

**TOWN OF ARNAUDVILLE, LOUISIANA**

Financial Report

Year Ended June 30, 2017

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## INDEPENDENT AUDITORS' REPORT

The Honorable Kathy Richard, Mayor  
and Members of the Board of Aldermen  
Town of Arnaudville, Louisiana

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditors' 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 auditors' 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, we consider 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, and each major fund of the Town of Arnaudville, Louisiana, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedules of employer's share of net pension liability and employer contributions, and notes to the required supplementary information on pages 56 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Arnaudville has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 opinions on the financial statements that collectively comprise the Town of Arnaudville, Louisiana's basic financial statements. The other supplementary information on pages 64 through 77 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combined and comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these combined and comparative statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year comparative information on these statements has been derived from the Town of Arnaudville's 2016 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, was fairly presented, in all material respects, in relation to the basic financial statements as a whole.

The various schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017, on our consideration of the Town of Arnaudville, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Arnaudville, Louisiana's internal control over financial reporting and compliance.

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

Lafayette, Louisiana  
September 29, 2017

**BASIC FINANCIAL STATEMENTS**

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Net Position  
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing demand deposits	\$ 1,097,170	\$ 628,561	\$ 1,725,731
Interest-bearing time deposits	378,144	991,773	1,369,917
Receivables, net	16,599	106,448	123,047
Internal balances	72,367	(72,367)	-
Due from other governmental units	13,882	24,706	38,588
Sales tax receivable	45,490	-	45,490
Prepaid items	9,925	28,244	38,169
Total current assets	<u>1,633,577</u>	<u>1,707,365</u>	<u>3,340,942</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing demand deposits	20,443	157,353	177,796
Interest-bearing time deposits	-	59,705	59,705
Capital assets, net	<u>1,916,135</u>	<u>4,869,524</u>	<u>6,785,659</u>
Total noncurrent assets	<u>1,936,578</u>	<u>5,086,582</u>	<u>7,023,160</u>
Total assets	<u>3,570,155</u>	<u>6,793,947</u>	<u>10,364,102</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>436,028</u>	<u>153,940</u>	<u>589,968</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts, salaries and other payables	32,170	19,491	51,661
Bonds payable	<u>-</u>	<u>69,000</u>	<u>69,000</u>
Total current liabilities	<u>32,170</u>	<u>88,491</u>	<u>120,661</u>
Noncurrent liabilities:			
Customers deposits payable	-	60,054	60,054
Net pension liability	948,322	439,528	1,387,850
Bonds payable	<u>-</u>	<u>223,000</u>	<u>223,000</u>
Total noncurrent liabilities	<u>948,322</u>	<u>722,582</u>	<u>1,670,904</u>
Total liabilities	<u>980,492</u>	<u>811,073</u>	<u>1,791,565</u>
DEFERRED INFLOWS OF RESOURCES	<u>106,337</u>	<u>44,190</u>	<u>150,527</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,916,135	4,646,524	6,562,659
Restricted for sales tax dedications	878,206	-	878,206
Restricted for capital projects/acquisitions	20,443	-	20,443
Restricted for debt service	-	85,571	85,571
Unrestricted	<u>104,570</u>	<u>1,360,529</u>	<u>1,465,099</u>
Total net position	<u>\$ 2,919,354</u>	<u>\$ 6,092,624</u>	<u>\$ 9,011,978</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2017

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes 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	\$ 343,702	\$ 107,539	\$ -	\$ -	\$ (236,163)	\$ -	\$ (236,163)
Public safety:							
Police	512,013	31,751	38,867	-	(441,395)	-	(441,395)
Streets	76,276	-	3,590	-	(72,686)	-	(72,686)
Parks and recreation	61,386	-	26,859	-	(34,527)	-	(34,527)
Capital Projects	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>993,377</b>	<b>139,290</b>	<b>69,316</b>	<b>-</b>	<b>(784,771)</b>	<b>-</b>	<b>(784,771)</b>
<b>Business-type activities:</b>							
Gas	223,948	293,707	-	6,072	-	75,831	75,831
Water	383,570	407,241	-	19,145	-	42,816	42,816
Sewer	233,519	199,007	-	6,072	-	(28,440)	(28,440)
Sanitation	6,996	561	-	-	-	(6,435)	(6,435)
<b>Total business-type activities</b>	<b>848,033</b>	<b>900,516</b>	<b>-</b>	<b>31,289</b>	<b>-</b>	<b>83,772</b>	<b>83,772</b>
<b>Total</b>	<b>\$ 1,841,410</b>	<b>\$ 1,039,806</b>	<b>\$ 69,316</b>	<b>\$ 31,289</b>	<b>(784,771)</b>	<b>83,772</b>	<b>(700,999)</b>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					49,157	55,951	105,108
Sales and use taxes, levied for general purposes					551,481	-	551,481
Franchise taxes					64,058	-	64,058
Grants and contributions not restricted to specific programs -							
State sources					37,707	-	37,707
Non-employer pension contribution					17,171	6,300	23,471
Interest and investment earnings					4,086	5,253	9,339
Miscellaneous					9,553	30,950	40,503
Transfers					(5,527)	5,527	-
<b>Total general revenues and transfers</b>					<b>727,686</b>	<b>103,981</b>	<b>831,667</b>
Change in net position					(57,085)	187,753	130,668
Net position - July 1, 2016					2,976,439	5,904,871	8,881,310
Net position - June 30, 2017					<u>\$2,919,354</u>	<u>\$6,092,624</u>	<u>\$9,011,978</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **MAJOR FUNDS**

#### **General Fund**

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

#### **Special Revenue Funds**

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

##### **1969 Sales Tax Fund -**

To account for the receipt and use of proceeds of the Town's 1969 1% sales and use tax. These taxes are dedicated for the purpose of constructing, acquiring, improving and maintaining police department stations and equipment, garbage and waste disposal facilities, streets, drains and drainage facilities; compensating policemen; maintaining sewers and sewerage disposal works; and purchasing and acquiring the necessary equipment and furnishings for the aforesaid public works, improvements and facilities.

##### **1982 Sales Tax Fund -**

To account for the receipt and use of proceeds of the Town's 1982 1% sales and use tax. These taxes are dedicated for the purpose of constructing, acquiring, improving, operating, and/or maintaining public streets, bridges, sidewalks, drainage facilities, recreational facilities and garbage and waste disposal facilities; and purchasing and acquiring the necessary land, equipment, and furnishings for any of the aforesaid public works, improvements and facilities.

#### **Capital Projects Funds**

##### **Street Improvement Fund -**

To account for the improvement of certain streets within the Town.

##### **2% Set Aside Fund -**

To account for the financing of various capital improvement projects as designated by the Town Council. Capital projects are to be funded by excess annual revenues of the Town.

##### **LCDBG Grant Projects Fund -**

To account for the receipt and subsequent disbursement of Louisiana Community Block Grants and Town's matching funds to be utilized for various projects. A sewer system improvement project began during the year ended June 30, 2015 and has been completed as of the year ended June 30, 2017.

#### **Enterprise Fund**

##### **Utility Fund -**

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

TOWN OF ARNAUDVILLE, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2017

	General	1969 Sales Tax Special Revenue	1982 Sales Tax Special Revenue	Street Improvement Capital Projects	2% Set Aside Capital Projects	LCDBG Grant Projects	Total
<b>ASSETS</b>							
Cash and interest-bearing demand deposits	\$ 238,961	\$ 181,639	\$ 634,630	\$ 38,318	\$ -	\$ 24,065	\$ 1,117,613
Interest-bearing time deposits	-	226,456	117,876	-	33,812	-	378,144
Receivables:							
Interest	-	409	368	-	83	-	860
Sales tax receivable	-	22,745	22,745	-	-	-	45,490
Due from other governmental	13,882	-	-	-	-	-	13,882
Due from other funds	369,930	24,833	-	-	46,500	-	441,263
Prepaid items	9,925	-	-	-	-	-	9,925
Total assets	<u>\$ 632,698</u>	<u>\$ 456,082</u>	<u>\$ 775,619</u>	<u>\$ 38,318</u>	<u>\$ 80,395</u>	<u>\$ 24,065</u>	<u>\$ 2,007,177</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 13,622	\$ 5,213	\$ 3,449	\$ -	\$ -	\$ -	\$ 22,284
Due to other funds	-	100,000	244,833	-	-	24,063	368,896
Total liabilities	<u>13,622</u>	<u>105,213</u>	<u>248,282</u>	<u>-</u>	<u>-</u>	<u>24,063</u>	<u>391,180</u>
<b>Fund balances -</b>							
Nonspendable (prepaid items)	9,925	-	-	-	-	-	9,925
Restricted for sales tax dedications	-	350,869	527,337	-	-	-	878,206
Assigned for capital projects	-	-	-	38,318	80,395	2	118,715
Unassigned	609,151	-	-	-	-	-	609,151
Total fund balances	<u>619,076</u>	<u>350,869</u>	<u>527,337</u>	<u>38,318</u>	<u>80,395</u>	<u>2</u>	<u>1,615,997</u>
Total liabilities and fund balances	<u>\$ 632,698</u>	<u>\$ 456,082</u>	<u>\$ 775,619</u>	<u>\$ 38,318</u>	<u>\$ 80,395</u>	<u>\$ 24,065</u>	<u>\$ 2,007,177</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2017

Total fund balances for governmental funds at June, 30, 2017 \$ 1,615,997

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 137,498	
Construction in progress	39,533	
Buildings and improvements, net of \$398,552 accumulated depreciation	803,738	
Infrastructure, net of \$468,474 accumulated depreciation	786,739	
Equipment and vehicles, net of \$355,562 accumulated depreciation	<u>148,627</u>	1,916,135

The deferred outflows of expenditures for the municipal and police employees retirement systems are not a use of current resources, and therefore, are not reported in the funds 436,028

Long-term liabilities of governmental activities are not payable from current resources and, therefore, not reported in the funds. These liabilities consist of:

Compensated absences payable	(9,886)	
Net pension liability	<u>(948,322)</u>	(958,208)

The deferred inflows of contributions for the municipal and police employees retirement systems are not available resources, and therefore, are not reported in the funds (106,337)

Governmental funds are not reported on the accrual basis of accounting and therefore, there are some revenue sources that were not reported in the funds. The additional accruals are:

Franchise taxes	<u>15,739</u>	
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Total net position of governmental activities at June, 30, 2017 \$2,919,354

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2017

	General	1969 Sales Tax Special Revenue	1982 Sales Tax Special Revenue	Street Improvement Capital Projects	2% Set Aside Capital Projects	LCDBG Grant Projects	Total
<b>Revenues:</b>							
Taxes	\$ 112,213	\$ 275,741	\$ 275,740	\$ -	\$ -	\$ -	\$ 663,694
Licenses and permits	107,539	-	-	-	-	-	107,539
Intergovernmental	41,297	38,867	-	-	-	-	80,164
Fines and forfeits	31,751	-	-	-	-	-	31,751
Miscellaneous	36,412	1,165	2,604	76	241	-	40,498
Total revenues	<u>329,212</u>	<u>315,773</u>	<u>278,344</u>	<u>76</u>	<u>241</u>	<u>-</u>	<u>923,646</u>
<b>Expenditures:</b>							
Current -							
General government	250,950	13,702	12,122	-	-	-	276,774
Public safety - police	180,450	300,893	-	-	-	-	481,343
Streets	16,068	-	23,911	-	-	-	39,979
Parks and recreation	51,236	-	3,837	-	-	-	55,073
Capital outlay	41,493	-	-	-	-	-	41,493
Total expenditures	<u>540,197</u>	<u>314,595</u>	<u>39,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>894,662</u>
Excess (deficiency) of revenues over expenditures	<u>(210,985)</u>	<u>1,178</u>	<u>238,474</u>	<u>76</u>	<u>241</u>	<u>-</u>	<u>28,984</u>
<b>Other financing sources (uses):</b>							
Transfers in	274,285	-	-	-	44,203	28,069	346,557
Transfers out	-	(100,000)	(220,000)	-	-	(32,084)	(352,084)
Total other financing sources (uses)	<u>274,285</u>	<u>(100,000)</u>	<u>(220,000)</u>	<u>-</u>	<u>44,203</u>	<u>(4,015)</u>	<u>(5,527)</u>
Net changes in fund balances	63,300	(98,822)	18,474	76	44,444	(4,015)	23,457
Fund balances, beginning	<u>555,776</u>	<u>449,691</u>	<u>508,863</u>	<u>38,242</u>	<u>35,951</u>	<u>4,017</u>	<u>1,592,540</u>
Fund balances, ending	<u>\$ 619,076</u>	<u>\$ 350,869</u>	<u>\$ 527,337</u>	<u>\$ 38,318</u>	<u>\$ 80,395</u>	<u>\$ 2</u>	<u>\$ 1,615,997</u>

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

TOWN OF ARNAUDVILLE, 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 June 30, 2017

Total net changes in fund balance at June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 23,457
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The change in net position reported for governmental activities in the statement of activities is different because:

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

Capital outlay which are considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 41,493	
Depreciation expense for the year ended June 30, 2017	<u>(93,401)</u>	(51,908)

Governmental funds are reported on the modified accrual basis of accounting as opposed to the accrual basis of accounting. Therefore, there are revenue and expenditure accruals in the statement of activities.

Decrease in revenues earned	1,002
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Differences between the amount reported as expenses in the statement of activities and those reported as expenditures in the fund financial statements:

Compensated absences	6,245	
Pension expense	<u>(53,052)</u>	(46,807)

Non-employer's contributions to the municipal employees and the police employees pension plans	<u>17,171</u>
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Total net changes in net position at June 30, 2017 per Statement of Activities	<u>\$ (57,085)</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2017

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing demand deposits	\$ 628,561
Interest-bearing time deposits	991,773
Receivables:	
Accounts	99,179
Due from other governmental units	24,706
Due from other funds	120,000
Other	7,269
Prepaid items	28,244
Total current assets	<u>1,899,732</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing demand deposits	157,353
Interest-bearing time deposits	59,705
Capital assets, net of accumulated depreciation	4,869,524
Total noncurrent assets	<u>5,086,582</u>
Total assets	<u>6,986,314</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>153,940</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	11,387
Due to other funds	192,367
Accrued liabilities	5,671
Payable from restricted assets -	
Revenue bonds	69,000
Accrued interest payable	2,433
Customers' deposits	60,054
Total current liabilities	<u>340,912</u>
Noncurrent liabilities:	
Net pension liability	439,528
Revenue bonds payable	223,000
Total liabilities	<u>1,003,440</u>
DEFERRED INFLOWS OF RESOURCES	<u>44,190</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,646,524
Restricted for debt service	85,571
Unrestricted	1,360,529
Total net position	<u>\$ 6,092,624</u>

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

TOWN OF ARNAUDVILLE

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
 Proprietary Fund  
 For the Year Ended June 30, 2017

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 293,707
Water charges	407,241
Sewer service charges	199,007
Sanitation charges	561
Miscellaneous	<u>30,950</u>
Total operating revenues	<u>931,466</u>
Operating expenses:	
Salaries	198,051
Payroll taxes and retirement	77,306
Gas purchases	57,853
Supplies, repairs and maintenance	112,423
Professional fees	15,875
Bad debts	4,591
Telephone	3,912
Depreciation	238,823
Insurance	64,551
Water plant lease	325
Utilities	28,581
Fire department expense	3,072
Office supplies	12,778
Miscellaneous	<u>17,549</u>
Total operating expenses	<u>835,690</u>
Operating income	<u>95,776</u>

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2017

	<u>Enterprise Fund</u>
Nonoperating revenues (expenses):	
Grant revenue	\$ 31,289
Non-employer pension contribution	6,300
Interest income	5,253
Ad valorem taxes	55,951
Interest expense	<u>(12,343)</u>
Total nonoperating revenues	<u>86,450</u>
Income before transfers	<u>182,226</u>
Transfers:	
Transfer from 1982 Sales Tax Fund	120,000
Transfer to LCDBG Fund	(9,188)
Transfer to General Fund	(74,285)
Transfer to 2% Set Aside Fund	<u>(31,000)</u>
Total transfers	<u>5,527</u>
Change in net position	187,753
Net position, beginning	<u>5,904,871</u>
Net position, ending	<u>\$ 6,092,624</u>

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2017

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 925,380
Payments to suppliers	(407,290)
Payments to employees	(242,513)
Net cash provided by operating activities	<u>275,577</u>
Cash flows from noncapital financing activities:	
Non-employer pension contributions	6,300
Cash paid to other funds	-
Cash received by other funds	6,203
Transfers from other funds	120,000
Transfers to other funds	(114,473)
Ad valorem tax receipts	55,951
Net cash provided by noncapital financing activities	<u>73,981</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds and notes payable	(65,000)
Interest and fiscal charges paid on revenue bonds and notes payable	(12,343)
Increase in customer deposits payable	11,721
Acquisition of property, plant and equipment	(166,505)
Capital grant	31,289
Net cash used by capital and related financing activities	<u>(200,838)</u>
Cash flows from investing activities:	
Maturities of interest-bearing time deposits	1,046,225
Purchase of interest-bearing time deposits	(1,051,478)
Interest on interest-bearing deposits	5,253
Net cash used by investing activities	<u>-</u>
Net increase in cash and cash equivalents	148,720
Cash and cash equivalents, beginning of period	<u>637,194</u>
Cash and cash equivalents, end of period	<u>\$ 785,914</u>

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2017

	<u>Enterprise Fund</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	\$ 95,776
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	238,823
Changes in current assets and liabilities:	
Decrease in accounts receivable	(1,495)
Decrease in other receivables	(17,418)
Decrease in prepaid items	(16,112)
Increase in deferred outflows of resources	10,138
Decrease in accounts payable	(52,848)
Decrease in accrued liabilities	(3,993)
Decrease in net pension liability	(7,114)
Increase in deferred inflows of resources	<u>29,820</u>
Net cash provided by operating activities	<u>\$ 275,577</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 511,320
Cash - restricted	<u>125,874</u>
Total cash and cash equivalents	<u>637,194</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	628,561
Cash - restricted	<u>157,353</u>
Total cash and cash equivalents	<u>785,914</u>
Net increase	<u>\$ 148,720</u>

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

## TOWN OF ARNAUDVILLE, LOUISIANA

### Notes to Basic Financial Statements

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

The accompanying financial statements of the Town of Arnaudville (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (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 subsections of this note.

##### A Financial Reporting Entity

The Town of Arnaudville was incorporated in 1909 under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

This report includes all funds that are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, one governmental organization is not part of the Town and is thus excluded from the accompanying financial statements. This organization is the Arnaudville Volunteer Fire Department. Although the Town does provide facilities and some of their financing, no control is exercised over their operations.

##### B. Basis of Presentation

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

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange 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 ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

The various funds of the Town are classified into two categories: governmental and proprietary (enterprise). 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, liabilities, 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, liabilities, 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.

Several funds of the Town are considered to be major funds and are described below:

Governmental Funds -

General Fund

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

Special Revenue Funds

1969 Sales Tax Fund -

The 1969 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

1982 Sales Tax Fund -

The 1982 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Projects Funds

Street Improvement Fund -

The Street Improvement Fund is used to account for the improvement of certain streets within the Town.

2% Set Aside Fund -

The 2% Set Aside Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

LCDBG Grant Projects Fund -

The LCDBG Grant Projects Fund is used to account for the receipt and subsequent disbursement of Louisiana Community Block Grants and Town's matching funds to be utilized for the various projects. A sewer system improvement project began in the current fiscal year and is in progress at the end of the year.

Proprietary Fund -

Enterprise Fund -

Enterprise funds are 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. The Town's enterprise fund is the Utility Fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

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.

## TOWN OF ARNAUDVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### 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 assets.

#### 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. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when 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.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of 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.

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 taxes, sales and use taxes, and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. An allowance for uncollectible ad valorem taxes was recorded at an amount equal to the receivable balance, because collection is unlikely. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are estimated and recorded at June 30, 2017.

Capital Assets

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

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Buildings and improvements	40 years
Equipment and vehicles	3-10 years
Utility system and improvements	10-50 years
Infrastructure	40 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.

Prior to the adoption of GASB 34, it was the Town's policy not to record infrastructure; therefore, the Town did not have a complete listing of infrastructure. However, through the years, a partial list of infrastructure was maintained. The Town has opted not to do a detailed analysis of existing infrastructure. Rather, we will include the infrastructure for which we do have cost information available, and begin accumulating infrastructure information prospectively.

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and 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 are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are 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 some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures of revenues, respectively. At June 30, 2017, the Town's deferred outflows and inflows of resources are attributable to its pension plans.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Compensated Absences

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

Vacation leave is earned at the rate of five days to twenty days per year. Vacation leave earned does not accumulate from year to year. However, all vacation leave accumulated at the time of separation is payable.

Sick leave is earned at the rate of one day per month not to exceed ten days in one year. Employees are allowed to accumulate and carryforward up to thirty days of sick leave from year to year. Accumulated sick leave is not payable at time of separation.

At June 30, 2017, vested leave benefits have been accrued as required by GASB statement No. 16 "Accounting for Compensated Absences."

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows or resources that are attributable to the acquisition, construction, or improvement of 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 or resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. 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.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. 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.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town’s Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Town.
- d. 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 the Mayor and Board of Aldermen may assign amounts for specified purposes.
- e. Unassigned – all other spendable amounts.

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

Enterprise (Utility) Fund equity at the fund level is classified the same as in the government-wide statements.

E. Capitalization of Interest Expense

It is the policy of the Town of Arnaudville to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2017, there was no material interest paid on borrowings for assets under construction, and therefore, no capitalized interest expense was recorded on the books.

F. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessors of St. Martin and St. Landry Parishes. Town property tax revenues are budgeted in the year billed.

For the year ended June 30, 2017, taxes of 12.72 mills were levied on property with assessed valuations totaling \$6,772,280 and were dedicated as follows:

General corporate purposes	5.72 mills
Utility system	7.00 mills

Total taxes levied were \$86,143. Taxes receivable at June 30, 2017 was \$12,006. The allowance for uncollectible accounts was \$5,606 at June 30, 2017; therefore, the net taxes receivable is \$0 at June 30, 2017.

(3) Sales and Use Tax

Proceeds of a 1 percent sales and use tax (accounted for in the 1969 Sales Tax Fund - a special revenue fund) levied by the Town of Arnaudville (2017 collections \$275,741) are dedicated to the following purposes:

Constructing, acquiring, improving and maintaining police department stations and equipment, garbage and waste disposal facilities, streets, drains and drainage facilities; compensating policemen; maintaining sewers and sewerage disposal works; and purchasing and acquiring the necessary equipment and furnishings for the aforesaid public works, improvements and facilities.

Proceeds of a 1 percent sales and use tax (accounted for in the 1982 Sales Tax Fund - a special revenue fund) levied by the Town of Arnaudville (2017 collections \$275,740) are dedicated to the following purposes:

Constructing, acquiring, improving, operating and/or maintaining public streets, bridges, sidewalks, drainage facilities, recreational facilities and garbage and waste disposal facilities; and purchasing and acquiring the necessary land, equipment, and furnishings for any of the aforesaid public works, improvements and facilities.

(4) Cash and Interest-Bearing Deposits and Investments

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

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2017, the Town had cash and interest-bearing deposits (book balances) totaling \$238,961 as follows:

Demand deposits	\$ 1,903,527
Time deposits	<u>1,429,622</u>
Total	<u>\$ 3,333,149</u>

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. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Town or the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at June 30, 2017 were secured as follows:

Bank Balances	<u>\$ 3,402,452</u>
Federal deposit insurance	1,000,000
Pledged securities	<u>2,402,452</u>
Total FDIC insurance and pledged securities	<u>\$ 3,402,452</u>

Deposits in the amount of \$2,402,452 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. The Town does not have a policy for custodial credit risk.

(5) Receivables

Receivables at June 30, 2017 of \$123,047 consist of the following:

	General	1969 Sales Tax	1982 Sales Tax	2% Set Aside	Utility	Total
Accounts	\$ -	\$ -	\$ -	\$ -	\$ 165,480	\$ 165,480
Allowance	-	-	-	-	(66,301)	(66,301)
Franchise tax	15,739	-	-	-	-	15,739
Interest	-	409	368	83	2,905	3,765
Fines, licenses, etc.	-	-	-	-	4,364	4,364
Totals	<u>\$ 15,739</u>	<u>\$ 409</u>	<u>\$ 368</u>	<u>\$ 83</u>	<u>\$ 106,448</u>	<u>\$ 123,047</u>

TOWN OF ARNAUDVILLE, LOUISIANA  
Notes to Basic Financial Statements (Continued)

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2017 consisted of the following:

General Fund:

Amount due from the State of Louisiana for video poker receipts for the month of June 2017	\$ 5,595
Amount due from the St. Landry Parish Housing Authority for payments in lieu of taxes for the fiscal years ended June 30, 2016 and June 30, 2017	5,310
Amount due from the State of Louisiana Department of Transportation and Development for grass cutting grant for January 1 through June 30, 2017	1,795
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending June 30, 2017	<u>1,182</u>
Total General Fund	<u>13,882</u>

Utility Fund:

Amount due from the St. Landry Parish Housing Authority for payments in lieu of taxes for the fiscal years ended June 30, 2016 and 2017	6,490
Amount due from the State of Louisiana for grants during fiscal year ending June 30, 2017	<u>18,216</u>
Total Utility Fund	<u>24,706</u>
	<u>\$ 38,588</u>

(7) Restricted Assets - Proprietary Fund Type

Restricted assets in the business-type activities consisted of the following at June 30, 2017:

Revenue bond sinking and interest redemption fund	\$ 61,289
Revenue bond reserve fund	21,985
Revenue bond capital additions and contingencies fund	73,730
Customers' deposits	<u>60,054</u>
Total restricted assets	<u>\$ 217,058</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

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

	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 137,498	\$ -	\$ -	\$ 137,498
Construction in progress	39,533	-	-	39,533
Other capital assets:				
Buildings and improvements	1,185,360	16,930	-	1,202,290
Infrastructure	1,249,231	5,982	-	1,255,213
Equipment and vehicles	486,512	18,581	904	504,189
Totals	<u>3,098,134</u>	<u>41,493</u>	<u>904</u>	<u>3,138,723</u>
Less accumulated depreciation				
Buildings and improvements	368,830	29,722	-	398,552
Infrastructure	431,373	37,101	-	468,474
Equipment and vehicles	329,888	26,578	904	355,562
Total accumulated depreciation	<u>1,130,091</u>	<u>93,401</u>	<u>904</u>	<u>1,222,588</u>
Governmental activities, capital assets, net	<u>\$ 1,968,043</u>	<u>\$ (51,908)</u>	<u>\$ -</u>	<u>\$ 1,916,135</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 33,179	\$ 15,000	\$ -	\$ 48,179
Construction in progress	1,490,889	-	1,490,889	-
Other capital assets:				
Plant and equipment - gas	853,137	45,945	-	899,082
Plant and equipment - water system	3,262,065	48,621	-	3,310,686
Plant and equipment - sewer system	2,214,339	1,497,026	-	3,711,365
Auto and office equipment	346,385	80,802	-	427,187
Totals	<u>8,199,994</u>	<u>1,687,394</u>	<u>1,490,889</u>	<u>8,396,499</u>
Less accumulated depreciation				
Plant and equipment - gas	589,788	16,200	-	605,988
Plant and equipment - water system	1,107,553	107,298	-	1,214,851
Plant and equipment - sewer system	1,282,107	106,219	-	1,388,326
Auto and office equipment	278,704	9,106	-	287,810
Total accumulated depreciation	<u>3,258,152</u>	<u>238,823</u>	<u>-</u>	<u>3,496,975</u>
Business-type activities, capital assets, net	<u>\$ 4,941,842</u>	<u>\$ 1,448,571</u>	<u>\$ 1,490,889</u>	<u>\$ 4,899,524</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 37,063
Police	13,728
Streets	36,297
Park and recreation	6,313
Total depreciation expense	<u>\$ 93,401</u>

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

Gas	\$ 19,204
Water	111,395
Sewer	108,224
Total depreciation expense	<u>\$ 238,823</u>

(9) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2017:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 18,418	\$ 3,378	\$ 21,796
Accrued salaries	207	2,770	2,977
Accrued liabilities	3,659	2,901	6,560
Accrued interest payable	-	2,433	2,433
Compensated absences	9,886	8,009	17,895
Totals	<u>\$ 32,170</u>	<u>\$ 19,491</u>	<u>\$ 51,661</u>

(10) Long-Term Liabilities

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

	Bonds Payable	Net Pension Liability
Long-term liabilities at July 1, 2016	\$357,000	\$ 1,157,905
Additions	-	243,381
Reductions	<u>(65,000)</u>	<u>(13,436)</u>
Long-term liabilities at June 30, 2017	<u>\$ 292,000</u>	<u>\$ 1,387,850</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The bonds payable are attributable to business-type activities and are payable from proprietary (Enterprise Fund) revenues. Of the net pension liability, \$948,322 is attributable to governmental activities (payable from governmental fund revenues) and \$439,528 is attributable to business-type activities (payable from the Enterprise Fund revenues).

Bonds payable at June 30, 2017 is comprised of the following:

Revenue Bonds:		<u>Due Within One Year</u>
\$245,000 Utility Bonds dated 3/24/82; due in annual installments of \$3,000 to \$13,000 through 3/24/22; interest at 5.00 percent	\$ 59,000	\$ 11,000
\$360,000 Water Bond (Prairie Des Femmes Acquisition), Series 2007 dated 10/5/07; due in annual installments of \$10,000 to \$31,000 through 5/1/23; original interest at 4.42 percent, reduced to 3.16 percent effective 1/1/12	67,000	25,000
<b>Public Improvement Bonds:</b>		
\$400,000 Public Improvement Bonds dated 05/01/04; due in annual installments of \$22,000 to \$34,000 through 5/01/19; original interest at 4.00 percent, reduced to 2.95 percent effective 1/1/12	<u>166,000</u>	<u>33,000</u>
	<u>\$ 292,000</u>	<u>\$ 69,000</u>

Interest in the amount of \$12,343 was charged to expense and allocated to the water department.

The annual requirements to amortize the outstanding debt as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 69,000	\$ 10,173	\$ 79,173
2019	71,000	7,859	78,859
2020	39,000	5,484	44,484
2021	40,000	4,031	44,031
2022	42,000	2,546	44,546
2023	<u>31,000</u>	<u>980</u>	<u>31,980</u>
	<u>\$ 292,000</u>	<u>\$ 31,073</u>	<u>\$ 323,073</u>

(11) Flow of Funds; Restrictions on Use – Utilities Revenues

- A. Under the terms of the bond indenture on outstanding utility revenue bonds dated March 24, 1982, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utility System are pledged and dedicated to the retirement of said bonds and certificates and are to be set aside into the following funds:

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Each month there will be set aside into a "Bond and Interest Redemption Fund", also called the "Sinking Fund", an amount consisting of 1/12 of the next maturing installment of principal and interest on the outstanding certificates. Such transfers must be made on or before the 20th day of each month to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

Five percent (5%) of the amount to be paid into the Bond and Interest Redemption Fund each month must be deposited into a "Bond Reserve Fund" until there is on deposit an amount equal to \$15,550. Also, there will be set aside into a "Capital Additions and Contingencies Fund" \$119 per month. Monies in this account may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense.

- B. For the payment of the principal and the interest on the Public Improvement Bonds (2004) and the Water Bonds (Prairie Des Femmes Acquisition), Series 2007, a Sinking Fund must be established and maintained with the regularly designated fiscal agent bank of the Town. The Town shall deposit in said Sinking Fund at least three (3) days in advance of the date on which each payment of principal and/or interest on the Bonds falls due, funds fully sufficient to promptly pay the maturing principal and/or interest so falling due on such date.

The Public Improvement Bonds (2004) and the Water Bonds (Prairie Des Femmes Acquisition), Series 2007 have no additional reserve and contingency fund requirements.

All revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted accounts shall be regarded as surplus and may be used for any lawful corporate purpose.

(12) Pension Plans / GASB 68

Substantially all employees of the Town are members of one of the following statewide retirement systems: Municipal Police Employees Retirement System of Louisiana or Municipal Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

A. Municipal Police Employees Retirement System:

The Town of Arnaudville participates in the Municipal Police Employees' Retirement System (System). The System is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies:

The Municipal Police Employees' Retirement System prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses / expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

Basis of Accounting:

The System's employer schedules were prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

System Employees:

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Plan Fiduciary Net Position:

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Plan Description:

The Municipal Police Employees' Retirement System is administered by a board of trustees. 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.

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 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.

## TOWN OF ARNAUDVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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 deceased member had less than ten years of service, 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 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 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.

## TOWN OF ARNAUDVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

If the member elects a money market investment return, the funds are transferred to a government money market account.

#### 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 June 30, 2017, total contributions due from employers and employees was 39.5%. 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 29.5% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 31.5% 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 32% and 7.5%, respectively.

#### 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 June 30, 2017 and excluded from pension expense. The Town recognized \$11,571 of nonemployer contribution revenue.

#### Schedule of Employer Allocations:

The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentages for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Police Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the year ended June 30, 2016 as compared to the total of all employers' contributions to the System during the year ended June 30, 2016.

TOWN OF ARNAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

At June 30, 2017, the Town reported a liability of \$582,905 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension 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, 2016, the Town's proportion was .062191% which was an increase of .018851% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized a pension expense of \$76,898 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$2,766.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 9,273
Changes of assumptions	28,341	35
Net difference between projected and actual earnings on pension plan investments	89,694	-
Change in proportion and differences between employer contributions and proportionate share of contributions	138,940	51,058
Employer contributions subsequent to the measurement date	<u>55,869</u>	<u>-</u>
Total	<u>\$312,844</u>	<u>\$60,366</u>

Deferred outflows of resources of \$55,869 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ended	
<u>6/30/2018</u>	\$ 23,906
6/30/2019	79,626
6/30/2020	70,298
6/30/2021	<u>22,779</u>
	<u>\$ 196,609</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

The actuarial assumptions used in the June 30, 2016 valuation were based on the assumptions used in the June 30, 2016 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.5%, net of investment expense	
Expected Remaining		
Service lives	2016-4 years 2015-4 years 2014-4 years	
Inflation Rate	2.875%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	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. RP-2000 Disabled Lives Table set back 5 years for males and 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 included provisions for potential future increases not yet authorized by the Board of Trustees.	

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

The mortality rate assumption used was set 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 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 set-back 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	53.00%	3.69%
Fixed Income	21.00%	0.49%
Alternative	20.00%	1.11%
Other	6.00%	0.21%
Totals	<u>100.00%</u>	<u>5.50%</u>
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>8.25%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's 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 Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 7.5%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 6.5%, or one percentage point higher, 8.5%, than the current rate as of June 30 2017:

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.50%	7.50%	8.50%
Net Pension Liability	<u>\$ 777,062</u>	<u>\$ 582,905</u>	<u>\$ 419,892</u>

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2016, were recognized in the current reporting period as pension expense except as follows:

1. Differences between expected and actual experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$9,273 for the year ended June 30, 2017.
2. Changes of assumptions or other inputs: Changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred inflow of resources in the amount of \$35 and in a deferred outflow of resources in the amount of \$28,341 for the year ended June 30, 2017.
3. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$89,694 for the year ended June 30, 2017.
4. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's 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 pensions through the pension plan. The change in proportion resulted in a deferred inflow of resources in the amount of \$51,058 and a deferred outflow of resources in the amount of \$138,940.

## TOWN OF ARNAUDVILLE, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

#### 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. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

#### Retirement System Audit Report:

Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

#### B. Municipal Employees Retirement System of Louisiana:

The Town of Arnaudville participates in the Municipal Employees' Retirement System of Louisiana (System). The System is a cost-sharing multiple-employer defined benefit pension plan established by Act 456 of 1954 to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of the System. Act 569 of 1968 provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for these municipalities participating in both plans, while Plan B participates in only the original plan. The Town of Arnaudville participates in Plan A, and therefore, the following note disclosures will be as it relates to Plan A of the System.

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

#### Summary of Significant Accounting Policies:

The Municipal Employees' Retirement System prepares its employer schedules in accordance with the Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses / expenditures. It identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

## TOWN OF ARNAUDVILLE, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

#### Basis of Accounting

The System's employer schedules are prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

#### Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates and assumptions primarily relate to actuarial valuations or unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

#### System Employees

The System is not allocated a proportionate share of the net liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

#### Plan Description:

The Municipal Employees' Retirement System of Louisiana (System) is the administered by a separate board of trustees. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System.

#### Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 of the System as a condition of employment.

#### Retirement Benefits

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

## TOWN OF ARNAUDVILLE, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

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

Any member of Plan A Tier 2 can retire providing the member meets on of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty five (25) years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five (5) or more years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

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

#### Survivor Benefits

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

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

## TOWN OF ARNAUDVILLE, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

Any member of Plan A who had not withdrawn their accumulated contributions and had at least twenty (20) years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

#### DROP Benefits

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

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

#### Disability Benefits

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

#### Cost of Living Increases

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

## TOWN OF ARNAUDVILLE, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

#### Deferred Benefits

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

#### Employer Contributions:

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

According to state statute, the System also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

#### 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 June 30, 2017 and excluded from pension expense. The Town recognized \$11,900 of nonemployer contribution revenue.

#### Schedule of Employer Allocations:

The schedule of employer allocations reports the employer contributions in addition to the employer allocation percentage. The employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System of Louisiana. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contribution effort to the plan for the current fiscal year as compared to the total of all employers' contribution effort to the plan for the current fiscal year. The employers' contribution effort was based on actual employer contributions made to the System for the fiscal year ended June 30, 2016.

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

At June 30, 2017, the Town reported a liability of \$804,945 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension 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, 2016, the Town's proportion was 0.196390%, which was a decrease of .032710% from its proportion measured as of June 30, 2016.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

For the year ended June 30, 2017, the Town recognized pension expense of \$135,745 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$985.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 25,445
Changes of assumptions	29,302	-
Net differences between projected and actual earnings on pension plan investments	183,829	-
Change in proportion and differences between employer contributions and proportionate share of contributions	1,195	64,716
Employer contributions subsequent to the measurement date	<u>62,798</u>	<u>-</u>
Total	<u>\$277,124</u>	<u>\$ 90,161</u>

Deferred outflows of resources of \$62,798 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	
6/30/2018	\$ 29,218
6/30/2019	6,866
6/30/2020	59,564
6/30/2021	<u>28,517</u>
	<u>\$ 124,165</u>

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.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.50%
Inflation Rate	2.875%
Salary increases, including inflation and merit increases	5.00%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using Scale AA
Employee mortality	RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table for disabled annuitants set back 5 years for males and set back 3 years for females

Discount rate

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

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Public equity	50.00%	2.60%
Public fixed income	35.00%	1.80%
Alternatives	<u>15.00%</u>	<u>0.80%</u>
Totals	<u>100.00%</u>	<u>5.20%</u>
 Inflation		 <u>2.50%</u>
Expected Arithmetic Nominal Return		<u>7.70%</u>

The discount rate used to measure the total pension liability was 7.50% for the year ended June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. 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.

The effects of certain other changes in the net pension liability are required to be included in the pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of difference between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2016 is 3 years for Plan A.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Sensitivity to Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Town's proportionate share of the net pension liability of the System, calculated using the discount rate of 7.5%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 6.5%, or one percentage point higher, 8.5%, than the current rate as of June 30, 2017:

	Changes in Discount Rate		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	<u>\$ 1,023,236</u>	<u>\$ 804,945</u>	<u>\$ 618,677</u>

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period except as follows:

1. Differences between expected and actual experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$25,445 for the year ended June 30, 2017.
2. Changes of assumptions or other inputs: Changes of assumptions about future economic or demographic factors or of others were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$29,302 for the year ended June 30, 2017.
3. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$183,829 for the year ended June 30, 2017.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

4. Changes in proportion: Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's 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 pensions through the pension plan. The changes in proportion resulted in a deferred inflow of resources in the amount of \$64,716 and in a deferred outflow of resources in the amount of \$1,195 for the year ended June 30, 2017.

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. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Retirement Fund Audit Report:

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.la.la.gov](http://www.la.la.gov), or by contacting the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

The following table summarizes the total deferred outflows, deferred inflows, and net pension liability of both plans and the allocation among governmental and business-type activities:

	Deferred Outflows	Net Pension Liability	Deferred Inflows
MPERS	\$ 312,844	\$ 582,905	\$ 60,366
MERS	277,124	804,945	90,161
Total	<u>\$ 589,968</u>	<u>\$ 1,387,850</u>	<u>\$ 150,527</u>
Governmental activities	\$ 436,028	\$ 948,322	\$ 106,337
Business-type activities	153,940	439,528	44,190
Total	<u>\$ 589,968</u>	<u>\$ 1,387,850</u>	<u>\$ 150,527</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(13) Segment Information for the Enterprise Fund

The Town of Arnaudville maintains one enterprise fund with four departments, which provides gas, water, sewerage and sanitation (on a limited basis) services. Segment information for the year ended June 30, 2017 was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Sanitation Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 309,862	\$ 421,680	\$199,361	\$ 563	\$931,466
Operating expenses	<u>223,948</u>	<u>371,227</u>	<u>233,519</u>	<u>6,996</u>	<u>835,690</u>
Operating income (loss)	<u>\$ 85,914</u>	<u>\$ 50,453</u>	<u>\$(34,158)</u>	<u>\$ (6,433)</u>	<u>\$ 95,776</u>

(14) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen \$38,867 of supplemental pay during the year ended June 30, 2017. Such payments are recorded as intergovernmental revenues and public safety and general government expenditures in the government-wide and General Fund financial statements.

(15) Risk Management

The Town is exposed to risks of loss in the areas of 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, nor have settlements exceeded coverage for the past three years.

(16) Pending Litigation

At June 30, 2017, the Town is not involved in any litigation.

(17) Compensation of Town Officials

A detail of compensation paid to the Mayor, Chief of Police, and Board of Aldermen for the year ended June 30, 2017 follows:

Kathy Richard, Mayor	\$ 15,455
Eddie LeCompte, Chief of Police	35,191
Aldermen:	
Annette Guidry	4,200
Todd Meche	4,200
Louis Stelly Jr.	4,200
Jamie Huval	4,200
Suzanne Stelly	<u>4,200</u>
	<u>\$ 71,646</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(18) Act 706-Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity Head

Under Act 706, the Town of Arnaudville is required to disclose the compensation, reimbursements, benefits, and other payments made to the mayor, in which the payments are related to the position. The following is a schedule of payments made to the Mayor for the year ended June 30, 2017.

Entity head: Kathy Richard, Mayor

Salary	\$ 15,455
Benefits-retirement	3,516
Travel	182
	<u>\$ 19,153</u>

(19) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2017:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 369,930	\$ -
1969 Sales Tax Special Revenue Fund	24,833	100,000
1982 Sales Tax Special Revenue Fund		244,833
2% Set Aside Capital Projects Fund	46,500	-
LCDBG Grant Projects	-	24,063
Enterprise Fund:		
Utility Fund	<u>120,000</u>	<u>192,367</u>
Total	<u>\$ 561,263</u>	<u>\$ 561,263</u>

Transfers are recorded in the year in which they were budgeted. However, the amounts are not always paid in that same year; therefore, causing balances as noted above. These balances are expected to be paid within the next fiscal year.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

B. Interfund Transfers

Interfund transfers consisted of the following at June 30, 2017:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 274,285	\$ -
1969 Sales Tax Special Revenue Fund	-	100,000
1982 Sales Tax Special Revenue Fund	-	220,000
2% Set Aside Capital Projects Fund	44,203	-
LCDBG Grant Projects Fund	28,069	32,084
Enterprise Fund:		
Utility Fund	<u>120,000</u>	<u>114,473</u>
Total	<u>\$ 466,557</u>	<u>\$ 466,557</u>

Transfers made to the General Fund are for the normal operations of the Town. The amounts each fund will transfer are calculated as part of the budget preparation process. These amounts reflect each fund's proportionate share of expenses paid out of the General Fund.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

TOWN OF ARNAUDVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Taxes	\$ 109,140	\$ 106,440	\$ 112,213	\$ 5,773
Licenses and permits	101,000	101,000	107,539	6,539
Intergovernmental	42,900	41,090	41,297	207
Fines and forfeits	80,960	33,000	31,751	(1,249)
Miscellaneous	29,905	36,300	36,412	112
Grants	28,300	-	-	-
Total revenues	<u>392,205</u>	<u>317,830</u>	<u>329,212</u>	<u>11,382</u>
<b>Expenditures:</b>				
General government	252,722	257,460	250,950	6,510
Public safety - police	190,741	177,485	180,450	(2,965)
Streets	19,320	11,800	16,068	(4,268)
Parks and recreation	44,450	50,070	51,236	(1,166)
Capital outlay	112,630	43,963	41,493	2,470
Total expenditures	<u>619,863</u>	<u>540,778</u>	<u>540,197</u>	<u>581</u>
Deficiency of revenues over expenditures	<u>(227,658)</u>	<u>(222,948)</u>	<u>(210,985)</u>	<u>11,963</u>
<b>Other financing sources (uses):</b>				
Transfer from 1969 Sales Tax Fund	100,000	100,000	100,000	-
Transfer from 1982 Sales Tax Fund	100,000	100,000	100,000	-
Transfer from Utility Fund	74,285	74,285	74,285	-
Total other financing sources (uses)	<u>274,285</u>	<u>274,285</u>	<u>274,285</u>	<u>-</u>
Net change in fund balances	46,627	51,337	63,300	11,963
Fund balance, beginning	<u>555,776</u>	<u>555,776</u>	<u>555,776</u>	<u>-</u>
Fund balance, ending	<u>\$ 602,403</u>	<u>\$ 607,113</u>	<u>\$ 619,076</u>	<u>\$ 11,963</u>

TOWN OF ARNAUDVILLE, LOUISIANA  
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 269,560	\$ 269,560	\$ 275,741	\$ 6,181
On-behalf payments	30,000	38,867	38,867	-
Miscellaneous - interest and other	-	-	1,165	1,165
Total revenues	<u>299,560</u>	<u>308,427</u>	<u>315,773</u>	<u>7,346</u>
<b>Expenditures:</b>				
General government -				
Bank charges	-	-	129	(129)
Collection fees	2,890	2,650	2,778	(128)
Professional fees	10,160	10,415	10,795	(380)
Total general government	<u>13,050</u>	<u>13,065</u>	<u>13,702</u>	<u>(637)</u>
Public safety - police -				
Salaries	190,675	178,770	182,074	(3,304)
Supplemental pay	30,000	38,867	38,867	-
Worker's compensation	16,000	16,855	14,660	2,195
Payroll taxes and retirement	66,300	61,395	65,292	(3,897)
Miscellaneous	110	260	-	260
Total public safety	<u>303,085</u>	<u>296,147</u>	<u>300,893</u>	<u>(4,746)</u>
Total expenditures	<u>316,135</u>	<u>309,212</u>	<u>314,595</u>	<u>(5,383)</u>
Excess (deficiency) of revenues over expenditures	(16,575)	(785)	1,178	1,963
<b>Other financing use:</b>				
Transfer to General Fund	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	(116,575)	(100,785)	(98,822)	1,963
Fund balance, beginning	<u>449,691</u>	<u>449,691</u>	<u>449,691</u>	<u>-</u>
Fund balance, ending	<u>\$ 333,116</u>	<u>\$ 348,906</u>	<u>\$ 350,869</u>	<u>\$ 1,963</u>

TOWN OF ARNAUDVILLE, LOUISIANA  
1982 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$269,560	\$269,560	\$275,740	\$ 6,180
Miscellaneous - interest and other	500	500	2,604	2,104
<b>Total revenues</b>	<u>270,060</u>	<u>270,060</u>	<u>278,344</u>	<u>8,284</u>
<b>Expenditures:</b>				
General government -				
Bank charges	-	-	4	(4)
Collection fees	2,890	2,650	2,778	(128)
Professional fees	<u>3,660</u>	<u>8,475</u>	<u>9,340</u>	<u>(865)</u>
<b>Total general government</b>	6,550	11,125	12,122	(997)
Streets -				
Utilities - street lighting	23,850	23,850	23,911	(61)
Culture and recreation -				
Park utilities	<u>9,560</u>	<u>3,600</u>	<u>3,837</u>	<u>(237)</u>
<b>Total expenditures</b>	<u>39,960</u>	<u>38,575</u>	<u>39,870</u>	<u>(1,295)</u>
<b>Excess of revenues over expenditures</b>	<u>230,100</u>	<u>231,485</u>	<u>238,474</u>	<u>6,989</u>
<b>Other financing uses:</b>				
Transfers to Utility Fund	(120,000)	(120,000)	(120,000)	-
Transfer to General Fund	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	-
<b>Total other financing uses</b>	<u>(220,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>	-
<b>Net change in fund balance</b>	10,100	11,485	18,474	6,989
Fund balance, beginning	<u>508,863</u>	<u>508,863</u>	<u>508,863</u>	-
Fund balance, ending	<u>\$518,963</u>	<u>\$520,348</u>	<u>\$527,337</u>	<u>\$ 6,989</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2017

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
<b>Municipal Employees' Retirement System:</b>					
2015	\$ 580,186	0.226066%	\$ 333,446	174.0%	73.99%
2016	818,381	0.318877%	364,059	224.8%	66.18%
2017	804,945	0.196390%	281,051	286.4%	62.07%
<b>Municipal Police Employees' Retirement System:</b>					
2015	211,200	0.033759%	119,826	176.3%	75.10%
2016	339,524	0.054271%	115,931	292.9%	70.73%
2017	582,905	0.062191%	174,955	333.2%	66.04%

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

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

TOWN OF ARNAUDVILLE, LOUISIANA

Schedule of Employer Contributions  
For the Year Ended June 30, 2017

<u>Year ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
<b>Municipal Employees' Retirement System:</b>					
2015	\$ 71,902	\$ 71,902	-	\$ 333,446	21.56%
2016	77,226	77,226	-	364,059	21.21%
2017	70,184	70,184	-	281,051	24.97%
<b>Municipal Police Employees' Retirement System:</b>					
2015	36,496	36,496	-	119,826	30.46%
2016	36,518	36,518	-	115,931	31.50%
2017	51,445	51,445	-	174,955	29.40%

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

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2017

(1) Budget and Budgetary Accounting

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

1. The Town Clerk submits, no later than 15 days prior to the beginning of each fiscal year, to the Mayor and Board of Aldermen a proposed operating budget.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. 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 an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

(2) Pension Plans

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

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Net Position  
 June 30, 2017  
 With Comparative Totals for June 30, 2016

	6/30/2017			2016 Totals
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and interest-bearing demand deposits	\$ 1,097,170	\$ 628,561	\$ 1,725,731	\$ 1,707,299
Interest-bearing time deposits	378,144	991,773	1,369,917	1,424,559
Receivables, net	16,599	106,448	123,047	119,038
Internal balances	72,367	(72,367)	-	-
Sales tax receivable	45,490	-	45,490	-
Due from other governmental units	13,882	24,706	38,588	81,471
Prepaid items	9,925	28,244	38,169	20,802
Total current assets	<u>1,633,577</u>	<u>1,707,365</u>	<u>3,340,942</u>	<u>3,353,169</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing demand deposits	20,443	157,353	177,796	146,317
Interest-bearing time deposits	-	59,705	59,705	59,485
Capital assets, net	<u>1,916,135</u>	<u>4,869,524</u>	<u>6,785,659</u>	<u>6,909,885</u>
Total noncurrent assets	<u>1,936,578</u>	<u>5,086,582</u>	<u>7,023,160</u>	<u>7,115,687</u>
Total assets	<u>3,570,155</u>	<u>6,793,947</u>	<u>10,364,102</u>	<u>10,468,856</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>436,028</u>	<u>153,940</u>	<u>589,968</u>	<u>426,911</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts, salaries and other payables	32,170	19,491	51,661	302,529
Bonds payable	-	69,000	69,000	65,000
Total current liabilities	<u>32,170</u>	<u>88,491</u>	<u>120,661</u>	<u>367,529</u>
Noncurrent liabilities:				
Customers deposits payable	-	60,054	60,054	48,333
Net pension liability	948,322	439,528	1,387,850	1,157,905
Bonds payable	-	223,000	223,000	292,000
Total noncurrent liabilities	<u>948,322</u>	<u>722,582</u>	<u>1,670,904</u>	<u>1,498,238</u>
Total liabilities	<u>980,492</u>	<u>811,073</u>	<u>1,791,565</u>	<u>1,865,767</u>
DEFERRED INFLOWS OF RESOURCES	<u>106,337</u>	<u>44,190</u>	<u>150,527</u>	<u>148,690</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,916,135	4,646,524	6,562,659	6,617,885
Restricted for sales tax dedications	878,206	-	878,206	958,554
Restricted for capital projects/acquisitions	20,443	-	20,443	20,443
Restricted for debt service	-	85,571	85,571	69,593
Unrestricted	<u>104,570</u>	<u>1,360,529</u>	<u>1,465,099</u>	<u>1,214,835</u>
Total net position	<u>\$ 2,919,354</u>	<u>\$ 6,092,624</u>	<u>\$ 9,011,978</u>	<u>\$ 8,881,310</u>

TOWN OF ARNAUDVILLE, LOUISIANA

Balance Sheet  
 General and Special Revenue Funds  
 June 30, 2017  
 With Comparative Amounts for June 30, 2016

	General		1969 Sales Tax Special Revenue		1982 Sales Tax Special Revenue	
	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>						
Cash and interest-bearing demand deposits	\$238,961	\$254,675	\$181,639	\$307,795	\$634,630	\$597,355
Interest-bearing time deposits	-	-	226,456	225,291	117,876	117,159
Receivables:						
Interest	-	-	409	409	368	369
Sales tax receivable			22,745	21,798	22,745	21,798
Due from other governmental units	13,882	29,075	-	-	-	-
Due from other funds	369,930	282,472	24,833	5,766	-	-
Prepaid items	9,925	8,670	-	-	-	-
Total assets	<u>\$632,698</u>	<u>\$574,892</u>	<u>\$456,082</u>	<u>\$561,059</u>	<u>\$775,619</u>	<u>\$736,681</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 13,622	\$ 19,116	\$ 5,213	\$ 10,060	\$ 3,449	\$ 2,052
Due to other funds	-	-	100,000	101,308	244,833	225,766
Total liabilities	<u>13,622</u>	<u>19,116</u>	<u>105,213</u>	<u>111,368</u>	<u>248,282</u>	<u>227,818</u>
Fund balances -						
Nonspendable (prepaid items)	9,925	8,670	-	-	-	-
Restricted:						
Sales tax dedications	-	-	350,869	449,691	527,337	508,863
Unassigned	609,151	547,106	-	-	-	-
Total fund balances	<u>619,076</u>	<u>555,776</u>	<u>350,869</u>	<u>449,691</u>	<u>527,337</u>	<u>508,863</u>
Total liabilities and fund balances	<u>\$632,698</u>	<u>\$574,892</u>	<u>\$456,082</u>	<u>\$561,059</u>	<u>\$775,619</u>	<u>\$736,681</u>

TOWN OF ARNAUDVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Actual	Variance with Final Budget Positive (Negative)	2016 Actual
	Budget				
	Original	Final			
<b>Taxes:</b>					
Ad valorem	\$ 35,741	\$ 39,435	\$ 40,739	\$ 1,304	\$ 36,331
Payment in lieu of taxes	8,144	3,900	8,418	4,518	8,523
Franchise - electric, TV, etc.	65,255	63,105	63,056	(49)	63,834
Total taxes	<u>109,140</u>	<u>106,440</u>	<u>112,213</u>	<u>5,773</u>	<u>108,688</u>
Occupational licenses	<u>101,000</u>	<u>101,000</u>	<u>107,539</u>	<u>6,539</u>	<u>115,148</u>
<b>Intergovernmental:</b>					
State of Louisiana -					
Highway maintenance revenue	3,490	3,590	3,590	-	3,590
Beer taxes	5,320	5,000	4,730	(270)	4,968
Poker machines	34,090	32,500	32,977	477	34,257
Total intergovernmental	<u>42,900</u>	<u>41,090</u>	<u>41,297</u>	<u>207</u>	<u>42,815</u>
Fines and forfeits	<u>80,960</u>	<u>33,000</u>	<u>31,751</u>	<u>(1,249)</u>	<u>77,389</u>
<b>Miscellaneous:</b>					
Rent income	7,245	10,300	9,034	(1,266)	8,769
Recreation department income	19,955	25,500	26,859	1,359	25,942
Donations	1,040	-	-	-	1,040
Miscellaneous	1,665	500	519	19	2,920
Total miscellaneous	<u>29,905</u>	<u>36,300</u>	<u>36,412</u>	<u>112</u>	<u>38,671</u>
State grant	<u>28,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$392,205</u>	<u>\$317,830</u>	<u>\$329,212</u>	<u>\$ 11,382</u>	<u>\$382,711</u>

TOWN OF ARNAUDVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Actual	Variance with Final Budget Positive (Negative)	2016 Actual
	Actual				
	Original	Final			
<b>Current:</b>					
<b>General government -</b>					
Council salaries	\$ 21,000	\$ 21,000	\$ 21,000	\$ -	\$ 21,000
Mayor's compensation	15,455	15,455	15,455	-	15,455
Clerk and other salaries	59,845	65,905	61,581	4,324	60,050
Payroll taxes and retirement	17,188	21,405	19,203	2,202	16,649
Worker's compensation insurance	1,700	1,895	1,909	(14)	1,941
Insurance	37,760	43,120	42,834	286	38,883
Utilities	17,500	14,000	13,560	440	13,938
Telephone	9,200	9,500	9,186	314	10,466
Professional fees	32,495	27,625	30,092	(2,467)	28,866
Computer related fees and software	2,470	2,800	3,200	(400)	2,687
Office supplies	7,500	6,200	4,866	1,334	7,053
Uniforms	-	350	258	92	-
Meetings and conventions	5,673	3,400	2,437	963	3,896
Travel	3,421	2,200	3,299	(1,099)	2,977
Dues	2,806	3,850	4,078	(228)	1,877
Tax roll and assessor's fee	1,505	1,505	1,126	379	1,160
Coffee and cokes	700	700	575	125	357
Coroner/medical	2,700	1,500	1,100	400	2,175
Repairs and maintenance	2,920	1,550	2,226	(676)	2,156
Miscellaneous	10,605	13,350	12,746	604	9,858
Postage	279	150	219	(69)	209
Total general government	<u>252,722</u>	<u>257,460</u>	<u>250,950</u>	<u>6,510</u>	<u>241,653</u>
<b>Public safety - police -</b>					
Salaries - dispatchers	98,665	105,000	104,977	23	101,591
Payroll taxes and retirement	18,933	13,735	12,245	1,490	11,414
Worker's compensation insurance	809	825	2,154	(1,329)	828
Insurance	3,284	3,750	3,725	25	3,381
Supplies	12,000	6,925	6,158	767	7,992
Prisoners meals and medical	800	800	747	53	710
Uniforms	3,000	3,500	4,203	(703)	1,951
Auto expenditures	26,000	17,500	22,128	(4,628)	21,817
Telephone	7,000	6,000	5,511	489	7,293
Repairs and maintenance	7,000	4,000	4,300	(300)	3,172
Miscellaneous	11,250	14,450	13,645	805	14,744
Training	2,000	1,000	657	343	371
Total public safety - police	<u>190,741</u>	<u>177,485</u>	<u>180,450</u>	<u>(2,965)</u>	<u>175,264</u>

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Actual	Variance with Final Budget Positive (Negative)	2016 Actual
	Budget				
	Original	Final			
Streets -					
Supplies	15,100	5,300	4,810	490	15,069
Equipment and street maintenance	4,220	6,500	6,590	(90)	4,094
Miscellaneous	-	-	4,668	(4,668)	-
Total streets	<u>19,320</u>	<u>11,800</u>	<u>16,068</u>	<u>(4,268)</u>	<u>19,163</u>
Parks and recreation -					
Coach's salary	14,400	15,600	14,400	1,200	12,000
Payroll taxes	1,300	1,195	1,037	158	918
Worker's compensation insurance	1,050	980	1,074	(94)	914
Repairs & maintenance	-	1,400	1,400	-	-
Insurance	-	-	844	(844)	844
Miscellaneous	27,700	30,895	32,481	(1,586)	39,836
Total parks and recreation	<u>44,450</u>	<u>50,070</u>	<u>51,236</u>	<u>(1,166)</u>	<u>54,512</u>
Capital outlay:					
General government -					
Equipment	12,000	12,000	12,000	-	-
Infrastructure	23,000	-	-	-	-
Police-					
Equipment	22,630	13,963	14,856	(893)	13,232
Vehicles	-	-	-	-	-
Streets -					
Equipment	43,000	6,000	5,982	18	5,208
Infrastructure	-	-	-	-	-
Parks and recreation -					
Equipment	12,000	12,000	8,655	3,345	15,443
Infrastructure	-	-	-	-	-
Total capital outlay	<u>112,630</u>	<u>43,963</u>	<u>41,493</u>	<u>2,470</u>	<u>33,883</u>
Total expenditures	<u>\$ 619,863</u>	<u>\$ 540,778</u>	<u>\$ 540,197</u>	<u>\$ 581</u>	<u>\$ 524,475</u>

TOWN OF ARNAUDVILLE, LOUISIANA  
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Taxes	\$269,560	\$269,560	\$ 275,741	\$ 6,181	\$267,512
On-behalf payments	30,000	38,867	38,867	-	30,000
Miscellaneous - interest and other	-	-	1,165	1,165	1,598
<b>Total revenues</b>	<u>299,560</u>	<u>308,427</u>	<u>315,773</u>	<u>7,346</u>	<u>299,110</u>
<b>Expenditures:</b>					
General government -					
Bank charges	-	-	129	(129)	-
Collection fees	2,890	2,650	2,778	(128)	2,758
Professional fees	10,160	10,415	10,795	(380)	7,805
<b>Total general government</b>	<u>13,050</u>	<u>13,065</u>	<u>13,702</u>	<u>(637)</u>	<u>10,563</u>
Public Safety -					
Police					
Salaries	190,675	178,770	182,074	(3,304)	179,767
Supplemental pay	30,000	38,867	38,867	-	30,000
Worker's compensation	16,000	16,855	14,660	2,195	17,077
Payroll taxes and retirement	66,300	61,395	65,292	(3,897)	59,544
Miscellaneous	110	260	-	260	40
<b>Total public safety</b>	<u>303,085</u>	<u>296,147</u>	<u>300,893</u>	<u>(4,746)</u>	<u>286,428</u>
<b>Total expenditures</b>	<u>316,135</u>	<u>309,212</u>	<u>314,595</u>	<u>(5,383)</u>	<u>296,991</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	(16,575)	(785)	1,178	1,963	2,119
<b>Other financing uses:</b>					
Transfer to General Fund	(100,000)	(100,000)	(100,000)	-	(100,000)
<b>Net change in fund balance</b>	(116,575)	(100,785)	(98,822)	1,963	(97,881)
<b>Fund balance, beginning</b>	<u>449,691</u>	<u>449,691</u>	<u>449,691</u>	-	<u>547,572</u>
<b>Fund balance, ending</b>	<u>\$333,116</u>	<u>\$348,906</u>	<u>\$ 350,869</u>	<u>\$ 1,963</u>	<u>\$449,691</u>

TOWN OF ARNAUDVILLE, LOUISIANA  
1982 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 269,560	\$ 269,560	\$ 275,740	\$ 6,180	\$ 267,512
Miscellaneous - interest and other	500	500	2,604	2,104	1,273
Total revenues	<u>270,060</u>	<u>270,060</u>	<u>278,344</u>	<u>8,284</u>	<u>268,785</u>
<b>Expenditures:</b>					
General government -					
Bank charges	-	-	4	(4)	-
Collection fees	2,890	2,650	2,778	(128)	2,758
Professional fees	3,660	8,475	9,340	(865)	7,805
Total general government	6,550	11,125	12,122	(997)	10,563
Streets -					
Utilities - street lighting	23,850	23,850	23,911	(61)	23,677
Culture and recreation -					
Park utilities	9,560	3,600	3,837	(237)	3,457
Total expenditures	<u>39,960</u>	<u>38,575</u>	<u>39,870</u>	<u>(1,295)</u>	<u>37,697</u>
Excess of revenues over expenditures	<u>230,100</u>	<u>231,485</u>	<u>238,474</u>	<u>6,989</u>	<u>231,088</u>
<b>Other financing uses:</b>					
Transfer to Utility Fund	(120,000)	(120,000)	(120,000)	-	(120,000)
Transfer to General Fund	(100,000)	(100,000)	(100,000)	-	(100,000)
Total other financing uses	<u>(220,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>	<u>(220,000)</u>
Net change in fund balance	10,100	11,485	18,474	6,989	11,088
Fund balance, beginning	<u>508,863</u>	<u>508,863</u>	<u>508,863</u>	<u>-</u>	<u>497,775</u>
Fund balance, ending	<u>\$ 518,963</u>	<u>\$ 520,348</u>	<u>\$ 527,337</u>	<u>\$ 6,989</u>	<u>\$ 508,863</u>

TOWN OF ARNAUDVILLE, LOUISIANA  
Street Improvement Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Actual	Variance with Final Budget Positive (Negative)	2016 Actual
	Budget				
	Original	Final			
Revenues:					
Miscellaneous - interest and other	\$ 68	\$ 68	\$ 76	\$ 8	\$ 77
Expenditures	-	-	-	-	-
Net change in fund balance	68	68	76	8	77
Fund balance, beginning	<u>38,242</u>	<u>38,242</u>	<u>38,242</u>	-	<u>38,165</u>
Fund balance, ending	<u>\$ 38,310</u>	<u>\$38,310</u>	<u>\$38,318</u>	<u>\$ 8</u>	<u>\$38,242</u>

TOWN OF ARNAUDVILLE, LOUISIANA  
2% Set Aside Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Actual	Variance with Final Budget	
	Budget			Positive	2016
	Original	Final		(Negative)	Actual
Revenues:					
Miscellaneous - interest and other	\$ 800	\$ 90	\$ 241	\$ 151	\$ 361
Expenditures	-	-	-	-	-
Excess of revenues over expenditures	800	90	241	151	361
Other financing sources (uses):					
Transfer from Utility Fund	15,500	31,000	31,000	-	15,500
Transfer from (to) LCDBG Capital Projects	-	13,203	13,203	-	(75,000)
Total other financing sources (uses)	15,500	44,203	44,203	-	(59,500)
Net change in fund balance	16,300	44,293	44,444	151	(59,139)
Fund balance, beginning	35,951	35,951	35,951	-	95,090
Fund balance, ending	\$ 52,251	\$ 80,244	\$ 80,395	\$ 151	\$ 35,951

TOWN OF ARNAUDVILLE, LOUISIANA  
LCDBG Grant Projects Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budget		Actual		
	Original	Final			
Revenues:					
Intergovernmental - federal grant	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Other financing sources (uses):					
Transfer from Utility Fund	-	28,069	28,069	-	100,000
Transfer from (to) 2% Set Aside Fund	-	(13,203)	(13,203)	-	75,000
Transfer to Utility Fund (sewer project)	(3,471)	(18,881)	(18,881)	-	(1,292,059)
Total other financing sources (uses)	(3,471)	(4,015)	(4,015)	-	(1,117,059)
Net change in fund balance	(3,471)	(4,015)	(4,015)	-	(117,059)
Fund balance, beginning	4,017	4,017	4,017	-	121,076
Fund balance, ending	\$ 546	\$ 2	\$ 2	\$ -	\$ 4,017

TOWN OF ARNAUDVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers

June 30, 2017 and 2016

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 30, 2017 and 2016:

<u>Department</u>	<u>2017</u>	<u>2016</u>
Gas (metered)	618	620
Water (metered)	1,247	1,239
Sewer	586	584
Sanitation	26	26

TOWN OF ARNAUDVILLE, LOUISIANA

Schedule of Insurance in Force

June 30, 2017

Description of Coverage	Coverage Amounts
Workmen's compensation - Employer's liability	\$ 500,000
Surety bonds -	
Public employees	10,000
Treasurer	263,000
Commercial general liability	500,000
Law enforcement officers' liability	500,000
Public officials' errors and omissions liability	500,000
Business auto liability	500,000
Fire, lightning and extended coverage, vandalism and malicious mischief - Blanket on all Town property	1,570,014
Equipment physical damage	231,681
Blanket accident and health policy- Baseball, basketball and volleyball programs	250,000

TOWN OF ARNAUDVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Statement of Revenues and Expenses  
Years Ended June 30, 2017 and 2016

	Totals		Gas	
	2017	2016	2017	2016
<b>Operating revenues:</b>				
Charges for services -				
Billings to customers	\$ 900,516	\$ 825,362	\$ 293,707	\$ 245,643
Delinquent charges	20,233	17,426	9,476	8,268
Other fees	10,717	10,749	6,679	5,520
Total operating revenues	<u>931,466</u>	<u>853,537</u>	<u>309,862</u>	<u>259,431</u>
<b>Operating expenses:</b>				
Salaries	198,051	246,604	24,376	75,605
Payroll taxes and retirement	77,306	96,302	2,408	29,202
Contract labor	-	4,460	-	4,460
Gas purchases	57,853	71,664	57,853	71,664
Supplies, repairs and maintenance	112,423	132,592	35,170	58,633
Professional fees	15,875	17,326	-	962
Bad debts	4,591	24,879	1,483	8,823
Telephone	3,912	5,019	1,406	1,140
Depreciation	238,823	196,252	16,200	16,202
Insurance	64,551	63,409	24,716	25,037
Water plant lease	325	300	-	-
Utilities	28,581	27,755	1,858	1,726
Fire department expense	3,072	3,072	-	-
Office supplies	12,778	11,440	-	-
Miscellaneous	17,549	15,490	7,932	7,370
Allocation of administrative expense	-	-	50,546	45,749
Total operating expenses	<u>835,690</u>	<u>916,564</u>	<u>223,948</u>	<u>346,573</u>
Operating income (loss)	<u>95,776</u>	<u>(63,027)</u>	<u>\$ 85,914</u>	<u>\$ (87,142)</u>
<b>Nonoperating revenues (expenses):</b>				
Grant revenue	31,289	-		
Non-employer pension contribution	6,300	8,079		
Interest income	5,253	4,646		
Ad valorem taxes/Housing Authority in lieu of taxes	55,951	51,014		
Interest expense	(12,343)	(14,021)		
Total nonoperating revenues (expenses)	<u>86,450</u>	<u>49,718</u>		
Income (loss) before transfers	<u>182,226</u>	<u>(13,309)</u>		
<b>Transfers:</b>				
Transfers from 1982 Sales Tax Fund	120,000	120,000		
Transfers from LCDBG Fund	(9,188)	1,292,059		
Transfers to General Fund	(74,285)	(74,285)		
Transfers to LCDBG Fund	-	(100,000)		
Transfer to 2% Set Aside Fund	(31,000)	(15,500)		
Total transfers	<u>5,527</u>	<u>1,222,274</u>		
Change in net position	187,753	1,208,965		
Net position, beginning	<u>5,904,871</u>	<u>4,695,906</u>		
Net position, ending	<u>\$ 6,092,624</u>	<u>\$ 5,904,871</u>		

Water		Sewer		Sanitation		Administration	
2017	2016	2017	2016	2017	2016	2017	2016
\$ 407,241	\$ 401,536	\$ 199,007	\$ 177,286	\$ 561	\$ 897	\$ -	\$ -
10,701	7,397	54	1,719	2	42	-	-
3,738	5,029	300	200	-	-	-	-
<u>421,680</u>	<u>413,962</u>	<u>199,361</u>	<u>179,205</u>	<u>563</u>	<u>939</u>	<u>-</u>	<u>-</u>
78,062	76,180	35,505	33,956	-	-	60,108	60,863
33,757	37,937	14,441	15,870	-	-	26,700	13,293
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
48,775	52,044	28,478	21,915	-	-	-	-
1,000	962	-	962	-	-	14,875	14,440
2,075	10,064	1,033	5,951	-	41	-	-
-	-	-	-	-	-	2,506	3,879
107,298	102,475	106,219	67,777	-	-	9,106	9,798
15,639	15,743	9,033	8,737	-	-	15,163	13,892
325	300	-	-	-	-	-	-
10,504	10,568	5,658	5,682	-	-	10,561	9,779
3,072	3,072	-	-	-	-	-	-
-	-	-	-	-	-	12,778	11,440
1,793	847	986	500	5,464	5,522	1,374	1,251
<u>68,927</u>	<u>65,159</u>	<u>32,166</u>	<u>26,341</u>	<u>1,532</u>	<u>1,386</u>	<u>(153,171)</u>	<u>(138,635)</u>
<u>371,227</u>	<u>375,351</u>	<u>233,519</u>	<u>187,691</u>	<u>6,996</u>	<u>6,949</u>	<u>-</u>	<u>-</u>
<u>\$ 50,453</u>	<u>\$ 38,611</u>	<u>\$ (34,158)</u>	<u>\$ (8,486)</u>	<u>\$ (6,433)</u>	<u>\$ (6,010)</u>	<u>\$ -</u>	<u>\$ -</u>

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

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

The Honorable Kathy Richard, Mayor  
and members of the Board of Aldermen  
Town of Arnaudville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Arnaudville, Louisiana (Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 29, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Arnaudville, 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings, questioned costs, and management's corrective action plan as items 2017-001(IC) and 2017-002(IC) that we consider to be material weaknesses.

## **Compliance and Other Matters**

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

## **Town of Arnaudville, Louisiana's Response to Findings**

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

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

Lafayette, Louisiana  
September 29, 2017

TOWN OF ARNAUDVILLE, LOUISIANA

Schedule of Prior and Current Year Audit Findings and  
Management's Corrective Action Plan  
For the Year Ended June 30, 2017

I: Prior Year Findings:

Internal Control over Financial Reporting:

2016-001—Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Town of Arnaudville did not have adequate segregation of functions within the accounting system,

Status:

Unresolved. See item 2017-001.

2016-002—Inadequate Controls over Financial Statement Preparation

Finding:

The Town of Arnaudville does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

Status:

Unresolved. See item 2017-002.

Compliance:

There were no findings that were required to be reported at June 30, 2016.

Management Letter Items:

There were no findings that were required to be reported at June 30, 2016.

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA

Schedule of Prior and Current Year Audit Findings and  
Management's Corrective Action Plan (continued)  
For the Year Ended June 30, 2017

I: Current Year Findings:

Internal Control over Financial Reporting:

2017-001—Inadequate Segregation of Accounting Functions; Year Initially Occurred:Unknown

Condition and Criteria:

The Town of Arnaudville did not have adequate segregation of functions within the accounting system.

Effect:

This condition represents a material weakness in the internal control of the Town of Arnaudville.

Cause:

The condition results because of the small number of employees in the accounting department.

Recommendation:

No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Management's Corrective Action Plan:

Mayor Kathy Richard decided that it is not cost effective to achieve adequate segregation of accounting duties. No plan is considered necessary.

2017-002—Inadequate Controls over Financial Statement Preparation; Year Initially Occurred:  
Unknown

Conditions and Criteria:

The Town of Arnaudville does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

Effect:

This condition represents a material weakness in the internal control of the Town of Arnaudville.

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA

Schedule of Prior and Current Year Audit Findings and  
Management's Corrective Action Plan (continued)  
For the Year Ended June 30, 2017

Cause:

The condition results because the Town of Arnaudville's personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation:

The Town of Arnaudville should consider outsourcing 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.

Management's Corrective Action Plan:

Mayor Kathy Richard has determined that it is not feasible to achieve adequate segregation of functions within the accounting department. No plan is considered necessary.

Compliance:

There are no findings that are required to be reported at June 30, 2017.

Management Letter Items:

There are no findings that are required to be reported at June 30, 2017.

**TOWN OF ARNAUVILLE**  
Arnaudville, Louisiana

Independent Accountants' Report  
On Applying Agreed-Upon Procedures

Year Ended June 30, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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To the Mayor and Board of Aldermen of the  
Town of Arnaudville, Louisiana and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Arnaudville and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the Town of Arnaudville is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### Written Policies and Procedures

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

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

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

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

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

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

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

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

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

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

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

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

*Written policies and procedures specify that written contracts are not required unless vendor requests it OR contract is awarded through the Louisiana Public Bid Law 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, and (5) monitoring card usage

*Written policies and procedures address the above functions for credit cards. The Town has no debit, fuel or P-cards.*

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

*Written policies and procedures were obtained and address the functions noted above, except that dollar thresholds are not identified.*

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

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

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

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

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

---

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

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

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.*

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

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes included monthly budget-to-actual comparisons for the major funds.*

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

*There was no deficit spending noted.*

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

*Obtained and reviewed the minutes of the managing board for the fiscal period noting that non-budgetary financial information was referenced.*

### ***Bank Reconciliations***

---

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

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

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

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months.*

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

*The bank reconciliations prepared for all accounts examined did not have evidence of management review.*

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

*Obtained bank statements and reconciliations for all months in the fiscal period noting that there was no documentation of management's research for items that have been outstanding for more than 6 months.*

### ***Collections***

---

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

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

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

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

*Written documentation was obtained and addresses the functions noted above; however, one of the persons responsible for collecting cash is also responsible for recording the related transaction and reconciling the bank account.*

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

*Cash collections are reconciled by the same person responsible for collections.*

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

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

*Collection documentation was obtained. There was one exception whereby the deposit was made two (2) days after collection.*

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

*Daily cash collections are completely supported by collection documentation.*

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

*Written policies and procedures do not specifically address completeness.*

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

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

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

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

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

*The Town does not require purchase orders for all purchases (example: utility bill does not require a purchase order). Examined supporting documentation for each of the 25 disbursements selected and found one instance where a purchase order was required but was not present.*

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

*No exceptions noted.*

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

*Except for the one transaction noted in 9a) above, payments were not processed without purchase order, when required, receiving report and approved invoice.*

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

*The person responsible for processing payments can also add vendors.*

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

*One person with signatory authority can also initiate and record purchases.*

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

*Inquiry and observation noted no exceptions.*

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

*The mayor and the clerk both have a signature stamp. The stamps are controlled by the clerk. The mayor's stamp is only used with her knowledge and consent. Signed checks are controlled until mailed.*

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

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

*Obtained a listing of active credit cards from management. The town does not have active debit, fuel or P-cards. Management represented that the credit card list was complete.*

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

*The town has only 2 credit cards so both of these were tested.*

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

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

*There was no evidence that the monthly combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.*

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

*There were no finance charges or late charges assessed.*

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

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*Not applicable.*

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

*No exceptions noted.*

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

*No exceptions noted.*

### ***Travel and Expense Reimbursement***

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

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

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

*There are no dollar amounts specified in the Town's policies.*

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

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

*Expenses were paid in accordance with written policy.*

- b) Report whether each expense is supported by:

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

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

## ***Contracts***

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

*Listing of all contracts in effect and management's representation that the listing is complete was obtained.*

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

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

*The Town does not use formal/written contracts in most instances.*

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

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

*There was one contract subject to the Louisiana Public Bid Law. Requirements were properly followed.*

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

*Not applicable.*

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

*The contract was not amended.*

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

*No exceptions noted.*

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

*Proper approval noted.*

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

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

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

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

*No exceptions noted.*

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

*No changes were made to hourly pay rates/salaries during the fiscal year.*

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*Listing of employees terminated and management's representation that the listing is complete were obtained. Termination payments were made in accordance with policy and approved by management.*

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

*No exceptions noted.*

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

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

*The entity maintained documentation of completed ethics training in personnel files.*

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

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

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

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

*There was no debt issued during the fiscal period.*

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

*All scheduled debt service payments were made and debt reserves were maintained as required by debt covenants.*

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

*The Town has no tax millages relating to debt service.*

***Other***

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

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

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

*Required notice was posted on the entity's premises. The Town does not maintain a website.*

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

*No exceptions noted.*

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

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

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

Lafayette, Louisiana  
September 29, 2017