$ 475,569.73
Property Tax Account	-	904.39	.00	904.39
Property Tax - Protested	-	769.43	.00	769.43
Payroll Account	-	901.49	.00	901.49
Accounts Payable	-	1,000.00	.00	1,000.00
 <u>FIRE DEPARTMENT</u>				
Checking	0.05%	97,312.24	.00	97,312.24
Savings	1.25%	708,717.04	.00	708,717.04
Reserve	.50%	457,384.36	.00	457,384.36
 <u>POLICE DEPARTMENT</u>				
Checking	.50%	46,784.15	.00	46,784.15
 <u>UTILITY FUND</u>				
Water Department				
Checking				
Regular	0.15%	.00	55,666.99	55,666.99
Water Meter	0.15%	.00	10,589.61	10,589.61
Petty Cash	-	.00		
Certificates of Deposits				
Water Meter Account	0.03%	.00	191,682.67	191,682.67
Water	1.25%	.00	425,893.47	425,893.47
Water Department Reserve	1.25%	.00	107,317.34	107,317.34
USDA Regions Account		.00	214,722.66	214,722.66
USDA Water Construction	0.50%	.00	14,592.91	14,592.91
USDA Water Debt Service	0.50%	.00	116,110.91	116,110.91
USDA Water Depreciation	0.50%	.00	95,581.27	95,581.27
USDA Water Sinking Fund	0.50%	.00	999.58	999.58
LCDBG Grant	-	.00	119.29	119.29
Escrow Deposit	-	.00	349.21	349.21
<u>Sewer Department</u>				
Checking				
Sewer	0.05%	.00	76,253.47	76,253.47
Savings/Certificate of Deposits				
Sewer Depreciation	1.25%	.00	97,291.53	97,291.53
 <u>VOLUNTEER FIRE DEPARTMENT</u>				
Checking	-	36,225.79	.00	36,225.79
Certificate of Deposit	-	46,451.92	.00	46,451.92
 <u>FARMERVILLE AREA FIRE PROTECTION</u>				
Checking	0.15%	6,437.94	.00	6,437.94
 <u>CAPITAL PROJECTS FUND</u>				
Dozier Creek - Checking	-	56.72	.00	56.72
TIF Funds - \$500,000 Bonds				
Checking	0.15%	2,866.94	.00	2,866.94
Capital Outlay				
Checking	0.21%	22,445.51	.00	22,445.51
2012 Bond Construction				
Checking	0.15%	73,238.79	.00	73,238.79
LCDBG Grant	-	.00	52.95	52.95

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
CASH ACCOUNTS AND INVESTMENTS  
JUNE 30, 2017

SCHEDULE F  
CONTINUED

<u>SALES TAX FUNDS</u>	<u>INTEREST RATE</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL FUNDS</u>
Checking				
Regular	1.25%	\$ 153,654.37	\$ .00	\$ 153,654.37
Savings				
Street Sales Tax Fund	1.25%	504,410.33	.00	504,410.33
Street Reserve Fund	1.25%	109,308.05	.00	109,308.05
USDA				
Equipment Sinking	-	3,163.42	.00	3,163.42
Equipment Reserve	-	15,381.72	.00	15,381.72
Depreciation & Contingency	-	13,793.77	.00	13,793.77
TIF Escrow	-	23,201.85	.00	23,201.85
<u>2002 SALES TAXES - RECREATION</u>				
Checking	1.25%	75,599.72	.00	75,599.72
Certificate of Deposit	0.03%	338,054.92	.00	338,054.92
Bond Reserve	-	<u>112,266.22</u>	<u>.00</u>	<u>112,266.22</u>
<u>TOTAL</u>		<u>\$ 3,325,900.81</u>	<u>\$ 1,407,223.86</u>	<u>\$ 4,733,124.67</u>
<u>CASH ON HAND:</u>				
General Fund		\$ 300.00	\$ .00	\$ 300.00
Police		150.00	.00	150.00
Water		<u>.00</u>	<u>200.00</u>	<u>200.00</u>
Total		<u>\$ 450.00</u>	<u>\$ 200.00</u>	<u>\$ 650.00</u>
<u>GRAND TOTAL</u>		<u>\$ 3,326,350.81</u>	<u>\$ 1,407,423.86</u>	<u>\$ 4,733,774.67</u>

The notes are an integral part of these statements. See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO THE ELECTED OFFICIALS  
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE G

**MAYOR**

Stein Baughman	\$	37,802.34
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**ALDERMEN / ALDERWOMEN**

Jerry Taylor	\$	14,300.00
Lavelle Maine		12,400.00
Wayne Jones		6,200.00
Gerome Nation		7,100.00
Caroline Gatson		12,200.00
Robert Allen		6,000.00
Ricky Johnikin		6,000.00

**MARSHALL**

Bim Culbertson	\$	9,000.00
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**POLICE CHIEF**

Bim Culbertson	\$	59,926.60
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The elected officials' term began on January 1, 2017.

See accompanying notes and auditors' report.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2017

SCHEDULE H

Stein Baughman, Mayor

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 37,802.34
Benefits - Insurance	8,923.93
Benefits - Retirement	None
Benefits	None
Telephone	\$ 802.98
Car Allowance	\$
Vehicle Provided by Government	\$
Per Diem	\$
Reimbursements	None
Travel	\$ 5,966.70
Registration Fees	\$
Conference Travel	\$
Continuing Professional Education Fees	None
Housing	None
Unvouchered Expenses	None
Special Meals	None
Uniforms	\$ 172.81
Utilities Discount	\$ 237.90

\* Note: The mayor has a Town owned vehicle that he uses to drive in Town. He uses his personal vehicle for out-of-town trips. Personal use of the Town's vehicle is offset against his car allowance. The amount for travel includes gas purchased for the Town's vehicle.

See accompanying notes and auditors' report.

INDEPENDENT AUDITORS' 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 AND THE AGGREGATE REMAINING FUND INFORMATION

GARRETT & GARRETT  
CERTIFIED PUBLIC ACCOUNTANTS  
119 PROFESSIONAL DRIVE  
WEST MONROE, LOUISIANA 71291

CAROLYN V. GARRETT  
JUDY D. GARRETT

PHONE: 318 322-0845  
FAX: 318 322-5577

December 14, 2017

INDEPENDENT AUDITORS' 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 AND THE AGGREGATE  
REMAINING FUND INFORMATION

To the Honorable Mayor Stein Baughman  
and Members of the Board of Aldermen and Alderwomen  
Town of Farmerville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Farmerville, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Farmerville, Louisiana's basic financial statements, and have issued our report thereon dated December 14, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2017 -01 - 2017-07.

**Compliance and Other Matters**

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

**Town of Farmerville, Louisiana's Response to Findings**

The Town of Farmerville, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Farmerville, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

To the Honorable Mayor Stein Baughman  
and Members of the Board of Aldermen and Alderwomen  
Town of Farmerville, Louisiana  
Page 2

**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. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Garrett and Garrett, CPAs

A handwritten signature in black ink that reads "Garrett & Garrett CPAs". The signature is written in a cursive, slightly stylized font.

West Monroe, Louisiana  
December 14, 2017

SCHEDULE OF PRIOR YEAR RECOMMENDATIONS  
AND QUESTIONED COSTS

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF PRIOR YEAR RECOMMENDATIONS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

Findings related to the Financial Statements that are required to be reported under Government Auditing Standards.

**2016-01 Water System Meter Readings**

**Internal Control**

**Condition** - The Town bills utility customers each month based on the meter readings of each meter. The Town had bills that did not have meter readings or very low readings.

**Cause** - From our review of the readings and conversations with Town's employees, some of the meters were not read by the meter readers, while other accounts did not have readings due to defective meters.

**Effect** - Since the Town does not have correct meter readings, the Town will lose money in their monthly billing. This will also cause public relation problems with these accounts when the meters are actually read and the customer receives a huge bill.

**Recommendation** - We recommend that the Town monitor low or no readings and investigate why the readings are low on a monthly basis.

**Management's Corrective Action Plan** - The Town purchased 300 new meters and are in the process of replacing defective meters. The business office personnel is monitoring low readings and notifying management of any continuing problems.

**Actions Taken in 2017** - The problems with meters with zero readings are ongoing. The Town is still in the process of replacing meters and still have problems with the meter not being read.

**2016-02 Police Tickets**

**Internal Control**

**Condition** - According to the Louisiana Legislative Auditor's Best Practice over Traffic Tickets the Town should account for the numerical sequence of tickets issued and account for the final disposition of citations monthly.

**Cause** - The Town does not maintain a numerical sequence of the traffic tickets and we did not find that anyone was monitoring the disposition of the tickets on a monthly basis.

**Effect** - In the prior year, one of the employees stole police ticket payments by manipulating the police ticket receivable system by not posting payments and tickets to the system. If no one is monitoring the ticket numbers and disposition of the tickets then the loss of funds could occur again.

**Recommendation** - We recommend that the Town reconcile the outstanding tickets each month and report these findings to the police department and the business office. We also recommend a monthly report of the unpaid tickets be given to the Chief of Police and the Town's business office to monitor any outstanding tickets.

**Management's Corrective Action Plan** - The Town will have the court clerk check the ticket system to make sure that all tickets numbers are accounted for and report to the Chief of Police and Mayor outstanding tickets.

**Actions taken in 2017** - The Town started a file where the police tickets are filed numerically. However, we could not find any evidence that the Town reports or is keeping up with outstanding tickets.

**2016-03 Mileage Logs**

**Internal Control**

**From 2014**

**Condition** - The Town is to maintain mileage logs on the Town's vehicles. Some employees take the Town vehicle home and use it for commuting to and from work. According to Town policy the vehicle are to be used only for commuting and no other personal mileage is allowed.

**Cause** - The Town does not review the mileage on a per person basis and are not made accountable for the mileage they drive. The Mayor reviews the total gasoline purchased by each individual which would show any anomalies in the cost of the fuel but does not necessarily show any personal miles driven on the automobiles.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF PRIOR YEAR RECOMMENDATIONS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**Effect** - Based on our conversation with the IRS, to be compliant with IRS requirements the Town would have to monitor the mileage and actively prohibit any personal mileage. Because the mileage log does not include details of the reason for the mileage, the IRS may reject the logs and require that any employee that takes the vehicles home include the total mileage as personal and add to their W2 the fair value rental of the vehicle. This would increase the Town's taxes payable to the federal government as well as the individual.

**Recommendation** - We recommend as a minimum that any out-of-town trips be documented either when the mileage is called in or with a separate log. In addition, the employees need to be encouraged to log in their mileage daily. The IRS defined what vehicles could be exempt from the commuting rules. Commuting is considered personal miles however; there is an exception for first responders. According to their definition only vehicles such as police cars and rescue units driven by firemen are considered. To be considered an exception to the commuting inclusion rules, trucks and autos have to include equipment such as emergency lights bar, radios, and other items found in a typical police car, as well as decals or permanent signs that indicate the vehicle is a fire department or police department vehicle. For the employees that do not qualify as first responders and only have commuting mileage, the Town can use \$3 a day for personal miles and include that figure as income on their W2s.

**Management's Corrective Action Plan** - The Town will have each supervisor document any out of Town trips made and any unusual mileage over the employee's average daily mileage. The Town will develop procedures to comply with the IRS requirements.

**Actions Taken in 2017** - We did not find any evidence of documentation of out of Town trips and unusual mileage.

#### **2016-04 Farmers' Market**

##### **Internal Control**

**Condition** -The Town rents out a building to farmers and other individuals to sell items to the public. The documentation to verify the income is incomplete.

**Cause** - The Town does not receive a material amount of money for the market rental. The fees are \$15 to \$30 a day. The market is booked without paying the rental or money can be paid after the rental event if at all. The Town does not have procedures in place to prevent individuals or organizations from using the building without paying. Because the building is booked without payment, the Town may be losing booking opportunities.

**Effect** - The Town could be losing money on the rentals, because the lack of procedures to control the use of the building.

**Recommendation** - We recommend the Town come up with a better booking system than what is being used at present. Any bookings by phone have to be paid before the building can actually be rented out. The Town may need to revise their fees for the rentals. The Town may use a calendar of events that is posted for the public to view of future rentals. The Town should have a form to use to book rentals of the building.

**Management's Corrective Action Plan** - The Town decided to use a form for rentals of the building and indicate the date paid on the form as well as to post a calendar of events on the building for the general public to view.

**Actions Taken in 2017** - The Town now requires the payment before the building is booked. They did not decide to use a form for the rental. They purchased a sign to post the calendar of events for the general public to view.

#### **2016-05 Payroll Records**

##### **Internal Control**

**Condition** - The Town uses time clocks to record time worked for each of its employees both hourly and salaried. From our review of these records it appears that a number of the employees are not clocking in or out properly requiring the supervisors or the payroll clerk to override or correct the time recorded. In some of the time records overtime pay is not documented.

**Cause** - The Town's time clocks are located in several different locations in the Town's facilities. The time clocks use thumb or finger prints to clock an employee in or plastic cards. Some of the overrides are due to the fact that employees are working out of the office and it is impractical for them to clock in and out or they are on vacation or sick. However it appears the major issue is the employees are just not clocking in or out. The Town has not been requiring employees to have overtime approved before it is worked.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF PRIOR YEAR RECOMMENDATIONS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**Effect** - The Town installed the clocks to keep up with the time for each employee. If the employees are not properly using the clocks, this could cause extra unnecessary work for the Town's supervisors and payroll clerk. This would also allow extra pay to be generated that may not have been due to the employees in the form of overtime.

**Recommendation** - We recommend the Town review their payroll policy and make revisions to their policy for actions to be taken for chronic offenders that do not use the time clocks properly. We also recommend the Town review their policy on overtime. We recommend that unless the overtime is due to an emergency situation, all overtime has to be approved by the employee's supervisor prior to working the overtime. The Town needs to review their overtime policy to make sure they are in accordance with any new labor laws in effect.

**Management's Corrective Action Plan** - The Town's management will discuss with each supervisor the problems with the overtime and time clock issues and come up with a policy to try to correct these problems. The employees that work out of the office will be charged a lunch deduction from their daily time to prevent them from having to clock out at noon. This will only require them to clock out at the end of the day.

**Actions Taken in 2017** - We did not find a lot of improvement with the employees clocking in and out properly. Overtime and time off was documented. The Town council is now monitoring overtime paid.

SCHEDULE OF FINDINGS, QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2017

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDIT STANDARDS**

Our recommendations are the result of our assessment of the current procedures and practices of the Town's operations and are intended to improve controls over financial operations, provide advice in implementing good business practices, and ensure compliance with state laws. However, management of the Town should consider the cost of implementing our recommendations compared to the benefits they will provide.

**2017-01 Water System Meter Readings**

**Internal Control**

**From 2016**

**Condition** - The Town bills utility customers each month based on the meter readings of each meter. The Town had bills that did not have meter readings or very low readings.

**Cause** - From our review of the readings and conversations with Town's employees, some of the meters were not read by the meter readers, while other accounts did not have readings due to defective meters.

**Effect** - Since the Town does not have correct meter readings, the Town will lose money in their monthly billing. This will also cause public relation problems with these accounts when the meters are actually read and the customer receives a huge bill.

**Recommendation** - We recommend that the Town monitor low or no readings and investigate why the readings are low on a monthly basis.

**Management's Corrective Action Plan** - The Town purchased 300 new meters and are in the process of replacing defective meters. The business office personnel is monitoring low readings and notifying management of any continuing problems.

**Actions Taken in 2017**- The problems with meters with zero readings are ongoing. The Town is still in the process of replacing meters and still have problems with the meter readings that are inconsistent.

**Management's Corrective Action Plan** - The Town has changed their procedures for the monitoring of low meter readings from the water department to the business office. Some of the meters that were not being read are now being read as of August 2017. The problems with the meters are still ongoing but the water department is working replacing the meters that do not work.

**2017-02 Police Tickets**

**Internal Control**

**From 2016**

**Condition** - According to the Louisiana Legislative Auditor's Best Practice over Traffic Tickets the Town should account for the numerical sequence of tickets issued and account for the final disposition of citations monthly.

**Cause** - The Town does not maintain a numerical sequence of the traffic tickets and we did not find that anyone was monitoring the disposition of the tickets on a monthly basis.

**Effect** - In the prior year, one of the employees stole police ticket payments by manipulating the police ticket receivable system by not posting payments and tickets to the system. If no one is monitoring the ticket numbers and disposition of the tickets then the loss of funds could occur again.

**Recommendation** - We recommend that the Town reconcile the outstanding tickets each month and report these findings to the police department and the business office. We also recommend a monthly report of the unpaid tickets be given to the Chief of Police and the Town's business office to monitor any outstanding tickets.

**Management's Corrective Action Plan** - The Town will have the court secretary check the ticket system to make sure that all tickets numbers are accounted for and report to the Chief of Police and Mayor outstanding tickets.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2017

**Actions taken in 2017** - The Town started a file where the police tickets are filed numerically. However, we could not find any evidence that the Town reports or is keeping up with outstanding tickets.

**Management's Corrective Action Plan** - The clerk responsible for the police ticket numbers will start giving the police chief a monthly report of unpaid tickets and a list of outstanding ticket numbers.

**2017-03 Mileage Logs**

**Internal Control**

**From 2014**

**Condition** - The Town is to maintain mileage logs on the Town's vehicles. Some employees take the Town vehicle home and use it for commuting to and from work. According to Town policy the vehicle are to be used only for commuting and no other personal mileage is allowed.

**Cause** - The Town does not review the mileage on a per person basis and are not made accountable for the mileage they drive. The Mayor reviews the total gasoline purchased by each individual which would show any anomalies in the cost of the fuel but does not necessarily show any personal miles driven on the automobiles.

**Effect** - Based on our conversation with the IRS, to be compliant with IRS requirements the Town would have to monitor the mileage and actively prohibit any personal mileage. Because the mileage log does not include details of the reason for the mileage, the IRS may reject the logs and require that any employee that takes the vehicles home include the total mileage as personal and add to their W2 the fair value rental of the vehicle. This would increase the Town's taxes payable to the federal government as well as the individual.

**Recommendation** - We recommend as a minimum that any out- of- town trips be documented either when the mileage is called in or with a separate log. In addition, the employees need to be encouraged to log in their mileage daily. The IRS defined what vehicles could be exempt from the commuting rules. Commuting is considered personal miles however; there is an exception for first responders. According to their definition only vehicles such as police cars and rescue units driven by firemen are considered. To be considered an exception to the commuting inclusion rules, trucks and autos have to include equipment such as emergency lights bar, radios, and other items found in a typical police car, as well as decals or permanent signs that indicate the vehicle is a fire department or police department vehicle. For the employees that do not qualify as first responders and only have commuting mileage, the Town can use \$3 a day for personal miles and include that figure as income on their W2s.

**Management's Corrective Action Plan** - The Town will have each supervisor document any out of Town trips made and any unusual mileage over the employee's average daily mileage. The Town will develop procedures to comply with the IRS requirements.

**Actions Taken in 2017** - We did not find any evidence of documentation of out of Town trips and unusual mileage.

**Management's Corrective Action Plan** - The Town is researching the cost of putting GPS trackers on the vehicles. However, if this cost is prohibitive, the Town will review the cost of the gasoline by employee to control the mileage.

**2017-04 Payroll Records**

**From 2016**

**Internal Control**

**Condition** - The Town uses time clocks to record time worked for each of its employees both hourly and salaried. From our review of these records it appears that a number of the employees are not clocking in or out properly requiring the supervisors or the payroll clerk to override or correct the time recorded. In some of the time records overtime pay is not documented.

**Cause** - The Town's time clocks are located in several different locations in the Town's facilities. The time clocks use thumb or finger prints to clock an employee in or plastic cards. Some of the overrides are due to the fact that employees are working out of the office and it is impractical for them to clock in and out or they are on vacation or sick. However it appears the major issue is the employees are just not clocking in or out. The Town has not been requiring employees to have overtime approved before it is worked.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2017

**Effect** - The Town installed the clocks to keep up with the time for each employee. If the employees are not properly using the clocks, this could cause extra unnecessary work for the Town's supervisors and payroll clerk. This would also allow extra pay to be generated that may not have been due to the employees in the form of overtime.

**Recommendation** - We recommend the Town review their payroll policy and make revisions to their policy for actions to be taken for chronic offenders that do not use the time clocks properly. We also recommend the Town review their policy on overtime. We recommend that unless the overtime is due to an emergency situation, all overtime has to be approved by the employee's supervisor prior to working the overtime. The Town needs to review their overtime policy to make sure they are in accordance with any new labor laws in effect.

**Management's Corrective Action Plan** - The Town's management will discuss with each supervisor the problems with the overtime and time clock issues and come up with a policy to try to correct these problems. The employees that work out of the office will be charged a lunch deduction from their daily time to prevent them from having to clock out at noon. This will only require them to clock out at the end of the day.

**Actions Taken in 2017** - We did not find a lot of improvement with the employees clocking in and out properly. Overtime and time off was documented. The Town council is now monitoring overtime paid.

**Management's Corrective Action Plan** - The Town will consider changing their overtime policy and change procedures in the business office for time cards that are not clocked in and out properly.

**2017-05 Petty Cash and Change Funds**

**Internal Control**

**Condition** - The Town's departments have several cash change funds and petty cash funds used to buy small items and make change for customers who pay for certain charges.

The Recreation Center does not have a change fund. At one time the Center did have a change fund but they do not have one now. The Clerk told me that if someone came in that needed change on their payment and they did not have enough money in their daily collections, the employee told them to go to the bank and get change. We asked what happened to the change fund and they said it disappeared when the last director left. However, they do not know for sure if he actually took the money or used it to pay for supplies for the Center.

In the Police Department, there is a petty cash fund in the Chief's office that is locked up. The Clerk said they started keeping small fees they charged to individuals so they could use it for change and supplies because they could not get to the Chief's petty cash. From what we observed, the Town does not replenish petty cash funds on a routine basis, so there is no accounting for these purchases or payments at least yearly. The cashiers are not posting cash short and overs when their boxes do not equal the correct amount on a timely basis.

**Cause** - the Town does not have a policy regarding procedures for the use of the change funds and petty cash funds.

**Effect** - These funds although not individually material may be abused by Town employees of purchases that do not have a business purpose for the Town.

**Recommendation** - We recommend that the Town write up a petty cash policy to include what type of purchases or services are to be paid out of the petty cash fund. Since the Town has accounts with Wal Mart and other businesses in Town, we would put a limit on any supplies paid through petty cash. The Town needs to require that receipts for payments made out of the petty cash funds be given to the payables clerk to record and replenish the fund on a timely basis.

We recommend that payments out of a change fund be prohibited. A change fund is used to make change for customers paying the Town for services or other reasons, payments should never be taken out of a change fund.

The Town's departments are required by policy to deliver all collections and receipts to the Town's business office. The Town should advise each department of this policy and have written discipline procedure for the employees that do not follow the policy. The Town should also set up change funds in those departments that need them.

We recommend the Town require cashiers to record cash short and over on a daily basis.

**Corrective Action Plan** - The Town agrees with the recommendation and will set up a change fund in the Recreation Department. They will also update their procedures to make sure all funds are deposited for collections.

TOWN OF FARMERVILLE  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2017

**2017-06 Utility Customer Cut offs**

**From 2016**

**Internal Control**

**Condition-** The Town is not terminating utility services on some of its customers for non-payment. Some of the documentation on these customers indicates that their water meter is locked off; however, they still have usage in the following months. Some of the customers have never paid and they still receive service.

**Cause -** The cut off policy appears not to be enforced by the Town.

**Effect -** The Town is losing money each month on services. The Town is also in violation of Louisiana Constitution Article 7 section 14(A) which prohibits the Town from loaning, pledging or donating funds, credit, property, or things of value of the Town.

**Recommendation -** We recommend that the cut off procedures be reviewed to find out why certain customers are not cut off. If the reason for not cutting someone off is because of a water leak; then the Town should require at least a minimum payment of their bill or a payment equal to their average bill, until the bill can be adjusted. We also recommend that the cut off list be approved by the mayor, a council member or a subcommittee of the council. The Town should prohibit any one person from deciding if a customer services should either not be turned off or on. All actions in these matters should follow the Town's written policy or ordinance.

**Corrective Action Plan -** The Town will follow their written policy as it refers to cut offs.

**2017-07 – Meal Per Diem Rate**

**Internal Control**

**Condition -** The Town set their meals and other incidental expense rate at \$75 per day which is higher than the IRS approved rate. The approved rate for 2017 is \$51 a day for all areas in Louisiana except for \$59 in Baton Rouge and \$64 for New Orleans including certain areas in central Louisiana. According to policy, actual meal expense can be reimbursed as long as the Town receives a receipt for the meal.

**Cause -** The Town set up the rate a few years ago and has not checked the federal rates to make sure they are in compliance. Their policy lists rates of \$50 in Louisiana and \$70 for New Orleans and Baton Rouge and out of state travel. A couple of years ago they changed the per diem to \$75 a day. They were under the understanding this rate was the approved federal rate.

**Effect -** Federal tax laws require employers to include in the employee's W2 per diem reimbursement of more than the federal guidelines for business meals and incidentals.

**Recommendation -** We recommend that employees that are paid for actual meal expenses be limited to the per diem rates. We also recommend the Town update their travel reimbursement policy to be limited to the federal guidelines for meal and incidentals per diem. If the Town does chooses to keep the per diem at the higher rate, then the difference in the rates should be included as part of their W2 income.

**Corrective Action Plan -** The Town will update their policy to include the maximum reimbursement to the federal rates. The Town will also limit the reimbursement for actual meal charges to the per diem rates.

Town of Farmerville  
Farmerville, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2017

# *Garrett and Garrett cpas*

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Mayor M. Stein Baughman, Jr.  
the Councilmen and Councilwomen of the Town of Farmerville,  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Farmerville, Farmerville, Louisiana (Town) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Farmerville's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the Town is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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.

### *Written Policies and Procedures*

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.  
*We received the Town's current policy and procedures and the areas listed above were addressed.*
  - 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.  
*We obtained the written policy and procedures and all areas were addressed in their current policy.*
  - c) **Disbursements**, including processing, reviewing, and approving.  
*All areas were addressed in their current policy.*
  - d) **Receipts**, including receiving, recording, and preparing deposits  
*All areas were addressed in their current policy.*

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

*All areas were addressed in the policy.*

- 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

*All areas were addressed in the policy.*

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

*All areas were addressed in their current policy.*

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

*The current policy has not been updated for the approved per diem rate for meals and other incidental expenses. The other areas were addressed in the current policy.*

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

*In the current ethics policy, the policy does not mention number 2, 3, and 4. The Town changed this policy to include the areas suggested listed in this report.*

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

*All areas that applied to the Town were addressed in the Town's current policy.*

**Board (or Finance Committee, if applicable)**

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

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

*The board met at least monthly.*

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

*Based on our inquires of the board and Town clerk, the board is given a budget to actual report each month. However, the minutes only mention the approval of payables.*

*Management response: The Town Clerk will include the wording in the minutes to indicate the council is given budget-to-actual comparisons each month.*

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

*The budget-to-actual comparisons do not show a deficit spending. The Town does not have a written plan.*

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

*The minutes do refer to contracts, bids, grant applications, overtime approvals and authorization for the mayor to sign agreements with third parties.*

### ***Bank Reconciliations***

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

*We obtained a list of the client's bank accounts and their representation that the list is complete.*

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

- a) Bank reconciliations have been prepared;

*We obtained bank statements and reconciliations for all months in the fiscal period. All checking accounts were reconciled monthly.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*The mayor had reviewed all checking and savings accounts.*

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

*9 of the checking accounts had no transactions over 6 months old, the other 4 of the accounts reviewed had old outstanding checks.*

*Corrective Action Plan: The Town has taken care of this problem in October 2017 by correcting these accounts according to policy.*

### ***Collections***

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

*We obtained a list from the Town and their representation that the listing is complete.*

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

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

1. *The Town has a separate bond on their business office cashiers and the clerk that handles the deposits for a total of \$30,000. They do not have a separate bond on the clerks in the police department and the recreation department that collect money. They have a crime policy that covers theft, forgery and crimes on the premises with varying amounts of coverage, from \$50,000 to \$5,000 for administrative*

*cost. According to the agent with the insurance company, this policy would cover the employees that do not have a separate bond.*

2. *The Town has one employee that deposits cash in the bank and reconciles the bank statements. Since some of the cash receipts are not posted to the cash receipts system, this employee may also record the deposits as a journal entry. The receipts that are posted as journal entries are normally items such as interest income, direct deposits that do not affect customer bills such as sales tax and other deposits that go directly from payer to the bank. There are no compensating controls performed by an outside party.*

3. *In the business office, each cashier has their own separate cash drawer. However, in the recreation department and the police department, there is no separate drawer and any of the employees may collect money in the recreation department. In the police department, the change fund is locked up in the chief's office and only employees that have keys may access that drawer. (See Finding 2017-05)*

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

*We obtained the bank reconciliations and reviewed reports and receipts. The Town does have existing policies regarding reconciliations in the business office to subsidiary ledgers. The other departments bring cash collections to the business office so they would only reconcile collections to their daily receipts.*

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

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

*We found 1 receipt from the recreation department that took more than 1 day to deposit to the bank, but it was deposited within in 2 days. The recreation department collects fees to use the gym daily, plus they rent the facility. They are required to give the business office the receipts and collections daily. Since the recreation department closes after the business office, their collections are brought to the business office the next morning. In the police department, receipts written for fees other than police tickets were not given to the business office. That department kept the money to serve as a petty cash fund. We did not receive access to the receipts written during this audit year except for May and June 2017. There were only 2 receipts written in that time frame totaling \$10 for accident reports. We reviewed the police department receipts written in August, September, and October 2017. In that time frame only 12 receipts were written. 6 of the receipts totaling \$42 were held for petty cash and not deposited. The other 6 receipts were written for police tickets totaling \$1,650.50. We traced the receipts written in August and the first week of September 2017 to the bank statement. None were deposited within 1 business day of the receipt; however, the receipts for police tickets were deposited within 2 days of the date of the receipt. When we questioned the receipts written for miscellaneous police charges, the clerk in the police department brought in \$35 which was the amount left in the petty cash fund on November 2, 2017. (See Finding 2017-05)*

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

*We did not find any collections that we reviewed that were not supported by a written receipt, a system report, or check stub.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation

with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*The Town has written documentation to reconcile their daily receipts to collections in the business office, the recreation department and the police department. The police and the recreation departments do not have enough personnel to separate these duties.*

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

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

*We obtained a listing of the disbursements and management's representation that the listing is complete was obtained.*

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

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

*Of the 25 invoices examined, 11 did not have purchase orders attached.*

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

*The purchase orders and invoices were all approved by someone other than the person who initiated the purchase except for 1 invoice which had no documentation on the person who initiated the purchase.*

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

*All invoices were approved, however; only 5 of the purchases had some type of receiving report attached. The Town's policy does not require receiving reports.*

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

*The Town's policy does not prohibit this procedure.*

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

*The Town's policy does not refer to this procedure. Based on our observations, the employee that records the purchases does not initiate any disbursements.*

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

*The stock of checks is stored in offices that access is limited in locked cabinets.*

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

*The Town does not use a signature stamp. Signed checks are in the control of the clerk or the signer until mailed.*

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

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

*We obtained a list of active credit, fuel, or store cards and the name of the person who maintains possession of cards and management's representation that the listing is complete.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

*We reviewed 14 cards in 4 different stores or credit cards. The Town has 5 different accounts. We tested at least 1 card in 4 of the 5 accounts.*

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

*All charges were approved by the mayor and one of the council members.*

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

*We found only 1 statement that had late fees. From our inquires with the Town's personnel, the Town changed their billing procedures to eliminate late charges. We checked statements in the last months of the year and we did not find any additional late fees paid.*

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

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

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

*We checked 135 charges; 28 had no receipt or invoice.*

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

*Of the charges we reviewed, all had business public purposes based on the approval of the mayor and council. On the bills that we reviewed, the Town had 16 meal charges and only 1 listed the people that ate.*

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

*The Town requires a purchase order on all purchases of \$25 or more. If the purchase is \$500 or more the purchase order must be approved by the mayor. Of the 135 charges pulled, 67 had no purchase order. Of that amount only 17 did not require a purchase order.*

*Corrective Action Plan: The Town has developed a travel voucher to document travel and meal expenses and has required the payables clerk to attach invoices to the credit card statement before payment is made.*

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

*Of the charges we reviewed, only 2 charges were over \$500 which would require the mayor's approval for office supplies and hotel charges. There were no purchases that required bids.*

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

*Of the charges we reviewed, there were no violations of Article 7, Section 14 of the Louisiana Constitution.*

### Travel and Expense Reimbursement

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

*We obtained a list of the travel and expense reimbursements by person and management's representation that the listing is complete.*

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

*We obtained the travel policy for the Town. The per diem amount for meals and incidental expense exceeds GSA rates. (See Finding 2017-07)*

- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
  - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*The expense documentation was not in accordance with written policies. The Town voted to change the per diem rates for meals but did not update their written policy. (See Finding 2017-07)*

b) Report whether each expense is supported by:

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

*We reviewed 9 travel expenses. 1 of the travel payments did not include a receipt.*

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

*We noted 1 exception for a meal expense that did not have any documentation.*

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

*We did not note any exceptions.*

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

*We did not note any exceptions.*

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

*We did not note any exceptions.*

### Contracts

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

*We received management's representation that the list they provided was complete.*

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

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

*We reviewed 5 vendors based on the listing of vendor payments and contracts filed. 2 of the 5 vendors were for repairs due to the flooding on one of the streets and repairs to lift station pumps. The other 3 contracts had written contracts.*

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

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

*All contracts reviewed were advertised and were the lowest bidder*

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

*The invoice for street repairs listed it as an emergency. Neither of the 2 invoices were required to be bid. We did not find any documentation in the file that the Town solicited quotes.*

*Corrective Action Plan: The Town will make sure documentation is filed with the contract or invoice file. The Town does solicit quotes but the documentation is not filed with contract file.*

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

*1 invoice that we reviewed is to the engineers on 2 different projects. 1 of the contracts from the engineers listed estimated cost and wording to say the cost would change as they got into the project, which the cost did go up. There were no amendments to the original contract.*

*A contract to 1 construction contract was amended. The contract did have wording that the contract could be amended.*

*The other construction contract was not amended but the contract did include wording that it could be amended.*

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

*All invoices complied with the terms and conditions of the contract.*

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

*All reviewed contracts were listed in the board minutes as being approved.*

### Payroll and Personnel

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

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

*We reviewed 4 employees' and 1 council member's personnel files. All were in compliance with the Town's personnel policy.*

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

*There were no changes made to any of the personnel that we reviewed. Wage rates are approved by the mayor before the beginning of each fiscal year in June. The council approves the budget for the new wages before the beginning of the new fiscal year.*

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

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

*We reviewed the payroll period ending on December 21, 2016. There were 11 of the 25 employees that either had sick or vacation leave paid in that pay period. The Town uses a time clock to document time worked. All leave and time was documented.*

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

*Of the 25 employees selected (no elected officials were selected in this test) 14 did not include any approval on the time sheets. The Town pays call back pay for emergencies and those hours were approved by the supervisor, however the regular hours were not. One supervisor was on vacation and could not approve the worked hours of those employees. The Town does not have a secondary person to approve hours when the regular supervisor is not available.*

*Corrective Action Plan: The Town plans to review their procedures on time documentation and address problems with approval of time.*

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

*We reviewed the leave report for the period chosen and all employees had hours of vacation, sick, personal leave and comp time shown if applicable.*

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

*We reviewed the termination payments and none that we reviewed were in violation of the termination payments. Farmerville only pays employees for vacation, comp time, and worked hours at termination.*

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

*We reviewed the quarterly payroll reports as well as the corresponding payments and all were processed on time. We also reviewed the payroll records and the payments for the three retirement systems. All liabilities were paid timely.*

#### ***Ethics (excluding nonprofits)***

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

*We pulled 4 employees plus the mayor and 1 council member. The council member and the mayor attended ethic classes at the LMA convention. Of the 4 employees 2 employees had not taken the ethic classes. From our inquiries with employees, certain departments did not know that were required to take the classes.*

*Corrective Action Plan: The Town Clerk plans to get certified to teach the classes to the Town's employees. The Town will also require all employees to complete the classes by the third quarter of each year.*

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

*We inquired of the mayor if he knew of any alleged ethics violations. He indicated that he did not know of any violations, therefore, there is no documentation and investigation into any allegations.*

***Debt Service (excluding nonprofits)***

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

*The Town did not issue any debt in this period.*

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

*The Town paid all scheduled debt service payments and debt reserves were maintained as required by the debt covenants.*

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

*Not applicable*

***Other***

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

*The Town officials did not acknowledge any misappropriations of public funds or assets during this period.*

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

*The Town has the notice posted by the entrance door to the business office in Town Hall. They also have the notice posted on their web site under the About tab with a hyperlink to the Legislative Auditor's web site.*

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

*We did not identify any exceptions.*

Garrett and Garrett, CPAS

December 14, 2017

West Monroe, Louisiana