

TOWN OF GUEYDAN, LOUISIANA  
Financial Report

Year Ended December 31, 2018

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
 BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net position	10
Statement of revenues, expenditures, and changes in fund balances - governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of net position - proprietary funds	13
Statement of revenues, expenses, and changes in fund net position - proprietary funds	14
Statement of cash flows - proprietary funds	15-16
 Notes to basic financial statements	 17-37
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	39
Sales Tax Fund	40
Notes to Budgetary Comparison Schedule	41
Schedule of employer's share of net pension liability - Municipal Police Employees' Retirement System	42
Schedule of employer contributions- Municipal Police Employees' Retirement System	43
Notes to Retirement System Schedules	44

(continued)

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
OTHER FINANCIAL INFORMATION	
Nonmajor Governmental Funds -	
Nonmajor Special Revenue Funds -	
Balance sheet	49
Statement of revenues, expenditures, and changes in fund balance	50
Schedule of number of utility customers	51
Comparative departmental analysis of operating revenues and expenses -	
Utility Fund	52
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent Auditor's Report on Internal Control Over Financial	
Reporting and on Compliance and Other Matters Based on an	
Audit of Financial Statements Performed in Accordance with	
<i>Government Auditing Standards</i>	54-55
Schedule of current and prior year audit findings and	
management's corrective action plan	56-65

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Jude Reese, Mayor,  
and Members of the Board of Aldermen  
Town of Gueydan, 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 Gueydan, Louisiana, as of and for the year ended December 31, 2018, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Gueydan, Louisiana, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 39 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Gueydan has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Gueydan, Louisiana's basic financial statements. The other supplementary information on pages 49 through 52 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information section has 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 it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2019 on our consideration of the Town of Gueydan, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gueydan, Louisiana's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
May 8, 2019

## **BASIC FINANCIAL STATEMENTS**

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Net Position  
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 1,577,855	\$ 1,329,225	\$ 2,907,080
Receivables, net	43,170	187,676	230,846
Prepaid expense	2,991	-	2,991
Restricted assets:			
Interest bearing deposits	-	27,587	27,587
Capital assets:			
Non-depreciable	161,870	-	161,870
Depreciable, net	<u>8,225,610</u>	<u>2,233,186</u>	<u>10,458,796</u>
Total assets	<u>10,011,496</u>	<u>3,777,674</u>	<u>13,789,170</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>16,021</u>	<u>-</u>	<u>16,021</u>
LIABILITIES			
Accounts and other payables	39,543	80,502	120,045
Customers' deposits	-	27,587	27,587
Long-term liabilities:			
Due within one year	-	10,563	10,563
Net pension liability	<u>88,573</u>	<u>-</u>	<u>88,573</u>
Total liabilities	<u>128,116</u>	<u>118,652</u>	<u>246,768</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	<u>19,231</u>	<u>-</u>	<u>19,231</u>
NET POSITION			
Net investment in capital assets	8,387,480	2,222,623	10,610,103
Restricted	1,477,201	-	1,477,201
Unrestricted	<u>15,489</u>	<u>1,436,399</u>	<u>1,451,888</u>
Total net position	<u>\$ 9,880,170</u>	<u>\$ 3,659,022</u>	<u>\$ 13,539,192</u>

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Activities  
For the Year Ended December 31, 2018

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 284,938	\$ 76,153	\$ -	\$ 101,191	\$ (107,594)	\$ -	\$ (107,594)
Public safety	597,325	-	63,596	-	(533,729)	-	(533,729)
Public works	488,948	-	7,372	-	(481,576)	-	(481,576)
Culture and recreation	40,696	8,572	-	-	(32,124)	-	(32,124)
Total governmental activities	1,411,907	84,725	70,968	101,191	(1,155,023)	-	(1,155,023)
<b>Business-type activities:</b>							
Electricity	967,111	1,624,658	-	-	-	657,547	657,547
Gas	182,755	263,905	-	-	-	81,150	81,150
Water	244,927	172,576	24,651	-	-	(47,700)	(47,700)
Sewer	179,145	136,676	-	-	-	(42,469)	(42,469)
Interest on long-term debt	489	-	-	-	-	(489)	(489)
Total business-type activities	1,574,427	2,197,815	24,651	-	-	648,039	648,039
Total	\$ 2,986,334	\$ 2,282,540	\$ 95,619	\$ 101,191	(1,155,023)	648,039	(506,984)
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					22,676	-	22,676
Sales and use taxes, levied for general purposes					192,622	-	192,622
Beer taxes					1,723	-	1,723
Interest and investment earnings					4,445	3,085	7,530
Miscellaneous					16,597	-	16,597
Nonemployer pension contribution					2,067	-	2,067
Loss on disposal of capital assets					(268)	-	(268)
Transfers					862,692	(862,692)	-
Total general revenues and transfers					1,102,554	(859,607)	242,947
Change in net position					(52,469)	(211,568)	(264,037)
Net position - beginning					9,932,639	3,870,590	13,803,229
Net position - ending					\$ 9,880,170	\$ 3,659,022	\$ 13,539,192

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

**FUND FINANCIAL STATEMENTS (FFS)**

TOWN OF GUEYDAN, LOUISIANA

Balance Sheet  
Governmental Funds  
December 31, 2018

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash	\$ 48,718	\$ 512,766	\$ 168	\$ 561,652
Interest-bearing deposits	81,957	934,246	-	1,016,203
Receivables:				
Taxes Receivable	7,021	35,606	-	42,627
Accrued interest	128	415	-	543
Prepaid insurance	<u>2,991</u>	<u>-</u>	<u>-</u>	<u>2,991</u>
Total assets	<u>\$ 140,815</u>	<u>\$ 1,483,033</u>	<u>\$ 168</u>	<u>\$ 1,624,016</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 11,837	\$ 6,000	\$ -	\$ 17,837
Accrued expenses	<u>21,706</u>	<u>-</u>	<u>-</u>	<u>21,706</u>
Total liabilities	<u>33,543</u>	<u>6,000</u>	<u>-</u>	<u>39,543</u>
Fund balances:				
Nonspendable - prepaids	2,991	-	-	2,991
Restricted	-	1,477,033	168	1,477,201
Unassigned	<u>104,281</u>	<u>-</u>	<u>-</u>	<u>104,281</u>
Total fund balances	<u>107,272</u>	<u>1,477,033</u>	<u>168</u>	<u>1,584,473</u>
Total liabilities and fund balances	<u>\$ 140,815</u>	<u>\$ 1,483,033</u>	<u>\$ 168</u>	<u>\$ 1,624,016</u>

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

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
December 31, 2018

Total fund balances for governmental funds	\$ 1,584,473
Capital assets, net	8,387,480
Net pension liability	(88,573)
Deferred outflows of resources related to net pension liability	16,021
Deferred inflows of resources related to net pension liability	<u>(19,231)</u>
Total net position of governmental activities	<u>\$ 9,880,170</u>

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

TOWN OF GUEYDAN, LOUISIANA

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

For the Year Ended December 31, 2018

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>				
Taxes	\$ 22,676	\$ 192,622	\$ -	\$ 215,298
Licenses and permits	69,701	-	-	69,701
Intergovernmental	72,691	-	-	72,691
Charges for services	9,473	-	-	9,473
Fines and forfeitures	4,240	-	-	4,240
Interest	370	4,075	-	4,445
Other	17,908	-	-	17,908
Total revenues	<u>197,059</u>	<u>196,697</u>	<u>-</u>	<u>393,756</u>
<b>Expenditures:</b>				
Current -				
General government	256,275	21,101	-	277,376
Public safety	582,501	-	-	582,501
Public works	221,083	-	-	221,083
Culture and recreation	40,696	-	-	40,696
Capital outlays	62,584	66,623	-	129,207
Debt service:				
Principal	13,220	-	-	13,220
Interest	767	-	-	767
Total expenditures	<u>1,177,126</u>	<u>87,724</u>	<u>-</u>	<u>1,264,850</u>
(Deficiency) excess of revenues over expenditures	<u>(980,067)</u>	<u>108,973</u>	<u>-</u>	<u>(871,094)</u>
<b>Other financing sources:</b>				
Transfers in	990,694	28,000	-	1,018,694
Transfers out	<u>(28,000)</u>	<u>(128,002)</u>	<u>-</u>	<u>(156,002)</u>
Total other financing sources (uses)	<u>962,694</u>	<u>(100,002)</u>	<u>-</u>	<u>862,692</u>
Net changes in fund balances	(17,373)	8,971	-	(8,402)
Fund balances, beginning	<u>124,645</u>	<u>1,468,062</u>	<u>168</u>	<u>1,592,875</u>
Fund balances, ending	<u>\$ 107,272</u>	<u>\$ 1,477,033</u>	<u>\$ 168</u>	<u>\$ 1,584,473</u>

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

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2018

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances		\$	(8,402)
Capital assets:			
Capital outlay	\$	129,207	
Depreciation expense		<u>(295,290)</u>	(166,083)
Transactions involving capital assets:			
Loss on disposal		(268)	
Capital contributions		<u>101,191</u>	100,923
Long-term debt:			
Principal payments			13,220
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis			712
Effect of the change in net pension liability, deferred outflows/inflows of resources			
Increase in pension expense		5,094	
Nonemployer pension contribution revenue recognized		<u>2,067</u>	<u>7,161</u>
Total changes in net position per Statement of Activities			<u>\$ (52,469)</u>

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

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund  
Statement of Net Position  
December 31, 2018

ASSETS

Current assets:

Cash	\$ 582,978
Interest-bearing deposits	746,247
Accounts receivable, net of allowance	152,772
Unbilled utility receivables	34,643
Accrued interest receivable	<u>261</u>
Total current assets	<u>1,516,901</u>

Noncurrent assets:

Restricted assets -	
Interest-bearing deposits	27,587
Capital assets, net of accumulated depreciation	<u>2,233,186</u>
Total noncurrent assets	<u>2,260,773</u>
Total assets	<u>3,777,674</u>

LIABILITIES

Current liabilities:

Accounts payable	72,960
Accrued expenses	4,776
Capital lease payable	10,563
Other payable	<u>2,766</u>
Total current liabilities	91,065

Noncurrent liabilities:

Customers' deposits	<u>27,587</u>
Total liabilities	<u>118,652</u>

NET POSITION

Net investment in capital assets	2,222,623
Unrestricted	<u>1,436,399</u>
Total net position	<u><u>\$3,659,022</u></u>

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

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Year Ended December 31, 2018

Operating revenues:	
Charges for services	\$2,168,565
Miscellaneous	<u>29,250</u>
Total operating revenues	<u>2,197,815</u>
Operating expenses:	
Electric department expenses	958,874
Gas department expenses	151,641
Water department expenses	132,737
Sewerage department expenses	81,144
Depreciation	<u>249,542</u>
Total operating expenses	<u>1,573,938</u>
Operating income	<u>623,877</u>
Nonoperating revenues (expenses):	
Grant revenues	24,651
Interest income	3,085
Interest expense	<u>(489)</u>
Total nonoperating revenues (expenses)	<u>27,247</u>
Income before transfers	651,124
Transfers in	21,308
Transfers out	<u>(884,000)</u>
Change in net position	(211,568)
Net position, beginning	<u>3,870,590</u>
Net position, ending	<u>\$3,659,022</u>

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended December 31, 2018

Cash flows from operating activities:	
Receipts from customers	\$2,156,531
Payments to suppliers	(1,161,941)
Payments to employees	(152,663)
Other receipts	<u>29,192</u>
Net cash provided by operating activities	<u>871,119</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	21,308
Transfers to other funds	<u>(884,000)</u>
Net cash used by noncapital financing activities	<u>(862,692)</u>
Cash flows from capital and related financing activities:	
Net meter deposits	(528)
Principal paid on capital lease payable	(12,133)
Interest and fiscal charges paid on capital lease payable	(489)
Grants and other contributions	24,651
Acquisition of capital assets	<u>(43,506)</u>
Net cash used by capital and related financing activities	<u>(32,005)</u>
Cash flows from investing activities:	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	436,841
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(438,940)
Interest on deposits	<u>3,085</u>
Net cash provided by investing activities	<u>986</u>
Net change in cash and cash equivalents	(22,592)
Cash and cash equivalents, beginning of period	<u>940,464</u>
Cash and cash equivalents, end of period	<u>\$ 917,872</u>

(continued)

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund (continued)  
 For the Year Ended December 31, 2018

Cash flows from operating activities:	
Operating income	\$ 623,877
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	249,542
(Increase) decrease in operating assets	
Accounts receivable	(9,585)
Unbilled utilities receivable	(2,449)
Accrued interest receivable	(58)
Prepaid expenses	2,358
Increase (decrease) in operating liabilities	
Accounts payable	4,981
Accrued expenses	710
Other payable	1,743
	1,743
Net cash provided by operating activities	\$ 871,119
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash- unrestricted	563,753
Interest-bearing deposits, unrestricted	785,437
Interest-bearing deposits, restricted	28,115
Less: Interest-bearing deposits with a maturity in excess of 90 days	(436,841)
Total cash and cash equivalents	940,464
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, end of period -	
Cash- unrestricted	582,978
Interest-bearing deposits, unrestricted	746,247
Interest-bearing deposits, restricted	27,587
Less: Interest-bearing deposits with a maturity in excess of 90 days	(438,940)
Total cash and cash equivalents	917,872
Net change	\$ (22,592)

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

## TOWN OF GUEYDAN, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Gueydan (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsection of this note.

##### A. Financial Reporting Entity

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town of Gueydan has no such component units.

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Town of Gueydan, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## TOWN OF GUEYDAN, LOUISIANA

### Notes to Basic Financial Statements

#### Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Town are described below:

#### Governmental Funds –

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

The Sales Tax Special Revenue Fund accounts for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

## TOWN OF GUEYDAN, LOUISIANA

### Notes to Basic Financial Statements

Enterprise Fund –

Utility Fund

The Utility Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (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 applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund.

#### C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

## TOWN OF GUEYDAN, LOUISIANA

### Notes to Basic Financial Statements

#### Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

#### Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

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

Cash and interest-bearing deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased. See Note (2) for additional disclosures.

Interfund receivables and payables

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2018, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customers’ utility receivables at December 31, 2018 was \$28,885. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items.

Capital Assets

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

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	25-50 years

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

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Sick and vacation leave is awarded on a calendar year basis and cannot be carried over to the next year; therefore, no liability for compensated absences is recorded in the financial statements.

Restricted Assets

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

Long-term debt

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

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

## TOWN OF GUEYDAN, LOUISIANA

### Notes to Basic Financial Statements

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

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Equity Classifications

In the government-wide statements, net position is displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

In the fund statements, governmental fund equity is classified as fund balance as follows. Proprietary fund equity is classified the same as in the government-wide statements.

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board of Aldermen is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by board members.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town’s adopted policy, only board members may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

Restricted fund balances are composed of the following:

	Sales Tax Special Revenue	Nonmajor Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Restricted:			
Tax dedications	\$1,477,033	\$ -	\$ 1,477,033
Other purposes	<u>          -</u>	<u>          168</u>	<u>          168</u>
 Total fund balances	 <u><u>\$1,477,033</u></u>	 <u><u>\$ 168</u></u>	 <u><u>\$ 1,477,201</u></u>

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 Board members or the finance committee has provided otherwise in its commitment or assignment actions.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Non-operating

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

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 4

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

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

G. Use of Estimates

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

H. Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, (described in Note 12), has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenues in the government-wide and propriety fund financial statements. In the governmental fund financial statements, contributions are recognized as expenditures when due.

(2) Cash and Interest-Bearing Deposits

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

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

Deposit balances (bank balances), are secured as follows:

Bank balances	<u>\$ 2,941,773</u>
Deposits are secured as follows:	
Federal deposit insurance	579,344
Uninsured and collateral held by the pledging bank, not in the Town's name	<u>2,362,429</u>
Total	<u>\$ 2,941,773</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town on December 1 and are due by February 28. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

(4) Dedication of Proceeds and Flow of Funds - 1 Percent Sales and Use Tax

A one percent sales and use tax levied by the Town is dedicated to the following purposes:

Fifty percent of the net proceeds can be used for constructing, acquiring, improving and maintaining the Town's natural gas, waterworks and sewer systems, or for any one or more of said purposes, including payment of principal and interest on any bonded or funded indebtedness of the Town incurred for any of said purposes; and the Town shall be further authorized to fund the proceeds of the tax into bonds from time to time for any one or more of the aforesaid purposes. Fifty percent of the net proceeds can be used for paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

(5) Receivables

Receivables consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$152,772	\$ 152,772
Unbilled utility	-	-	34,643	34,643
Taxes	7,021	35,606	-	42,627
Interest	<u>128</u>	<u>415</u>	<u>261</u>	<u>804</u>
Totals	<u>\$ 7,149</u>	<u>\$36,021</u>	<u>\$187,676</u>	<u>\$ 230,846</u>

(6) Restricted Assets - Proprietary Fund Type (Enterprise Utility Fund)

Restricted assets consisted of customers' deposits totaling \$27,587.

(7) On-behalf Payments

The Town has recognized \$36,650 as revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(8) Capital Assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 26,950	\$ -	\$ -	\$ 26,950
Construction in progress	-	134,920	-	134,920
Other capital assets:				
Buildings	839,628	-	-	839,628
Infrastructure	12,518,474	-	-	12,518,474
Equipment, furniture and fixtures	928,176	60,761	33,289	955,648
Improvements other than buildings	<u>1,142,273</u>	<u>34,717</u>	<u>-</u>	<u>1,176,990</u>
Totals	<u>15,455,501</u>	<u>230,398</u>	<u>33,289</u>	<u>15,652,610</u>
Less accumulated depreciation				
Buildings	337,108	24,749	-	361,857
Infrastructure	4,979,507	219,224	-	5,198,731
Equipment, furniture and fixtures	854,179	26,269	33,021	847,427
Improvements other than buildings	<u>832,067</u>	<u>25,048</u>	<u>-</u>	<u>857,115</u>
Total accumulated depreciation	<u>7,002,861</u>	<u>295,290</u>	<u>33,021</u>	<u>7,265,130</u>
Governmental activities, capital assets, net	<u>\$ 8,452,640</u>	<u>\$ (64,892)</u>	<u>\$ 268</u>	<u>\$ 8,387,480</u>
Business-type activities:				
Capital assets being depreciated				
Electric system	\$ 1,428,958	\$ -	\$ 2,424	\$ 1,426,534
Gas system	1,553,861	-	1,258	1,552,603
Water system	3,605,562	17,310	-	3,622,872
Sewer system	<u>3,526,767</u>	<u>26,196</u>	<u>820</u>	<u>3,552,143</u>
Totals	<u>10,115,148</u>	<u>43,506</u>	<u>4,502</u>	<u>10,154,152</u>
Less accumulated depreciation				
Electric system	1,404,693	8,237	2,424	1,410,506
Gas system	1,096,837	31,114	1,258	1,126,693
Water system	2,322,416	112,190	-	2,434,606
Sewer system	<u>2,851,980</u>	<u>98,001</u>	<u>820</u>	<u>2,949,161</u>
Total accumulated depreciation	<u>7,675,926</u>	<u>249,542</u>	<u>4,502</u>	<u>7,920,966</u>
Business-type activities, capital assets, net	<u>\$ 2,439,222</u>	<u>\$ (206,036)</u>	<u>\$ -</u>	<u>\$ 2,233,186</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Depreciation expense was charged to governmental activities as follows:

General government	\$ 6,795
Public safety	20,630
Public works	<u>267,865</u>
Total depreciation expense	<u>\$295,290</u>

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

Electric	\$ 8,237
Gas	31,114
Water	112,190
Sewer	<u>98,001</u>
Total depreciation expense	<u>\$249,542</u>

(9) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 17,837	\$ 72,960	\$ 90,797
Other liabilities	<u>21,706</u>	<u>7,542</u>	<u>29,248</u>
Totals	<u>\$ 39,543</u>	<u>\$ 80,502</u>	<u>\$ 120,045</u>

(10) Changes in Long-Term Debt

The following is a summary of long-term debt for the year ended:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital lease payable	<u>\$ 13,220</u>	<u>\$ -</u>	<u>\$ 13,220</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities:					
Capital lease payable	<u>\$ 22,696</u>	<u>\$ -</u>	<u>\$ 12,133</u>	<u>\$ 10,563</u>	<u>\$ 10,563</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(11) Capital Lease

The Town has entered into a capital lease which was used to acquire a pipe hunter trailer at a cost of \$54,640. The pipe hunter trailer has been capitalized and current depreciation expense and accumulated depreciation related to the pipe hunter trailer as of December 31, 2018 is \$10,928 and \$44,623, respectively. The following is a schedule of future minimum lease payments for the capital leases and the present value of the net minimum lease payments:

Year Ending <u>December 31,</u>	<u>Business-Type Activities</u>
2019	\$ 11,275
Less: amounts representing interest	<u>(712)</u>
Present value of minimum lease payments	<u>\$ 10,563</u>

(12) Employee Retirement

Only one Town police officer is covered under the Municipal Police Employees' Retirement System. Details concerning the plan follows:

A. Municipal Police Employees' Retirement System of Louisiana

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

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Louisiana Legislative Auditor's website, [www.lla.state.la.us](http://www.lla.state.la.us).

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or

## TOWN OF GUEYDAN, LOUISIANA

### Notes to Basic Financial Statements

has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If the deceased member had less than ten years of service, the beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of

## TOWN OF GUEYDAN, LOUISIANA

### Notes to Basic Financial Statements

such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

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

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

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

**Employer Contributions:** Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended December 31, 2018, total contributions due for employers and employees were 40.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 30.75% and 10%, respectively. The employer and employee contributions rates for all Non-Hazardous Duty members hired after January 1, 2013 were 30.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 33.25% and 7.5%, respectively.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Non-employer contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended December 31, 2018 and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2018, the Town reported a liability of \$88,573 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.010477%, which was a decrease of 0.001478% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Town recognized pension expense of \$5,034.

At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the System from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 399	\$ 4,526
Change of assumptions	5,788	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	128	14,705
Net differences between projected and actual earnings on plan investments	4,246	-
Contributions subsequent to the measurement date	<u>5,460</u>	<u>-</u>
Total	<u>\$ 16,021</u>	<u>\$ 19,231</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Deferred outflows of resources of \$5,460 related to the System resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended	
<u>June 30:</u>	
2019	\$ (2,972)
2020	(581)
2021	(5,273)
2022	<u>156</u>
	<u>\$ (8,670)</u>

Contributions – Proportionate Share - Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.20%, net of investment income
Projected Salary Increases	Vary from 9.75% in the first 2 years of service, 4.75% years 3-23, and 4.25% after 23 years
Inflation Rate	2.60%
Expected Remaining Service Lives	4 years
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females for healthy annuitants and beneficiaries.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost-of-Living  
Adjustments

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

The mortality rate assumption used was based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Rate of Return
Equity	52%	3.58%
Fixed income	22%	0.46%
Alternative	20%	1.07%
Other	<u>6%</u>	<u>0.17%</u>
Totals	100%	5.28%
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.03%</u>

Discount Rate: The discount rate used to measure net pension liability was 7.2%, which was a .125% decrease from the discount rate as of December 31, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate: The following presents net pension liability of the participating employer calculated using the discount rate of 7.2%, as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point lower, 6.2%, or one percentage point higher, 8.2%, than the current rate as of June 30, 2018.

	1% Decrease 6.200%	Current Discount Rate 7.200%	1% Increase 8.200%
Net Pension Liability	\$ 124,470	\$ 88,573	\$ 58,457

(13) 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.

(14) Commitments and Contingencies

Litigation

At December 31, 2018, there is no pending litigation against the Town of Gueydan.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(15) Interfund Transfers

Transfers consisted of the following:

	Transfers In	Transfers Out
	<u>          </u>	<u>          </u>
General Fund	\$ 990,694	\$ 28,000
Sales Tax Special Revenue Fund	<u>28,000</u>	<u>128,002</u>
Total major governmental funds	1,018,694	156,002
Enterprise Fund	<u>21,308</u>	<u>884,000</u>
Total	<u>\$ 1,040,002</u>	<u>\$ 1,040,002</u>

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

(16) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Chris Theriot for the year ended was as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,000
Travel	7,332
Hotels	2,019
Conference registration fees	690
	<u>\$ 22,041</u>

(17) Compensation of Town Officials

A detail of compensation paid to the Board of Aldermen for the year ended was as follows:

Gale Smith	\$ 3,000
Jason Suire	3,000
Claudette Price	3,000
John Laseter	3,000
Marilyn Campbell	3,000
	<u>\$ 15,000</u>

**REQUIRED  
SUPPLEMENTARY INFORMATION**

TOWN OF GUEYDAN, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2018

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 20,000	\$ 20,000	\$ 22,676	\$ 2,676
Licenses and permits	67,000	69,945	69,701	(244)
Intergovernmental	41,400	39,715	72,691	32,976
Charges for services	1,200	1,200	9,473	8,273
Fines and forfeitures	5,000	5,000	4,240	(760)
Interest	-	300	370	70
Other	21,300	18,266	17,908	(358)
Total revenues	155,900	154,426	197,059	42,633
Expenditures:				
Current -				
General government	220,792	243,975	256,275	(12,300)
Public safety	521,081	622,120	582,501	39,619
Public works	197,360	208,047	221,083	(13,036)
Culture and recreation	32,400	43,039	40,696	2,343
Capital outlays	-	50,657	62,584	(11,927)
Debt service:				
Principal	-	13,220	13,220	-
Interest	-	767	767	-
Total expenditures	971,633	1,181,825	1,177,126	4,699
Deficiency of revenues over expenditures	(815,733)	(1,027,399)	(980,067)	47,332
Other financing sources (uses):				
Transfers in	750,000	1,041,943	990,694	(51,249)
Transfers out	-	-	(28,000)	(28,000)
Total other financing sources (uses)	750,000	1,041,943	962,694	(79,249)
Net change in fund balance	(65,733)	14,544	(17,373)	(31,917)
Fund balance, beginning	124,645	124,645	124,645	-
Fund balance, ending	\$ 58,912	\$ 139,189	\$ 107,272	\$ (31,917)

TOWN OF GUEYDAN, LOUISIANA  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2018

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 200,000	\$ 200,000	\$ 192,622	\$ (7,378)
Interest	<u>3,100</u>	<u>3,300</u>	<u>4,075</u>	<u>775</u>
Total revenue	<u>203,100</u>	<u>203,300</u>	<u>196,697</u>	<u>(6,603)</u>
Expenditures:				
Current -				
General government	16,000	-	21,101	(21,101)
Capital outlay	<u>-</u>	<u>52,118</u>	<u>66,623</u>	<u>(14,505)</u>
Total expenditures	<u>16,000</u>	<u>52,118</u>	<u>87,724</u>	<u>(35,606)</u>
Excess of revenues over expenditures	187,100	151,182	108,973	(42,209)
Other financing sources (uses):				
Transfers in	-	-	28,000	28,000
Transfers out	<u>-</u>	<u>(128,002)</u>	<u>(128,002)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(128,002)</u>	<u>(100,002)</u>	<u>28,000</u>
Net change in fund balance	187,100	23,180	8,971	(14,209)
Fund balance, beginning	<u>1,468,062</u>	<u>1,468,062</u>	<u>1,468,062</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,655,162</u>	<u>\$ 1,491,242</u>	<u>\$ 1,477,033</u>	<u>\$ (14,209)</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Budgetary Comparison Schedule

(1) Budgets and Budgetary Accounting

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

- (a) The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
- (b) 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.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- (d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- (e) 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 Board of Aldermen.
- (f) All budgetary appropriations lapse at the end of each fiscal year.
- (g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen.

At December 31, 2018, the Sales Tax Special Revenue Fund reported excess expenditures over appropriations.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
Municipal Police Employees' Retirement System  
For the Year Ended December 31, 2018

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.014812%	\$ 116,037	\$ 39,621	292.87%	70.73%
2016	0.012366%	\$ 115,904	\$ 34,642	334.58%	66.04%
2017	0.011955%	\$ 104,372	\$ 36,524	285.76%	70.08%
2018	0.010477%	\$ 88,573	\$ 30,920	286.46%	71.89%

\* The amounts presented have a measurement date of June 30.

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

TOWN OF GUEYDAN, LOUISIANA

Schedule of Employer Contributions  
Municipal Police Employees' Retirement System  
For the Year Ended December 31, 2018

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 10,758	\$ 10,758	\$ -	\$ 35,285	30.49%
2016	\$ 11,199	\$ 11,199	\$ -	\$ 35,018	31.98%
2017	\$ 10,592	\$ 10,592	\$ -	\$ 34,042	31.11%
2018	\$ 10,319	\$ 10,319	\$ -	\$ 32,111	32.14%

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

TOWN OF GUEYDAN, LOUISIANA

Notes to Retirement System Schedules

(1) Retirement Systems

A. Municipal Police Employees' Retirement System

1) Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2018.

2) Changes of assumptions –

* Year ended December 31,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Arithmetic Rate of Return	Expected Remaining Service Lives	Projected Salary Increase
2015	7.50%	7.500%	2.875%	8.28%	4	Vary from 4.25% -9.75%
2016	7.50%	7.500%	2.875%	8.25%	4	Vary from 4.25% -9.75%
2017	7.325%	7.325%	2.700%	8.19%	4	Vary from 4.25% -9.75%
2018	7.200%	7.200%	2.600%	8.03%	4	Vary from 4.25% -9.75%

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

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

**NONMAJOR GOVERNMENTAL FUNDS**

## **NONMAJOR SPECIAL REVENUE FUNDS**

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

### **Police Department Narcotics Seizure Fund -**

To account for the collection and disbursement of the Town's share of proceeds from drug related seizure sales.

TOWN OF GUEYDAN, LOUISIANA  
Nonmajor Special Revenue Funds

Balance Sheet  
December 31, 2018

Police  
Department  
Narcotics  
Seizure Fund

ASSETS

Cash \$ 168

LIABILITIES AND FUND BALANCES

Liabilities \$ -

Fund balance:  
Restricted 168

Total liabilities and fund balance \$ 168

TOWN OF GUEYDAN, LOUISIANA  
Nonmajor Special Revenue Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Year Ended December 31, 2018

	<u>Police Department Narcotics Seizure Fund</u>
Revenues	\$ <u>          -</u>
Expenditures:	
Current-	
General government	-
Culture and recreation	<u>          -</u>
Total expenditures	<u>          -</u>
Deficiency of revenues over expenditures	-
Fund balance, beginning	<u>          168</u>
Fund balance, ending	<u>      \$    168</u>

TOWN OF GUEYDAN, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
December 31, 2018 and 2017

Records maintained by the Town indicated the following number of customers were being serviced during the month of December 31, 2018 and 2017:

<u>Department</u>	<u>2018</u>	<u>2017</u>
Electricity (metered)	840	843
Gas (metered)	602	607
Water	676	683
Sewerage	668	676

TOWN OF GUEYDAN, LOUISIANA

Enterprise Fund

Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses

Years Ended December 31, 2018 and 2017

	Electricity		Gas		Water		Sewer		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Operating revenues:										
Charges for services	\$1,603,036	\$1,542,719	\$260,393	\$198,729	\$170,279	\$170,561	\$134,857	\$136,207	\$2,168,565	\$2,048,216
Other revenues	21,622	14,730	3,512	1,898	2,297	1,629	1,819	1,301	29,250	19,558
Total operating revenues	<u>1,624,658</u>	<u>1,557,449</u>	<u>263,905</u>	<u>200,627</u>	<u>172,576</u>	<u>172,190</u>	<u>136,676</u>	<u>137,508</u>	<u>2,197,815</u>	<u>2,067,774</u>
Operating expenses:										
Salaries - plant	90,364	85,177	4,989	7,286	32,907	32,654	-	-	128,260	125,117
Fuel purchased	786,228	736,147	97,288	69,691	-	-	-	-	883,516	805,838
Insurance	15,324	13,298	2,440	2,107	1,405	3,122	5,640	2,760	24,809	21,287
Insurance - employees	7,598	8,303	726	3,507	7,598	8,303	-	-	15,922	20,113
Materials and supplies	27,889	17,514	2,374	1,809	5,449	14,337	19,970	15,067	55,682	48,727
Auditing and accounting	3,722	3,300	3,722	3,300	3,722	3,500	3,722	3,300	14,888	13,400
Printing, stationary, and supplies	5,288	4,226	-	-	-	-	-	-	5,288	4,226
Depreciation	8,237	10,873	31,114	35,408	112,190	108,706	98,001	102,238	249,542	257,225
Repairs and maintenance	5,067	3,222	16,052	27,323	8,260	2,186	11,684	16,252	41,063	48,983
Seminars and workshops	-	142	9,233	2,731	195	1,162	800	-	10,228	4,035
Utilities	1,887	110	312	402	23,730	22,826	21,835	26,467	47,764	49,805
Payroll taxes	6,426	6,124	379	549	2,386	2,370	-	-	9,191	9,043
Bad debt expense	3,453	1,295	414	126	455	234	532	251	4,854	1,906
Miscellaneous	5,628	3,312	13,712	13,434	46,630	29,075	16,961	7,270	82,931	53,091
Total operating expenses	<u>967,111</u>	<u>893,043</u>	<u>182,755</u>	<u>167,673</u>	<u>244,927</u>	<u>228,475</u>	<u>179,145</u>	<u>173,605</u>	<u>1,573,938</u>	<u>1,462,796</u>
Net operating income (loss)	<u>\$ 657,547</u>	<u>\$ 664,406</u>	<u>\$ 81,150</u>	<u>\$ 32,954</u>	<u>\$ (72,351)</u>	<u>\$ (56,285)</u>	<u>\$ (42,469)</u>	<u>\$ (36,097)</u>	<u>\$ 623,877</u>	<u>\$ 604,978</u>

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

# KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Jude Reese, Mayor  
and members of the Board of Aldermen  
Town of Gueydan, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Gueydan, Louisiana's basic financial statements and have issued our report thereon dated May 8, 2019.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Gueydan, 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 Gueydan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gueydan'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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2018-001 through 2018-007, which we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Gueydan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year findings and management's corrective action plan as item 2018-008.

### **Town of Gueydan's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
May 8, 2019

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2018

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2018-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Gueydan did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. The Mayor and Town Clerk had implemented policies and procedures where the Mayor reviews and approves reports and reconciliations done by the employees in the accounting department.

2018-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: The Town of Gueydan does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2018

2018-003      Financial Records/Reconciliations

CONDITION: The Town of Gueydan failed to reconcile interfund transactions and subsidiary ledgers on a monthly basis. Additionally, on certain occasions, the bank reconciliations were not in agreement with general ledger balances.

CRITERIA: Internal control is a process - effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town's internal controls over financial reporting include those policies and procedures that pertain to the Town's ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements.

CAUSE: The cause of the condition is failure to assign a Town employee with the task of reconciling the accounts mentioned above and the failure to review these reconciliations on a periodic basis.

EFFECT: Failure to reconcile the accounts mentioned above on a periodic basis increases the risk that account balances may not correspond between funds or be in balance. Additionally, unrecorded items may go undetected and the Town may not be able to determine actual cash balances, or if proper funding is available to pay vendors and/or monthly bills.

RECOMMENDATION: We recommend that the Town implement internal controls to ensure that these accounts are reconciled on a periodic basis. Additionally, we recommend that the Town properly train employees assigned to perform bank reconciliations, and review work performed on a monthly basis to determine that reconciliations are being performed correctly and in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Mayor and Town Clerk are implementing proper training immediately so that accounting records will be reconciled correctly and timely.

2018-004      Tickets/Citations

CONDITION: The Town failed to have proper internal controls implemented to ensure that all tickets and citations are accounted for in accordance with La R.S. 32:398.1 and La R.S. 32:398.2.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2018

CRITERIA: La R.S. 32:398.1. The chief administrative officer of each traffic-enforcement agency shall issue these books, maintain a record of each book and each citation contained therein issued to all individual members of the traffic enforcement agency and shall require and retain a receipt for each book issued.

La R.S. 32:398.2., provides in part for the following:

"A. Each traffic enforcement officer upon issuing a traffic citation to an alleged violator of any provision of the motor vehicle laws of this state or of any traffic ordinance of any city or town shall deposit the original citation or a copy of such traffic citation with a court having jurisdiction over the alleged offense or with the appropriate traffic violations bureau. However, a citation for a violation of R.S. 32:80(A) shall be deposited only with a court and not with a traffic violations bureau.

B. It shall be unlawful for any traffic enforcement officer or any other officer or public employee to dispose of a traffic citation or copies thereof or of the record of the issuance of the citation in a manner other than as required herein.

C. The chief administrative officer of each traffic enforcement agency in the state shall require all traffic officers under his supervision to return to him a copy of every traffic citation which was issued by the officer for the violation of a traffic law or ordinance, and in addition shall require the return of all copies of every traffic citation which has been spoiled or upon which an entry has been made without having issued the citation to the alleged violator.

D. The chief administrative officer shall also maintain or cause to be maintained in connection with every traffic citation issued by an officer under his supervision a record of the disposition of the charge by the court or its traffic violations bureau in which the original or a copy of the traffic citation was deposited."

CAUSE: The cause of the condition is the Town failed to have proper internal controls implemented to ensure that all tickets and citations are accounted for in accordance with La R.S. 32:398.1 and La R.S. 32:398.2.

EFFECT: Failure to implement proper controls to account for all tickets and citations increases the risk that errors and/or irregularities including fraud and or/defalcations may occur and not be prevented and/or

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2018

detected. Additionally, unrecorded and unprocessed tickets and fines collected may result in lost revenues for the Town.

RECOMMENDATION: The Town should implement internal controls to ensure that ticket books are properly secured and managed, all tickets and citations are accounted for in accordance with state statutes, daily and monthly reconciliations of fines collected and outstanding are performed, and all fines waived or reduced for any reason are documented. Additionally, the Town and the Chief of Police should work together to develop and implement a formal process that will require a planned, periodic assessment of ticket/citation data and fines collected to identify problems and resolve them in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has implemented a policy where ticket books are signed out by the Police Chief and the Police Chief assigns the books to the officers. The Monday following the week worked, the officers bring copies of the tickets that were issued during the week to the Town Clerk. The Town Clerk then reconciles back to a manual tracking log for the ticket books to determine if there are any tickets unaccounted for.

2018-005

Utility Usage/Billing Adjustments

CONDITION: The Town posted utility usage/billing adjustments to the utility billing software without the proper approval.

CRITERIA: Internal control is a process - effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

CAUSE: Although a process was in place for the approval of usage/billing adjustments, there was no subsequent monitoring of all adjustments which were posted in the utility billing software to ensure that all those posted were properly approved.

EFFECT: Failure to implement proper controls resulted in several utility accounts being undercharged in January 2018 and overcharged in following months to catch up from the undercharged month. The adjustments posted could not be reconciled to the Town's approved billing adjustments.

RECOMMENDATION: We recommend that the Town implement internal controls to ensure that any activity or adjustments posted to the

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2018

Town's utility billing software are reviewed and properly approved and are reconciled to the Town's general ledger on a regular basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has implemented a policy where usage and billing adjustments are not to be made without the authorization and approval by the Mayor and Town Clerk. All billing adjustments for the prior month are presented at the board meeting and approved by the Board Members.

2018-006 Inadequate Controls Over the Evidence Room and Contents Thereof

CONDITION: The Town's Police Department does not have adequate controls over the evidence room, confiscated evidence, and inventories of the contents of the evidence room.

CRITERIA: The Louisiana Legislative Auditor recommends that criminal case files that contain sensitive information, and supplies used by law enforcement should be safeguarded to reduce the risk that these items could be stolen, lost, or disposed of improperly.

CAUSE: The cause of the condition is the Town's Police Department did not have adequate controls over the evidence room or contents of the evidence room.

EFFECT: Failure of the Police Department to maintain control over confiscated weapons, drugs, money and other items relevant to criminal cases increases the risk that the theft, loss, or improper disposal of these items will not be easily detected or prevented.

RECOMMENDATION: The Police Department should adopt formal policies and procedures and implement adequate controls for recording, maintaining, inventorying, and disposing of confiscated items.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Police Department has adopted formal policies and procedures and is implementing adequate controls to ensure the proper recording, maintaining, inventorying, and disposing of confiscated items.

2018-007 Inadequate Controls Over Inventory and Assets

CONDITION: The Town does not maintain a list of the inventory and assets of the Town or departments on a perpetual basis.

CRITERIA: Internal control is a process - effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of objectives with regard to

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2018

reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

CAUSE: The Town does not have adequate controls or policies and procedures established to ascertain that inventory and assets are properly maintained and tracked.

EFFECT: Failure to have adequate controls over inventory and assets increases the risk that misappropriation of the inventory or assets could go undetected.

RECOMMENDATION: The Town should implement control procedures to ensure assets are properly monitored and annual inventory inspections reconcile to the Town's inventory listing.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town is implementing control procedures immediately to ensure assets are properly monitored within each department and inventory inspections are performed at least annually.

B. Compliance

2018-008 Budget noncompliance

CONDITION: Expenditures of the Sales Tax Fund exceeded total budgeted expenditures by more than 5%.

CRITERIA: LSA-RS 39:1311 et seq, Budget Authority and Control, provides for the following:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

- (1) Total revenues and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2018

- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.”

CAUSE: The condition is a result of failure to properly monitor the expenditures of the Sales Tax Fund

EFFECT: The Town may not prevent and/or detect compliance violations due to revenue shortfalls or over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Mayor and Town Clerk will monitor budgets closely and amend as needed to stay in compliance with state statutes.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2018

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Gueydan did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 2018-001.

2017-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Town of Gueydan does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2018-002.

2017-003 Financial Records/Reconciliations

CONDITION: The Town of Gueydan failed to reconcile interfund transactions, subsidiary ledgers and bank statements on a monthly basis. Additionally, on certain occasions, the bank reconciliations were not in agreement with general ledger balances.

RECOMMENDATION: We recommend that the Town implement internal controls to ensure that these accounts are reconciled on a periodic basis. Additionally, we recommend that the Town properly train employees assigned to perform bank reconciliations, and review work performed on a monthly basis to determine that reconciliations are being performed correctly and in a timely manner.

CURRENT STATUS: Unresolved. See item 2018-003.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2018

2017-004 Tickets/Citations

CONDITION: The Town of Gueydan failed to have proper internal controls implemented over the handling of tickets/citations issued and fines collected.

RECOMMENDATION: The Town should implement internal controls to ensure that ticket books are properly secured and managed, all tickets and citations are accounted for in accordance with state statutes, daily and monthly reconciliations of fines collected and outstanding are performed, and all fines waived or reduced for any reason are documented. Additionally, the Town and the Chief of Police should work together to develop and implement a formal process that will require a planned, periodic assessment of ticket/citation data and fines collected to identify problems and resolve them in a timely manner.

CURRENT STATUS: Unresolved. See item 2018-004.

B. Compliance

2017-005 Budget noncompliance

CONDITION: Revenues of the Sales Tax Fund failed to meet total budgeted revenues by more than 5%.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

CURRENT STATUS: Unresolved. See 2018-008

2017-006 Failure to comply with Sales Tax Ordinance

CONDITION: The Town used Sales Tax monies for undedicated purposes.

CORRECTIVE ACTION TAKEN: The Town reviewed their Sales Tax Ordinance to understand what spending purposes were permitted. The General Fund reimbursed the Sales Tax fund for those monies spent that were not permitted by the ordinance.

CURRENT STATUS: Resolved.

**Town of Gueydan**  
Gueydan, Louisiana

Agreed-Upon Procedures Report  
Year Ended December 31, 2018

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Jude Reese, Mayor  
and Members of the Board of Aldermen,  
Town of Gueydan, and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Gueydan (Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

### ***Board or Finance Committee***

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

### ***Bank Reconciliations***

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3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, we obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections***

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4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), we obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and we observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). Alternately, we used a source document other than bank statements when

selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. We obtained supporting documentation for each of the 10 deposits and:

- a) Observed that receipts are sequentially pre-numbered.
- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Traced the deposit slip total to the actual deposit per the bank statement.
- d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Traced the actual deposit per the bank statement to the general ledger.

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

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8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and we observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and we obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - a) Observed that the disbursement matched the related original invoice/billing statement.
  - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
  - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and we obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

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

### ***Contracts***

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15. We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly

selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
- d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

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16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:
  - a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above we obtained ethics documentation from management, and:
  - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

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

***Debt Service***

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- 21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
- 22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

***Other***

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- 23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- 24. We observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Findings:**

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In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: The Board, Contracts and Debt Service.

No exceptions were found as a result of applying procedures listed above except:

**Written Policies:**

The Town of Gueydan does not have written policies and procedures addressing how vendors are added to the vendor list.

**Bank Reconciliation:**

The Town of Gueydan bank reconciliations did not include evidence that a member of management or a board member reviewed each bank reconciliation.

**Collections:**

The Town of Gueydan has persons responsible for collecting cash also responsible for depositing cash in the bank, recording deposits, and/or reconciling the bank statements.

1 of 10 receipts tested did not have date on support.

1 of 2 locations tested have employees that are responsible for cash collections that share cash drawers/registers.

1 of 2 locations tested have employees that are responsible for collecting cash and are responsible for preparing/making bank deposits.

**Disbursements:**

The employee that is responsible for processing payments is responsible for adding/modifying vendor files without another employee periodically reviewing changes.

**Credit Cards:**

5 out of 5 cards were selected and there was evidence that the monthly statements were reviewed but no signature of approval.

**Travel and Expense Reimbursement:**

5 out of 5 employees selected did not have prior written approval from the mayor as stated in their policy for reimbursement.

1 out of 5 employees were reimbursed for travel and expenses and it was not approved by someone other than the person receiving reimbursement.

**Ethics:**

The Town of Gueydan does not have documentation of employee signature verification that he or she has read the entity's policy during the fiscal period.

**Management's Response:**

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Management of the Town of Gueydan concurs with the exceptions and is working to address the deficiencies identified.

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

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
May 8, 2019