

**TOWN OF ARNAUDVILLE, LOUISIANA**

**Financial Report**

**Year Ended June 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedules of employer's share of net pension liability and employer contributions, and notes to the required supplementary information on pages 43 through 48 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 50 through 63 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 2017 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 schedules on pages 60 and 61 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 14, 2018, 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, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
September 14, 2018

**BASIC FINANCIAL STATEMENTS**

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Net Position  
June 30, 2018

|  | Governmental<br>Activities | Business-Type<br>Activities | Total        |
|--|----------------------------|-----------------------------|--------------|
| <b>ASSETS</b>                                |                            |                             |              |
| Current assets:                              |                            |                             |              |
| Cash and interest-bearing demand deposits    | \$ 1,114,993               | \$ 920,605                  | \$ 2,035,598 |
| Interest-bearing time deposits               | 464,332                    | 1,012,831                   | 1,477,163    |
| Receivables, net                             | 2,235                      | 130,867                     | 133,102      |
| Internal balances                            | 154                        | (154)                       | -            |
| Due from other governmental units            | 63,098                     | 6,990                       | 70,088       |
| Prepaid items                                | 18,715                     | 19,717                      | 38,432       |
| Total current assets                         | 1,663,527                  | 2,090,856                   | 3,754,383    |
| Noncurrent assets:                           |                            |                             |              |
| Restricted assets:                           |                            |                             |              |
| Cash and interest-bearing demand deposits    | 20,443                     | 166,665                     | 187,108      |
| Interest-bearing time deposits               | -                          | 43,822                      | 43,822       |
| Capital assets, net                          | 1,812,854                  | 4,728,079                   | 6,540,933    |
| Total noncurrent assets                      | 1,833,297                  | 4,938,566                   | 6,771,863    |
| Total assets                                 | 3,496,824                  | 7,029,422                   | 10,526,246   |
| DEFERRED OUTFLOWS OF RESOURCES               | 307,269                    | 106,522                     | 413,791      |
| <b>LIABILITIES</b>                           |                            |                             |              |
| Current liabilities:                         |                            |                             |              |
| Accounts, salaries and other payables        | 40,939                     | 129,519                     | 170,458      |
| Bonds payable                                | -                          | 71,000                      | 71,000       |
| Customers deposits payable                   | -                          | 58,695                      | 58,695       |
| Total current liabilities                    | 40,939                     | 259,214                     | 300,153      |
| Noncurrent liabilities:                      |                            |                             |              |
| Net pension liability                        | 844,438                    | 319,171                     | 1,163,609    |
| Bonds payable                                | -                          | 152,000                     | 152,000      |
| Total noncurrent liabilities                 | 844,438                    | 471,171                     | 1,315,609    |
| Total liabilities                            | 885,377                    | 730,385                     | 1,615,762    |
| DEFERRED INFLOWS OF RESOURCES                | 92,122                     | 68,682                      | 160,804      |
| <b>NET POSITION</b>                          |                            |                             |              |
| Net investment in capital assets             | 1,812,854                  | 4,576,079                   | 6,388,933    |
| Restricted for sales tax dedications         | 824,302                    | -                           | 824,302      |
| Restricted for capital projects/acquisitions | 20,443                     | -                           | 20,443       |
| Restricted for debt service                  | -                          | 79,223                      | 79,223       |
| Unrestricted                                 | 168,995                    | 1,681,575                   | 1,850,570    |
| Total net position                           | \$ 2,826,594               | \$ 6,336,877                | \$ 9,163,471 |

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, 2018

| Activities   | Expenses            | Program Revenues                         |  |  | Net (Expense) Revenues and<br>Changes in Net Position |                             |                     |
|--|---------------------|--|--|--|---|-----------------------------|---------------------|
|  |                     | Fees, Fines, and<br>Charges for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                            | Business-Type<br>Activities | Total               |
| <b>Governmental activities:</b>                                |                     |  |  |  |   |                             |                     |
| General government   | \$ 319,153          | \$ 105,443                               | \$ -                                     | \$ -                                   | \$ (213,710)  | \$ -                        | \$ (213,710)        |
| Public safety:   |                     |  |  |  |   |                             |                     |
| Police   | 492,903             | 30,860                                   | 23,300                                   | -                                      | (438,743)   | -                           | (438,743)           |
| Streets  | 110,909             | -  | 3,590                                    | -                                      | (107,319)   | -                           | (107,319)           |
| Parks and recreation   | 58,785              | -  | 24,918                                   | -                                      | (33,867)  | -                           | (33,867)            |
| Total governmental activities                                  | <u>981,750</u>      | <u>136,303</u>                           | <u>51,808</u>                            | <u>-</u>                               | <u>(793,639)</u>                                      | <u>-</u>                    | <u>(793,639)</u>    |
| <b>Business-type activities:</b>                               |                     |  |  |  |   |                             |                     |
| Gas  | 273,125             | 363,248                                  | -  | -                                      | -   | 90,123                      | 90,123              |
| Water  | 338,812             | 444,823                                  | -  | -                                      | -   | 106,011                     | 106,011             |
| Sewer  | 222,579             | 211,098                                  | -  | -                                      | -   | (11,481)                    | (11,481)            |
| Sanitation   | 6,930               | 637                                      | -  | -                                      | -   | (6,293)                     | (6,293)             |
| Total business-type activities                                 | <u>841,445</u>      | <u>1,019,806</u>                         | <u>-</u>                                 | <u>-</u>                               | <u>-</u>  | <u>178,361</u>              | <u>178,361</u>      |
| <b>Total</b>   | <u>\$ 1,823,195</u> | <u>\$ 1,156,109</u>                      | <u>\$ 51,808</u>                         | <u>\$ -</u>                            | <u>(793,639)</u>                                      | <u>178,361</u>              | <u>(615,278)</u>    |
| <b>General revenues:</b>                                       |                     |  |  |  |   |                             |                     |
| Taxes -  |                     |  |  |  |   |                             |                     |
| Property taxes, levied for general purposes                    |                     |  |  |  | 40,497  | 47,827                      | 88,324              |
| Sales and use taxes, levied for general purposes               |                     |  |  |  | 545,830   | -                           | 545,830             |
| Franchise taxes  |                     |  |  |  | 50,840  | -                           | 50,840              |
| Grants and contributions not restricted to specific programs - |                     |  |  |  |   |                             |                     |
| State sources  |                     |  |  |  | 36,277  | -                           | 36,277              |
| Non-employer pension contribution                              |                     |  |  |  | 16,116  | 4,696                       | 20,812              |
| Interest and investment earnings                               |                     |  |  |  | 9,104   | 5,980                       | 15,084              |
| Miscellaneous  |                     |  |  |  | 9,604   | -                           | 9,604               |
| Transfers  |                     |  |  |  | (7,389)   | 7,389                       | -                   |
| Total general revenues and transfers                           |                     |  |  |  | <u>700,879</u>  | <u>65,892</u>               | <u>766,771</u>      |
| Change in net position   |                     |  |  |  | (92,760)  | 244,253                     | 151,493             |
| Net position - July 1, 2017                                    |                     |  |  |  | <u>2,919,354</u>                                      | <u>6,092,624</u>            | <u>9,011,978</u>    |
| Net position - June 30, 2018                                   |                     |  |  |  | <u>\$ 2,826,594</u>                                   | <u>\$ 6,336,877</u>         | <u>\$ 9,163,471</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, 2018

|  | General           | 1969<br>Sales Tax<br>Special<br>Revenue | 1982<br>Sales Tax<br>Special<br>Revenue | Street<br>Improvement<br>Capital<br>Projects | 2% Set<br>Aside<br>Capital<br>Projects | LCDBG<br>Grant<br>Projects | Total               |
|--|-------------------|---|---|--|--|----------------------------|---------------------|
| <b>ASSETS</b>                              |                   |   |   |  |  |                            |                     |
| Cash and interest-bearing demand deposits  | \$ 571,078        | \$ 120,864                              | \$ 405,088                              | \$ 38,404                                    | \$ -                                   | \$ 2                       | \$ 1,135,436        |
| Interest-bearing time deposits             | -                 | 227,558                                 | 118,514                                 | -  | 118,260                                | -                          | 464,332             |
| Receivables:                               |                   |   |   |  |  |                            |                     |
| Other                                      | -                 | -                                       | 1,168                                   | -  | -                                      | -                          | 1,168               |
| Interest                                   | -                 | 542                                     | 430                                     | -  | 95                                     | -                          | 1,067               |
| Due from other governmental units          | 9,632             | 26,733                                  | 26,733                                  | -  | -                                      | -                          | 63,098              |
| Due from other funds                       | 92,524            | 2,183                                   | -                                       | -  | 550                                    | -                          | 95,257              |
| Prepaid items                              | 18,715            | -                                       | -                                       | -  | -                                      | -                          | 18,715              |
| Total assets                               | <u>691,949</u>    | <u>377,880</u>                          | <u>551,933</u>                          | <u>38,404</u>                                | <u>118,905</u>                         | <u>2</u>                   | <u>1,779,073</u>    |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |   |   |  |  |                            |                     |
| <b>Liabilities:</b>                        |                   |   |   |  |  |                            |                     |
| Accounts payable                           | 15,592            | 10,018                                  | 390                                     | -  | -                                      | -                          | 26,000              |
| Due to other funds                         | -                 | 92,704                                  | 2,399                                   | -  | -                                      | -                          | 95,103              |
| Total liabilities                          | <u>15,592</u>     | <u>102,722</u>                          | <u>2,789</u>                            | <u>-</u>                                     | <u>-</u>                               | <u>-</u>                   | <u>121,103</u>      |
| <b>Fund balances -</b>                     |                   |   |   |  |  |                            |                     |
| Nonspendable (prepaid items)               | 18,715            | -                                       | -                                       | -  | -                                      | -                          | 18,715              |
| Restricted for sales tax dedications       | -                 | 275,158                                 | 549,144                                 | -  | -                                      | -                          | 824,302             |
| Restricted for capital projects            | -                 | -                                       | -                                       | 20,443                                       | -                                      | -                          | 20,443              |
| Assigned for capital projects              | -                 | -                                       | -                                       | 17,961                                       | 118,905                                | 2                          | 136,868             |
| Unassigned                                 | 657,642           | -                                       | -                                       | -  | -                                      | -                          | 657,642             |
| Total fund balances                        | <u>676,357</u>    | <u>275,158</u>                          | <u>549,144</u>                          | <u>38,404</u>                                | <u>118,905</u>                         | <u>2</u>                   | <u>1,657,970</u>    |
| <b>Total liabilities and fund balances</b> | <u>\$ 691,949</u> | <u>\$ 377,880</u>                       | <u>\$ 551,933</u>                       | <u>\$ 38,404</u>                             | <u>\$ 118,905</u>                      | <u>\$ 2</u>                | <u>\$ 1,779,073</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, 2018

|  |                  |                    |
|--|------------------|--------------------|
| Total fund balances for governmental funds at June, 30, 2018   |                  | \$ 1,657,970       |
| 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       |                    |
| Buildings and improvements, net of \$428,093 accumulated depreciation  | 744,243          |                    |
| Infrastructure, net of \$505,730 accumulated depreciation  | 770,398          |                    |
| Equipment and vehicles, net of \$383,261 accumulated depreciation  | <u>160,715</u>   | 1,812,854          |
| 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 |                  |                    |
|  |                  | 307,269            |
| 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   | (14,939)         |                    |
| Net pension liability  | <u>(844,438)</u> | (859,377)          |
| 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        |                  |                    |
|  |                  | <u>(92,122)</u>    |
| Total net position of governmental activities at June, 30, 2018  |                  | <u>\$2,826,594</u> |

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, 2018

|  | General           | 1969<br>Sales Tax<br>Special<br>Revenue | 1982<br>Sales Tax<br>Special<br>Revenue | Street<br>Improvement<br>Capital<br>Projects | 2% Set<br>Aside<br>Capital<br>Projects | LCDBG<br>Grant<br>Projects | Total               |
|--|-------------------|---|---|--|--|----------------------------|---------------------|
| <b>Revenues:</b>                                     |                   |   |   |  |  |                            |                     |
| Taxes  | \$ 107,076        | \$ 272,915                              | \$ 272,915                              | \$ -   | \$ -                                   | \$ -                       | \$ 652,906          |
| Licenses and permits                                 | 105,443           | -                                       | -                                       | -  | -                                      | -                          | 105,443             |
| Intergovernmental                                    | 39,867            | 23,300                                  | -                                       | -  | -                                      | -                          | 63,167              |
| Fines and forfeits                                   | 30,860            | -                                       | -                                       | -  | -                                      | -                          | 30,860              |
| Miscellaneous  | 34,522            | 1,234                                   | 7,600                                   | 86   | 184                                    | -                          | 43,626              |
| Total revenues                                       | <u>317,768</u>    | <u>297,449</u>                          | <u>280,515</u>                          | <u>86</u>                                    | <u>184</u>                             | <u>-</u>                   | <u>896,002</u>      |
| <b>Expenditures:</b>                                 |                   |   |   |  |  |                            |                     |
| Current -  |                   |   |   |  |  |                            |                     |
| General government                                   | 245,294           | 15,284                                  | 11,235                                  | -  | -                                      | -                          | 271,813             |
| Public safety - police                               | 198,415           | 257,876                                 | -                                       | -  | -                                      | -                          | 456,291             |
| Streets  | 11,446            | -                                       | 23,664                                  | -  | -                                      | -                          | 35,110              |
| Parks and recreation                                 | 48,093            | -                                       | 3,809                                   | -  | -                                      | -                          | 51,902              |
| Capital outlay                                       | 31,524            | -                                       | -                                       | -  | -                                      | -                          | 31,524              |
| Total expenditures                                   | <u>534,772</u>    | <u>273,160</u>                          | <u>38,708</u>                           | <u>-</u>                                     | <u>-</u>                               | <u>-</u>                   | <u>846,640</u>      |
| Excess (deficiency) of revenues<br>over expenditures | <u>(217,004)</u>  | <u>24,289</u>                           | <u>241,807</u>                          | <u>86</u>                                    | <u>184</u>                             | <u>-</u>                   | <u>49,362</u>       |
| <b>Other financing sources (uses):</b>               |                   |   |   |  |  |                            |                     |
| Transfers in   | 274,285           | -                                       | -                                       | -  | 38,326                                 | -                          | 312,611             |
| Transfers out  | -                 | (100,000)                               | (220,000)                               | -  | -                                      | -                          | (320,000)           |
| Total other financing sources (uses)                 | <u>274,285</u>    | <u>(100,000)</u>                        | <u>(220,000)</u>                        | <u>-</u>                                     | <u>38,326</u>                          | <u>-</u>                   | <u>(7,389)</u>      |
| Net changes in fund balances                         | 57,281            | (75,711)                                | 21,807                                  | 86   | 38,510                                 | -                          | 41,973              |
| Fund balances, beginning                             | 619,076           | 350,869                                 | 527,337                                 | 38,318                                       | 80,395                                 | 2                          | 1,615,997           |
| Fund balances, ending                                | <u>\$ 676,357</u> | <u>\$ 275,158</u>                       | <u>\$ 549,144</u>                       | <u>\$ 38,404</u>                             | <u>\$ 118,905</u>                      | <u>\$ 2</u>                | <u>\$ 1,657,970</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, 2018

|   |                           |
|---|---------------------------|
| Total net changes in fund balance at June 30, 2018 per<br>Statement of Revenues, Expenditures and Changes in Fund Balances  | \$ 41,973                 |
| The change in net position reported for governmental activities in the<br>statement of activities is different because:   |                           |
| Governmental funds report capital outlays as expenditures. However,<br>in the statement of activities, the cost of those assets is allocated over<br>their estimated useful lives and reported as depreciation expense. |                           |
| Capital outlay which are considered expenditures on the Statement<br>of Revenues, Expenditures and Changes in Fund Balances   | \$ 31,524                 |
| Disposal of capital assets  | (39,533)                  |
| Depreciation expense for the year ended June 30, 2018   | <u>(95,272)</u> (103,281) |
| Governmental funds are reported on the modified accrual basis of<br>accounting as opposed to the accrual basis of accounting. Therefore,<br>there are revenue and expenditure accruals in the statement of activities.  |                           |
| Decrease in revenues earned   | (15,739)                  |
| Differences between the amount reported as expenses in the statement of<br>activities and those reported as expenditures in the fund financial<br>statements:   |                           |
| Compensated absences  | (5,053)                   |
| Pension expense   | <u>(26,776)</u> (31,829)  |
| Non-employer's contributions to the municipal employees and the police<br>employees pension plans   | <u>16,116</u>             |
| Total net changes in net position at June 30, 2018 per Statement of Activities  | <u>\$ (92,760)</u>        |

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

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2018

|   | <u>Enterprise<br/>Fund</u> |
|---|----------------------------|
| <b>ASSETS</b>                                   |                            |
| Current assets:                                 |                            |
| Cash and interest-bearing demand deposits       | \$ 920,605                 |
| Interest-bearing time deposits                  | 1,012,831                  |
| Receivables:                                    |                            |
| Accounts  | 127,158                    |
| Other   | 3,709                      |
| Due from other governmental units               | 6,990                      |
| Due from other funds                            | 779                        |
| Prepaid items                                   | 19,717                     |
| Total current assets                            | <u>2,091,789</u>           |
| Noncurrent assets:                              |                            |
| Restricted assets -                             |                            |
| Cash and interest-bearing demand deposits       | 166,665                    |
| Interest-bearing time deposits                  | 43,822                     |
| Capital assets, net of accumulated depreciation | 4,728,079                  |
| Total noncurrent assets                         | <u>4,938,566</u>           |
| Total assets                                    | <u>7,030,355</u>           |
| DEFERRED OUTFLOWS OF RESOURCES                  | <u>106,522</u>             |
| <b>LIABILITIES</b>                              |                            |
| Current liabilities:                            |                            |
| Accounts payable                                | 26,533                     |
| Contracts payable                               | 84,085                     |
| Retainage payable                               | 9,343                      |
| Due to other funds                              | 933                        |
| Accrued liabilities                             | 7,989                      |
| Payable from restricted assets -                |                            |
| Revenue bonds                                   | 71,000                     |
| Accrued interest payable                        | 1,569                      |
| Customers' deposits payable                     | 58,695                     |
| Total current liabilities                       | <u>260,147</u>             |
| Noncurrent liabilities:                         |                            |
| Net pension liability                           | 319,171                    |
| Revenue bonds payable                           | 152,000                    |
| Total noncurrent liabilities                    | <u>471,171</u>             |
| Total liabilities                               | <u>731,318</u>             |
| DEFERRED INFLOWS OF RESOURCES                   | <u>68,682</u>              |
| <b>NET POSITION</b>                             |                            |
| Net investment in capital assets                | 4,576,079                  |
| Restricted for debt service                     | 79,223                     |
| Unrestricted                                    | 1,681,575                  |
| Total net position                              | <u>\$ 6,336,877</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, 2018

|                                   | <u>Enterprise<br/>Fund</u> |
|-----------------------------------|----------------------------|
| Operating revenues:               |                            |
| Charges for services -            |                            |
| Gas charges                       | \$ 334,214                 |
| Water charges                     | 417,975                    |
| Sewer service charges             | 210,948                    |
| Sanitation charges                | 627                        |
| Miscellaneous                     | <u>56,042</u>              |
| Total operating revenues          | <u>1,019,806</u>           |
| Operating expenses:               |                            |
| Salaries                          | 183,184                    |
| Payroll taxes and retirement      | 42,098                     |
| Retirement - GASB 68              | (43,751)                   |
| Gas purchases                     | 89,122                     |
| Supplies, repairs and maintenance | 160,846                    |
| Professional fees                 | 24,911                     |
| Bad debts                         | 2,582                      |
| Telephone                         | 5,138                      |
| Depreciation                      | 255,663                    |
| Insurance                         | 34,926                     |
| Utilities                         | 30,454                     |
| Fire department expense           | 3,072                      |
| Office supplies                   | 10,408                     |
| Miscellaneous                     | <u>33,484</u>              |
| Total operating expenses          | <u>832,137</u>             |
| Operating income                  | <u>187,669</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, 2018

|  | Enterprise<br>Fund |
|--|--------------------|
| Nonoperating revenues (expenses):      |                    |
| Non-employer pension contribution      | 4,696              |
| Interest income                        | 5,980              |
| Ad valorem taxes                       | 47,827             |
| Interest expense                       | (9,308)            |
| Total nonoperating revenues (expenses) | 49,195             |
| Income before transfers                | 236,864            |
| Transfers:                             |                    |
| Transfers in                           | 120,000            |
| Transfers out                          | (112,611)          |
| Total transfers                        | 7,389              |
| Change in net position                 | 244,253            |
| Net position, beginning                | 6,092,624          |
| Net position, ending                   | \$ 6,336,877       |

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, 2018

|   | <u>Enterprise<br/>Fund</u> |
|---|----------------------------|
| Cash flows from operating activities:                               |                            |
| Receipts from customers   | \$ 991,827                 |
| Payments to suppliers   | (449,588)                  |
| Payments to employees   | <u>(141,086)</u>           |
| Net cash provided by operating activities                           | <u>401,153</u>             |
| Cash flows from noncapital financing activities:                    |                            |
| Cash received by other funds  | 119,221                    |
| Cash paid to other funds  | (191,434)                  |
| Transfers from other funds  | 120,000                    |
| Transfers to other funds  | (112,611)                  |
| Ad valorem tax receipts   | <u>47,827</u>              |
| Net cash provided by noncapital financing activities                | <u>(16,997)</u>            |
| Cash flows from capital and related financing activities:           |                            |
| Principal paid on revenue bonds and notes payable                   | (69,000)                   |
| Interest and fiscal charges paid on revenue bonds and notes payable | (10,172)                   |
| Decrease in customer deposits payable                               | (1,359)                    |
| Acquisition of property, plant and equipment                        | (20,790)                   |
| Grants  | <u>17,716</u>              |
| Net cash used by capital and related financing activities           | <u>(83,605)</u>            |
| Cash flows from investing activities:                               |                            |
| Maturities of interest-bearing time deposits                        | 1,051,478                  |
| Purchase of interest-bearing time deposits                          | (1,056,653)                |
| Interest on interest-bearing deposits                               | <u>5,980</u>               |
| Net cash used by investing activities                               | <u>805</u>                 |
| Net increase in cash and cash equivalents                           | 301,356                    |
| Cash and cash equivalents, beginning of period                      | <u>785,914</u>             |
| Cash and cash equivalents, end of period                            | <u>\$ 1,087,270</u>        |

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2018

|   | <u>Enterprise<br/>Fund</u> |
|---|----------------------------|
| Reconciliation of operating loss to net cash provided by operating activities:                |                            |
| Operating income  | \$ 187,669                 |
| Adjustments to reconcile operating loss to net cash provided by operating activities:         |                            |
| Depreciation  | 255,663                    |
| Pension   | (43,751)                   |
| Changes in current assets and liabilities:  |                            |
| Increase in accounts receivable   | (27,979)                   |
| Decrease in other receivables   | 3,560                      |
| Decrease in prepaid items   | 8,527                      |
| Increase in accounts payable  | 15,146                     |
| Increase in accrued liabilities   | <u>2,318</u>               |
| Net cash provided by operating activities   | <u>\$ 401,153</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   | \$ 628,561                 |
| Cash - restricted   | <u>157,353</u>             |
| Total cash and cash equivalents   | <u>785,914</u>             |
| Cash and cash equivalents, end of period -  |                            |
| Cash - unrestricted   | 920,605                    |
| Cash - restricted   | <u>166,665</u>             |
| Total cash and cash equivalents   | <u>1,087,270</u>           |
| Net increase  | <u>\$ 301,356</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, 2018.

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, 2018, 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, 2018, 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, 2018, 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, 2018, taxes of 12.72 mills were levied on property with assessed valuations totaling \$7,019,950 and were dedicated as follows:

|                            |            |
|----------------------------|------------|
| General corporate purposes | 5.72 mills |
| Utility system             | 7.00 mills |

Total taxes levied were \$89,294. Taxes receivable at June 30, 2018 was \$5,504. The allowance for uncollectible accounts was \$5,504 at June 30, 2018; therefore, the net taxes receivable is \$0 at June 30, 2018.

(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 (2018 collections \$272,915 ) 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 (2018 collections \$272,915) 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.

The above sales taxes were issued in perpetuity.

(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, 2018, the Town had cash and interest-bearing deposits (book balances) totaling \$3,743,691 as follows:

|                 |                    |
|-----------------|--------------------|
| Demand deposits | \$2,222,706        |
| Time deposits   | <u>1,520,985</u>   |
| Total           | <u>\$3,743,691</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, 2018 were secured as follows:

|   |                    |
|---|--------------------|
| Bank Balances                               | <u>\$3,770,956</u> |
| Federal deposit insurance                   | 1,000,000          |
| Pledged securities                          | <u>2,770,956</u>   |
| Total FDIC insurance and pledged securities | <u>\$3,770,956</u> |

Deposits in the amount of \$2,770,956 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, 2018 of \$133,102\$0 consist of the following:

|           | General     | 1969<br>Sales Tax | 1982<br>Sales Tax | 2%<br>Set Aside | Utility           | Total             |
|-----------|-------------|-------------------|-------------------|-----------------|-------------------|-------------------|
| Accounts  | \$ -        | \$ -              | \$ -              | \$ -            | \$ 196,041        | \$ 196,041        |
| Allowance | -           | -                 | -                 | -               | (68,883)          | (68,883)          |
| Other     | -           | -                 | 1,168             | -               | -                 | 1,168             |
| Interest  | -           | 542               | 430               | 95              | 3,709             | 4,776             |
| Totals    | <u>\$ -</u> | <u>\$ 542</u>     | <u>\$ 1,598</u>   | <u>\$ 95</u>    | <u>\$ 130,867</u> | <u>\$ 133,102</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, 2018 consisted of the following:

General Fund:

|   |              |
|---|--------------|
| Amount due from the State of Louisiana for video poker receipts for the month of June 2018                                    | \$ 3,041     |
| Amount due from the St. Landry Parish Housing Authority for payments in lieu of taxes for the fiscal year ended June 30, 2017 | 5,310        |
| Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending June 30, 2018                   | <u>1,281</u> |
| Total General Fund  | 9,632        |

1969 Sales Tax Special Revenue Fund:

|  |        |
|--|--------|
| Amount due from the St. Landry Parish School Board for sales tax revenues for the month of June 2018 | 26,733 |
|--|--------|

1982 Sales Tax Special Revenue Fund:

|  |        |
|--|--------|
| Amount due from the St. Landry Parish School Board for sales tax revenues for the month of June 2018 | 26,733 |
|--|--------|

Utility Fund:

|   |                  |
|---|------------------|
| Amount due from the St. Landry Parish Housing Authority for payments in lieu of taxes for the fiscal year ended June 30, 2017 | <u>6,990</u>     |
|   | <u>\$ 70,088</u> |

(7) Restricted Assets - Proprietary Fund Type

Restricted assets in the business-type activities consisted of the following at June 30, 2018:

|   | Governmental<br>Activities | Business-type<br>Activities | Total            |
|---|----------------------------|-----------------------------|------------------|
| Construction funds - street improvements              | \$ 20,443                  | \$ -                        | \$ 20,443        |
| Revenue bond sinking and interest redemption fund     | -                          | 54,428                      | 54,428           |
| Revenue bond reserve fund                             | -                          | 21,985                      | 21,985           |
| Revenue bond capital additions and contingencies fund | -                          | 75,379                      | 75,379           |
| Customers' deposits                                   | -                          | 58,695                      | 58,695           |
| Total restricted assets                               | <u>\$ 20,443</u>           | <u>\$210,487</u>            | <u>\$230,930</u> |

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

|  | Balance<br>7/1/2017 | Additions           | Deletions        | Balance<br>6/30/2018 |
|--|---------------------|---------------------|------------------|----------------------|
| <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                       | 1,172,336           | -                   | -                | 1,172,336            |
| Infrastructure                                   | 1,273,169           | 2,959               | -                | 1,276,128            |
| Equipment and vehicles                           | 516,187             | 28,565              | 776              | 543,976              |
| Totals   | <u>3,138,723</u>    | <u>31,524</u>       | <u>40,309</u>    | <u>3,129,938</u>     |
| Less accumulated depreciation                    |                     |                     |                  |                      |
| Buildings and improvements                       | 398,552             | 29,541              | -                | 428,093              |
| Infrastructure                                   | 468,474             | 37,256              | -                | 505,730              |
| Equipment and vehicles                           | 355,562             | 28,475              | 776              | 383,261              |
| Total accumulated depreciation                   | <u>1,222,588</u>    | <u>95,272</u>       | <u>776</u>       | <u>1,317,084</u>     |
| Governmental activities,<br>capital assets, net  | <u>\$ 1,916,135</u> | <u>\$ (63,748)</u>  | <u>\$ 39,533</u> | <u>\$ 1,812,854</u>  |
| <b>Business-type activities:</b>                 |                     |                     |                  |                      |
| Capital assets not being depreciated:            |                     |                     |                  |                      |
| Land   | \$ 48,179           | \$ -                | \$ -             | \$ 48,179            |
| Construction in progress                         | -                   | 93,428              | -                | 93,428               |
| Other capital assets:                            |                     |                     |                  |                      |
| Plant and equipment - gas                        | 899,082             | -                   | 7,316            | 891,766              |
| Plant and equipment - water system               | 3,310,686           | 6,230               | -                | 3,316,916            |
| Plant and equipment - sewer system               | 3,711,365           | 14,560              | -                | 3,725,925            |
| Auto and office equipment                        | 397,187             | -                   | -                | 397,187              |
| Totals   | <u>8,366,499</u>    | <u>114,218</u>      | <u>7,316</u>     | <u>8,473,401</u>     |
| Less accumulated depreciation                    |                     |                     |                  |                      |
| Plant and equipment - gas                        | 605,988             | 15,876              | 7,316            | 614,548              |
| Plant and equipment - water system               | 1,214,851           | 111,198             | -                | 1,326,049            |
| Plant and equipment - sewer system               | 1,388,326           | 111,339             | -                | 1,499,665            |
| Auto and office equipment                        | 287,810             | 17,250              | -                | 305,060              |
| Total accumulated depreciation                   | <u>3,496,975</u>    | <u>255,663</u>      | <u>7,316</u>     | <u>3,745,322</u>     |
| Business-type activities,<br>capital assets, net | <u>\$ 4,869,524</u> | <u>\$ (141,445)</u> | <u>\$ -</u>      | <u>\$ 4,728,079</u>  |

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

|                            |                  |
|----------------------------|------------------|
| General government         | \$ 37,566        |
| Police                     | 14,557           |
| Streets                    | 36,266           |
| Park and recreation        | <u>6,883</u>     |
| Total depreciation expense | <u>\$ 95,272</u> |

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

|                            |                   |
|----------------------------|-------------------|
| Gas                        | \$ 22,086         |
| Water                      | 118,788           |
| Sewer                      | <u>114,789</u>    |
| Total depreciation expense | <u>\$ 255,663</u> |

(9) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2018:

|                          | Governmental<br>Activities | Business-Type<br>Activities | Total             |
|--------------------------|----------------------------|-----------------------------|-------------------|
| Accounts                 | \$ 17,944                  | \$ 17,828                   | \$ 35,772         |
| Contracts payable        | -                          | 84,085                      | 84,085            |
| Retainage payable        | -                          | 9,343                       | 9,343             |
| Accrued salaries         | 7,688                      | 3,194                       | 10,882            |
| Accrued liabilities      | 368                        | 4,795                       | 5,163             |
| Accrued interest payable | -                          | 1,569                       | 1,569             |
| Compensated absences     | 14,939                     | 8,705                       | 23,644            |
| Totals                   | <u>\$ 40,939</u>           | <u>\$ 129,519</u>           | <u>\$ 170,458</u> |

(10) Long-Term Liabilities

The following is a summary of long-term liabilities transactions of the Town for the year ended June 30, 2018:

|  |                   |
|--|-------------------|
| Long-term liabilities at July 1, 2017  | <u>\$ 292,000</u> |
| Additions                              | -                 |
| Reductions                             | <u>(69,000)</u>   |
| Long-term liabilities at June 30, 2018 | <u>\$ 223,000</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.

Bonds payable at June 30, 2018 is comprised of the following:

|  |                   | <u>Due Within<br/>One Year</u> |
|--|-------------------|--------------------------------|
| <b>Revenue Bonds:</b>  |                   |                                |
| \$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   | \$ 48,000         | \$ 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 | 42,000            | 26,000                         |
| <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>133,000</u>    | <u>34,000</u>                  |
|  | <u>\$ 223,000</u> | <u>\$ 71,000</u>               |

Interest in the amount of \$9,308 was charged to expense and allocated to the water department.

The annual requirements to amortize the outstanding debt as of June 30, 2018 are as follows:

| <u>Year Ending<br/>June 30,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|---------------------------------|-------------------|------------------|-------------------|
| 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>\$ 223,000</u> | <u>\$ 20,900</u> | <u>\$ 243,900</u> |

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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:

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.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Pension Plans

The Town participates in two cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all Town employees participate in one of the following retirement systems:

**Plan Descriptions:**

Municipal Employees' Retirement Systems (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The Town participates in Plan A.

State of Louisiana - Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:2211 and 11:2220.

The systems' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned.

A brief summary of eligibility and benefits of the plans are provided in the following table:

|  | MERS  | MPERS   |
|--|---|---|
| Final average salary                                       | Final average compensation  | Highest 36 months or 60 months <sup>2</sup>   |
| Years of service required and/or age eligible for benefits | 25 years of any age<br>10 years age 60<br>20 years any age <sup>1</sup> | 25 years of any age<br>20 years age 55<br>12 years age 55<br>20 years any age <sup>1</sup><br>30 years any age <sup>3</sup><br>25 years age 55 <sup>3</sup><br>10 years age 60 <sup>3</sup> |
| Benefit percent per years of service                       | 3.00%   | 2.50 - 3.33% <sup>4</sup>   |

<sup>1</sup> With actuarial reduced benefits

<sup>2</sup> Membership commencing January 1, 2013

<sup>3</sup> Under non hazardous duty sub plan commencing January 1, 2013

<sup>4</sup> Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, membership prior to January 1, 2013 3.33%.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Contributions**

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2018 for the defined benefit pension plans in which the Town is a participating employer were as follows:

| <u>Plan</u> | <u>Active Member<br/>Contribution<br/>Percentage</u> | <u>Employer<br/>Contribution<br/>Percentage</u> | <u>Nonemployer<br/>Contributing<br/>Entities</u> | <u>Government<br/>Contributions</u> |
|-------------|--|---|--|-------------------------------------|
| MERS        | 9.50%  | 24.75%  | \$ 9,525   | \$ 74,814                           |
| MPERS       | 10.00%   | 30.75%  | 11,287   | 46,208                              |
| Total       |  |   | <u>\$ 20,812</u>                                 | <u>\$ 121,022</u>                   |

**Net Pension Liability**

The Town's net pension liability at June 30, 2018 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the Town is a participating employer. The Town's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2017 for both plans) 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 proportionate share of the net pension liability for each of the plans in which it participates was based on the Town's required contributions in proportion to total required contributions for all employers. As of the most recent measurement date, the Town's proportion for each plan and the change in proportion from the prior measurement date were as follows:

| <u>Plan</u> | <u>Proportionate<br/>Share of Net<br/>Pension Liability</u> | <u>Proportionate<br/>Share (%) of Net<br/>Pension Liability</u> | <u>Increase/(Decrease)<br/>from Prior<br/>Measurement Date</u> |
|-------------|---|---|--|
| MERS        | \$ 647,405  | 0.154755%   | -0.041635%   |
| MPERS       | 516,204   | 0.059127%   | -0.003064%   |
| Total       | <u>\$1,163,609</u>  |   |  |

Since the measurement date of the net pension liability was June 30, 2017, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

- MERS - <http://www.mersla.com/>
- MPERS - <http://lampers.org/>

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Actuarial Assumptions**

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the primary government is a participating employer:

|   | <u>MERS</u>                     | <u>MPERS</u>                      |
|---|---------------------------------|-----------------------------------|
| Valuation date  | 6/30/2017                       | 6/30/2017                         |
| Actuarial cost method   | Entry Age Normal                | Entry Age Normal                  |
| Investment rate of return   | 7.4%, net of investment expense | 7.325%, net of investment expense |
| Expected remaining service lives  | 3                               | 4                                 |
| Inflation rate  | 2.775%                          | 2.700%                            |
| Projected salary increases  | 5.0%                            | 4.25% - 9.75%                     |
| Projected benefit changes including COLAs   | None                            | None                              |
| Source of mortality assumptions   | (1), (2), (3)                   | (3), (4), (5)                     |
| (1) 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<br>(2) RP-2000 Employees Sex Distinct Table set back 2 years for both males and females<br>(3) RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females<br>(4) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables Projected to 2029 by Scale AA (set back 1 year for females)<br>(5) RP-2000 Employee Table set back 4 years for males and set back 3 years for females |                                 |                                   |

**Cost of Living Adjustments**

The pension plans in which the Town participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis.

Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS and MPERS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

**Long-term Rate of Return**

For MERS and MPERS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate 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.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

| Asset Class                        | MERS              |  | MPERS             |  |
|------------------------------------|-------------------|--|-------------------|--|
|                                    | Target Allocation | Long-term Expected Real Rate of Return | Target Allocation | Long-term Expected Real Rate of Return |
| Fixed Income                       | 35%               | 1.60%                                  | 21%               | 0.52%                                  |
| Equities                           | 50%               | 2.30%                                  | 53%               | 3.66%                                  |
| Alternative Investments            | 15%               | 0.70%                                  | 20%               | 1.10%                                  |
| Other                              | -                 | -                                      | 6%                | 0.16%                                  |
| Totals                             | <u>100%</u>       | <u>4.60%</u>                           | <u>100%</u>       | <u>5.44%</u>                           |
| Inflation                          |                   | <u>2.60%</u>                           |                   | <u>2.75%</u>                           |
| Expected arithmetic nominal return |                   | <u>7.20%</u>                           |                   | <u>8.19%</u>                           |

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2018, the Town recognized \$36,886 and \$67,038 in pension expense related to MERS and PERS, respectively.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows of Resources |                   |                   |
|---|--------------------------------|-------------------|-------------------|
|   | MERS                           | MPERS             | Total             |
| Difference between expected and actual experience   | \$ -                           | \$ 3,380          | \$ 3,380          |
| Changes of assumptions  | 10,825                         | 36,731            | 47,556            |
| Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions | -                              | 88,807            | 88,807            |
| Net differences between projected and actual earnings on plan investments   | 130,552                        | 22,597            | 153,149           |
| Contributions subsequent to the measurement date  | 74,691                         | 46,208            | 120,899           |
| Total   | <u>\$ 216,068</u>              | <u>\$ 197,723</u> | <u>\$ 413,791</u> |

|   | Deferred Inflows of Resources |                  |                   |
|---|-------------------------------|------------------|-------------------|
|   | MERS                          | MPERS            | Total             |
| Difference between expected and actual experience   | \$ 19,717                     | \$ 3,968         | \$ 23,685         |
| Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 119,598                       | 17,521           | 137,119           |
| Total   | <u>\$ 139,315</u>             | <u>\$ 21,489</u> | <u>\$ 160,804</u> |

Deferred outflows of resources of \$120,899 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

| Year Ended     | MERS            | MPERS             | Total             |
|----------------|-----------------|-------------------|-------------------|
| <u>June 30</u> |                 |                   |                   |
| 2019           | \$ (40,305)     | \$ 69,676         | \$ 29,371         |
| 2020           | 8,186           | 59,878            | 68,064            |
| 2021           | 28,326          | 12,587            | 40,913            |
| 2022           | 5,855           | (12,115)          | (6,260)           |
|                | <u>\$ 2,062</u> | <u>\$ 130,026</u> | <u>\$ 132,088</u> |

**Discount Rate**

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net positions 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 discount rate used to measure the total pension liability for MERS and MPERS was 7.4% and 7.325%, respectively, for the year ended June 30, 2017.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

**Sensitivity of the Government's Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate:**

The following presents the Government's proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Government's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| Plan  | Current<br>Discount Rate | Net Pension Liability |                          |                   |
|-------|--------------------------|-----------------------|--------------------------|-------------------|
|       |                          | 1%<br>Decrease        | Current<br>Discount Rate | 1%<br>Increase    |
| MERS  | 7.40%                    | \$ 825,011            | \$ 647,405               | \$ 495,915        |
| MPERS | 7.33%                    | 713,185               | 516,204                  | 350,950           |
| Total |                          | <u>\$ 1,538,196</u>   | <u>\$ 1,163,609</u>      | <u>\$ 846,865</u> |

**Payables to the Pension Plans**

At June 30, 2018, the Town's payables were \$8,186 and \$4,285 to MERS and MPERS, respectively, for the month of June-2018, which were the contractually required contributions.

(13) Departmental 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. Departmental information for the year ended June 30, 2018 was as follows:

|                          | Gas<br>Department | Water<br>Department | Sewerage<br>Department | Sanitation<br>Department | Total<br>Enterprise<br>Fund |
|--------------------------|-------------------|---------------------|------------------------|--------------------------|-----------------------------|
| Operating revenues       | <u>\$ 363,248</u> | <u>\$ 444,823</u>   | <u>\$211,098</u>       | <u>\$ 637</u>            | <u>\$1,019,806</u>          |
| Operating expenses:      |                   |                     |                        |                          |                             |
| Depreciation expense     | 22,086            | 118,788             | 114,789                | -                        | 255,663                     |
| Other operating expenses | <u>251,039</u>    | <u>210,716</u>      | <u>107,790</u>         | <u>6,930</u>             | <u>576,474</u>              |
| Total operating expenses | <u>273,125</u>    | <u>329,504</u>      | <u>222,579</u>         | <u>6,930</u>             | <u>832,137</u>              |
| Operating income (loss)  | <u>\$ 90,123</u>  | <u>\$ 115,319</u>   | <u>\$(11,481)</u>      | <u>\$ (6,293)</u>        | <u>\$ 187,669</u>           |

(14) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen \$23,300 of supplemental pay during the year ended June 30, 2018. Such payments are recorded as intergovernmental revenues and public safety and general government expenditures in the government-wide and General Fund financial statements.

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(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, 2018, 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, 2018 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                  | 4,200            |
|                                 | <u>\$ 71,646</u> |

(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, 2018.

|                                   |                  |
|-----------------------------------|------------------|
| Entity head: Kathy Richard, Mayor |                  |
| Salary                            | \$ 15,455        |
| Benefits - retirement             | 4,018            |
| Registration fees                 | 290              |
| Conference travel                 | 795              |
| Special meals                     | 411              |
| Other                             | 500              |
|                                   | <u>\$ 21,469</u> |

TOWN OF ARNAUDVILLE, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(19) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2018:

|                                     | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|-------------------------------------|----------------------------------|-------------------------------|
| Major Funds:                        |                                  |                               |
| Governmental Funds:                 |                                  |                               |
| General Fund                        | \$ 92,524                        | \$ -                          |
| 1969 Sales Tax Special Revenue Fund | 2,183                            | 92,704                        |
| 1982 Sales Tax Special Revenue Fund | -                                | 2,399                         |
| 2% Set Aside Capital Projects Fund  | 550                              | -                             |
| Enterprise Fund:                    |                                  |                               |
| Utility Fund                        | <u>779</u>                       | <u>933</u>                    |
| Total                               | <u>\$ 96,036</u>                 | <u>\$ 96,036</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.

B. Interfund Transfers

Interfund transfers consisted of the following at June 30, 2018:

|                                     | <u>Interfund<br/>Transfers In</u> | <u>Interfund<br/>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  | 38,326                            | -                                  |
| Enterprise Fund:                    |                                   |                                    |
| Utility Fund                        | <u>120,000</u>                    | <u>112,611</u>                     |
| Total                               | <u>\$ 432,611</u>                 | <u>\$ 432,611</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, 2018

|   | Budget            |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|---|
|   | Original          | Final             |                   |   |
| <b>Revenues:</b>                            |                   |                   |                   |   |
| Taxes                                       | \$ 106,440        | \$ 106,490        | \$ 107,076        | \$ 586  |
| Licenses and permits                        | 101,000           | 101,000           | 105,443           | 4,443   |
| Intergovernmental                           | 41,090            | 40,546            | 39,867            | (679)   |
| Fines and forfeits                          | 33,000            | 32,500            | 30,860            | (1,640)   |
| Miscellaneous                               | 36,300            | 30,790            | 34,522            | 3,732   |
| Total revenues                              | <u>317,830</u>    | <u>311,326</u>    | <u>317,768</u>    | <u>6,442</u>  |
| <b>Expenditures:</b>                        |                   |                   |                   |   |
| General government                          | 262,595           | 267,239           | 245,294           | 21,945  |
| Public safety - police                      | 216,561           | 221,241           | 198,415           | 22,826  |
| Streets                                     | 21,800            | 10,300            | 11,446            | (1,146)   |
| Parks and recreation                        | 50,070            | 51,120            | 48,093            | 3,027   |
| Capital outlay                              | 66,000            | 31,524            | 31,524            | -   |
| Total expenditures                          | <u>617,026</u>    | <u>581,424</u>    | <u>534,772</u>    | <u>46,652</u>   |
| Deficiency of revenues<br>over expenditures | <u>(299,196)</u>  | <u>(270,098)</u>  | <u>(217,004)</u>  | <u>53,094</u>   |
| <b>Other financing sources:</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               | <u>274,285</u>    | <u>274,285</u>    | <u>274,285</u>    | <u>-</u>  |
| Net change in fund balances                 | (24,911)          | 4,187             | 57,281            | 53,094  |
| Fund balance, beginning                     | <u>619,076</u>    | <u>619,076</u>    | <u>619,076</u>    | <u>-</u>  |
| Fund balance, ending                        | <u>\$ 594,165</u> | <u>\$ 623,263</u> | <u>\$ 676,357</u> | <u>\$ 53,094</u>  |

TOWN OF ARNAUDVILLE, LOUISIANA  
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018

|  | Budget            |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  | Original          | Final             |                   |   |
| <b>Revenues:</b>                                     |                   |                   |                   |   |
| Taxes  | \$ 269,560        | \$ 269,560        | \$ 272,915        | \$ 3,355  |
| On-behalf payments                                   | 30,000            | 21,750            | 23,300            | 1,550   |
| Miscellaneous - interest and other                   | -                 | -                 | 1,234             | 1,234   |
| Total revenues                                       | <u>299,560</u>    | <u>291,310</u>    | <u>297,449</u>    | <u>6,139</u>  |
| <b>Expenditures:</b>                                 |                   |                   |                   |   |
| General government -                                 |                   |                   |                   |   |
| Bank charges   | 250               | 140               | 136               | 4   |
| Collection fees                                      | 2,650             | 2,905             | 2,444             | 461   |
| Professional fees                                    | 12,000            | 12,565            | 12,704            | (139)   |
| Total general government                             | <u>14,900</u>     | <u>15,610</u>     | <u>15,284</u>     | <u>326</u>  |
| Public safety - police -                             |                   |                   |                   |   |
| Salaries   | 206,475           | 195,000           | 180,553           | 14,447  |
| Supplemental pay                                     | 30,000            | 21,750            | 23,300            | (1,550)   |
| Worker's compensation                                | 19,665            | 17,500            | 13,273            | 4,227   |
| Payroll taxes and retirement                         | 66,072            | 54,270            | 40,750            | 13,520  |
| Total public safety                                  | <u>322,212</u>    | <u>288,520</u>    | <u>257,876</u>    | <u>30,644</u>   |
| Total expenditures                                   | <u>337,112</u>    | <u>304,130</u>    | <u>273,160</u>    | <u>30,970</u>   |
| Excess (deficiency) of revenues<br>over expenditures | (37,552)          | (12,820)          | 24,289            | 37,109  |
| <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                           | (137,552)         | (112,820)         | (75,711)          | 37,109  |
| Fund balance, beginning                              | <u>350,869</u>    | <u>350,869</u>    | <u>350,869</u>    | <u>-</u>  |
| Fund balance, ending                                 | <u>\$ 213,317</u> | <u>\$ 238,049</u> | <u>\$ 275,158</u> | <u>\$ 37,109</u>  |

TOWN OF ARNAUDVILLE, LOUISIANA  
1982 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018

|                                      | Budget            |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|---|
|                                      | Original          | Final             |                   |   |
| <b>Revenues:</b>                     |                   |                   |                   |   |
| Taxes                                | \$ 269,560        | \$ 269,560        | \$ 272,915        | \$ 3,355  |
| Miscellaneous - interest and other   | 500               | 5,311             | 7,600             | 2,289   |
| Total revenues                       | <u>270,060</u>    | <u>274,871</u>    | <u>280,515</u>    | <u>5,644</u>  |
| <b>Expenditures:</b>                 |                   |                   |                   |   |
| General government -                 |                   |                   |                   |   |
| Bank charges                         |                   |                   |                   |   |
| Collection fees                      | 2,650             | 2,905             | 2,444             | 461   |
| Professional fees                    | 8,475             | 8,870             | 8,791             | 79  |
| Total general government             | 11,125            | 11,775            | 11,235            | 540   |
| Streets -                            |                   |                   |                   |   |
| Utilities - street lighting          | 23,850            | 24,090            | 23,664            | 426   |
| Culture and recreation -             |                   |                   |                   |   |
| Park utilities                       | 3,600             | 3,895             | 3,809             | 86  |
| Total expenditures                   | <u>38,575</u>     | <u>39,760</u>     | <u>38,708</u>     | <u>1,052</u>  |
| Excess of revenues over expenditures | <u>231,485</u>    | <u>235,111</u>    | <u>241,807</u>    | <u>6,696</u>  |
| <b>Other financing uses:</b>         |                   |                   |                   |   |
| Transfer to Utility Fund             | (120,000)         | (120,000)         | (120,000)         | -   |
| Transfer to General Fund             | (100,000)         | (100,000)         | (100,000)         | -   |
| Total other financing uses           | <u>(220,000)</u>  | <u>(220,000)</u>  | <u>(220,000)</u>  | <u>-</u>  |
| Net change in fund balance           | 11,485            | 15,111            | 21,807            | 6,696   |
| Fund balance, beginning              | <u>527,337</u>    | <u>527,337</u>    | <u>527,337</u>    | <u>-</u>  |
| Fund balance, ending                 | <u>\$ 538,822</u> | <u>\$ 542,448</u> | <u>\$ 549,144</u> | <u>\$ 6,696</u>   |

TOWN OF ARNAUDVILLE, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2018

| Year Ended June 30,                                   | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|--|---|-------------------------------------|---|--|
| <b>Municipal Employees' Retirement System:</b>        |  |   |                                     |   |  |
| 2015  | \$ 580,186   | 0.226066%   | \$ 276,227                          | 210.0%  | 73.99%   |
| 2016  | 818,381  | 0.318877%   | 364,059                             | 224.8%  | 66.18%   |
| 2017  | 804,945  | 0.196390%   | 350,864                             | 229.4%  | 62.11%   |
| 2018  | 647,405  | 0.154755%   | 281,051                             | 230.4%  | 62.49%   |
| <b>Municipal Police Employees' Retirement System:</b> |  |   |                                     |   |  |
| 2015  | 211,200  | 0.033759%   | 102,724                             | 205.6%  | 75.10%   |
| 2016  | 339,524  | 0.054271%   | 115,860                             | 293.0%  | 70.73%   |
| 2017  | 582,905  | 0.062191%   | 171,548                             | 339.8%  | 66.04%   |
| 2018  | 516,204  | 0.059127%   | 174,955                             | 295.0%  | 70.08%   |

\* 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, 2018

| <u>Year Ended<br/>June 30,</u>                        | <u>Contractually<br/>Required<br/>Contribution</u> | <u>Contributions in<br/>Relation to<br/>Contractual<br/>Required<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Employer's<br/>Covered<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a % of<br/>Covered<br/>Employee<br/>Payroll</u> |
|---|--|---|---|--|---|
| <b>Municipal Employees' Retirement System:</b>        |  |   |   |  |   |
| 2015  | \$ 71,902  | \$ 71,902   | \$ -  | \$ 364,059   | 19.75%  |
| 2016  | 69,296   | 69,296  | -   | 350,864  | 19.75%  |
| 2017  | 63,939   | 63,939  | -   | 281,051  | 22.75%  |
| 2018  | 74,814   | 74,814  | -   | 302,277  | 24.75%  |
| <b>Municipal Police Employees' Retirement System:</b> |  |   |   |  |   |
| 2015  | 36,496   | 36,496  | -   | 115,860  | 31.50%  |
| 2016  | 50,607   | 50,607  | -   | 171,548  | 29.50%  |
| 2017  | 55,548   | 55,548  | -   | 174,955  | 31.75%  |
| 2018  | 46,208   | 46,208  | -   | 150,271  | 30.75%  |

*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, 2018

(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**

TOWN OF ARNAUDVILLE, LOUISIANA

Statement of Net Position  
 June 30, 2018  
 With Comparative Totals for June 30, 2017

|  | 6/30/2018                  |                             | 2017<br>Totals      |                     |
|--|----------------------------|-----------------------------|---------------------|---------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities |                     | Total               |
| <b>ASSETS</b>                                |                            |                             |                     |                     |
| <b>Current assets:</b>                       |                            |                             |                     |                     |
| Cash and interest-bearing demand deposits    | \$ 1,114,993               | \$ 920,605                  | \$ 2,035,598        | \$ 1,725,731        |
| Interest-bearing time deposits               | 464,332                    | 1,012,831                   | 1,477,163           | 1,369,917           |
| Receivables, net                             | 2,235                      | 130,867                     | 133,102             | 168,537             |
| Internal balances                            | 154                        | (154)                       | -                   | -                   |
| Due from other governmental units            | 63,098                     | 6,990                       | 70,088              | 38,588              |
| Prepaid items                                | 18,715                     | 19,717                      | 38,432              | 38,169              |
| <b>Total current assets</b>                  | <u>1,663,527</u>           | <u>2,090,856</u>            | <u>3,754,383</u>    | <u>3,340,942</u>    |
| <b>Noncurrent assets:</b>                    |                            |                             |                     |                     |
| <b>Restricted assets:</b>                    |                            |                             |                     |                     |
| Cash and interest-bearing demand deposits    | 20,443                     | 166,665                     | 187,108             | 177,796             |
| Interest-bearing time deposits               | -                          | 43,822                      | 43,822              | 59,705              |
| Capital assets, net                          | 1,812,854                  | 4,728,079                   | 6,540,933           | 6,785,659           |
| <b>Total noncurrent assets</b>               | <u>1,833,297</u>           | <u>4,938,566</u>            | <u>6,771,863</u>    | <u>7,023,160</u>    |
| <b>Total assets</b>                          | <u>3,496,824</u>           | <u>7,029,422</u>            | <u>10,526,246</u>   | <u>10,364,102</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>        | <u>307,269</u>             | <u>106,522</u>              | <u>413,791</u>      | <u>589,968</u>      |
| <b>LIABILITIES</b>                           |                            |                             |                     |                     |
| <b>Current liabilities:</b>                  |                            |                             |                     |                     |
| Accounts, salaries and other payables        | 40,939                     | 129,519                     | 170,458             | 51,661              |
| Bonds payable                                | -                          | 71,000                      | 71,000              | 69,000              |
| Customers' deposits payable                  | -                          | 58,695                      | 58,695              | 60,054              |
| <b>Total current liabilities</b>             | <u>40,939</u>              | <u>259,214</u>              | <u>300,153</u>      | <u>180,715</u>      |
| <b>Noncurrent liabilities:</b>               |                            |                             |                     |                     |
| Net pension liability                        | 844,438                    | 319,171                     | 1,163,609           | 1,387,850           |
| Bonds payable                                | -                          | 152,000                     | 152,000             | 223,000             |
| <b>Total noncurrent liabilities</b>          | <u>844,438</u>             | <u>471,171</u>              | <u>1,315,609</u>    | <u>1,610,850</u>    |
| <b>Total liabilities</b>                     | <u>885,377</u>             | <u>730,385</u>              | <u>1,615,762</u>    | <u>1,791,565</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>         | <u>92,122</u>              | <u>68,682</u>               | <u>160,804</u>      | <u>150,527</u>      |
| <b>NET POSITION</b>                          |                            |                             |                     |                     |
| Net investment in capital assets             | 1,812,854                  | 4,576,079                   | 6,388,933           | 6,562,659           |
| Restricted for sales tax dedications         | 824,302                    | -                           | 824,302             | 878,206             |
| Restricted for capital projects/acquisitions | 20,443                     | -                           | 20,443              | 20,443              |
| Restricted for debt service                  | -                          | 79,223                      | 79,223              | 85,571              |
| Unrestricted                                 | 168,995                    | 1,681,575                   | 1,850,570           | 1,465,099           |
| <b>Total net position</b>                    | <u>\$ 2,826,594</u>        | <u>\$ 6,336,877</u>         | <u>\$ 9,163,471</u> | <u>\$ 9,011,978</u> |

TOWN OF ARNAUDVILLE, LOUISIANA

Balance Sheet  
 General and Special Revenue Funds  
 June 30, 2018  
 With Comparative Amounts for June 30, 2016

|  | General           |                   | 1969 Sales Tax<br>Special Revenue |                   | 1982 Sales Tax<br>Special Revenue |                   |
|--|-------------------|-------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
|  | 2018              | 2017              | 2018                              | 2017              | 2018                              | 2017              |
| <b>ASSETS</b>                              |                   |                   |                                   |                   |                                   |                   |
| Cash and interest-bearing demand deposits  | \$ 571,078        | \$ 238,961        | \$ 120,864                        | \$ 181,639        | \$ 405,088                        | \$ 634,630        |
| Interest-bearing time deposits             | -                 | -                 | 227,558                           | 226,456           | 118,514                           | 117,876           |
| Receivables:                               |                   |                   |                                   |                   |                                   |                   |
| Other                                      | -                 | -                 | -                                 | -                 | 1,168                             | -                 |
| Interest                                   | -                 | -                 | 542                               | 409               | 430                               | 368               |
| Due from other governmental units          | 9,632             | 13,882            | 26,733                            | 22,745            | 26,733                            | 22,745            |
| Due from other funds                       | 92,524            | 369,930           | 2,183                             | 24,833            | -                                 | -                 |
| Prepaid items                              | 18,715            | 9,925             | -                                 | -                 | -                                 | -                 |
| <b>Total assets</b>                        | <b>\$ 691,949</b> | <b>\$ 632,698</b> | <b>\$ 377,880</b>                 | <b>\$ 456,082</b> | <b>\$ 551,933</b>                 | <b>\$ 775,619</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                   |                                   |                   |                                   |                   |
| <b>Liabilities:</b>                        |                   |                   |                                   |                   |                                   |                   |
| Accounts payable                           | \$ 15,592         | \$ 13,622         | \$ 10,018                         | \$ 5,213          | \$ 390                            | \$ 3,449          |
| Due to other funds                         | -                 | -                 | 92,704                            | 100,000           | 2,399                             | 244,833           |
| <b>Total liabilities</b>                   | <b>15,592</b>     | <b>13,622</b>     | <b>102,722</b>                    | <b>105,213</b>    | <b>2,789</b>                      | <b>248,282</b>    |
| <b>Fund balances -</b>                     |                   |                   |                                   |                   |                                   |                   |
| Nonspendable (prepaid items)               | 18,715            | 9,925             | -                                 | -                 | -                                 | -                 |
| Restricted:                                |                   |                   |                                   |                   |                                   |                   |
| Sales tax dedications                      | -                 | -                 | 275,158                           | 350,869           | 549,144                           | 527,337           |
| Unassigned                                 | 657,642           | 609,151           | -                                 | -                 | -                                 | -                 |
| <b>Total fund balances</b>                 | <b>676,357</b>    | <b>619,076</b>    | <b>275,158</b>                    | <b>350,869</b>    | <b>549,144</b>                    | <b>527,337</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 691,949</b> | <b>\$ 632,698</b> | <b>\$ 377,880</b>                 | <b>\$ 456,082</b> | <b>\$ 551,933</b>                 | <b>\$ 775,619</b> |

TOWN OF ARNAUDVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

|                                | 2018             |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2017<br>Actual   |
|--------------------------------|------------------|------------------|------------------|---|------------------|
|                                | Budget           |                  | Actual           |   |                  |
|                                | Original         | Final            |                  |   |                  |
| <b>Taxes:</b>                  |                  |                  |                  |   |                  |
| Ad valorem                     | \$ 39,435        | \$ 40,240        | \$ 40,497        | \$ 257  | \$ 40,739        |
| Payment in lieu of taxes       | 3,900            | -                | -                | -   | 8,418            |
| Franchise - electric, TV, etc. | 63,105           | 66,250           | 66,579           | 329   | 63,056           |
| Total taxes                    | <u>106,440</u>   | <u>106,490</u>   | <u>107,076</u>   | <u>586</u>  | <u>112,213</u>   |
| Occupational licenses          | <u>101,000</u>   | <u>101,000</u>   | <u>105,443</u>   | <u>4,443</u>  | <u>107,539</u>   |
| <b>Intergovernmental:</b>      |                  |                  |                  |   |                  |
| State of Louisiana -           |                  |                  |                  |   |                  |
| Highway maintenance revenue    | 3,590            | 3,590            | 3,590            | -   | 3,590            |
| Beer taxes                     | 5,000            | 4,456            | 4,510            | 54  | 4,730            |
| Poker machines                 | 32,500           | 32,500           | 31,767           | (733)   | 32,977           |
| Total intergovernmental        | <u>41,090</u>    | <u>40,546</u>    | <u>39,867</u>    | <u>(679)</u>  | <u>41,297</u>    |
| Fines and forfeits             | <u>33,000</u>    | <u>32,500</u>    | <u>30,860</u>    | <u>(1,640)</u>  | <u>31,751</u>    |
| <b>Miscellaneous:</b>          |                  |                  |                  |   |                  |
| Rent income                    | 10,300           | 8,740            | 9,246            | 506   | 9,034            |
| Recreation department income   | 25,500           | 21,810           | 24,918           | 3,108   | 26,859           |
| Miscellaneous                  | 500              | 240              | 358              | 118   | 519              |
| Total miscellaneous            | <u>36,300</u>    | <u>30,790</u>    | <u>34,522</u>    | <u>3,732</u>  | <u>36,412</u>    |
| <b>Total revenues</b>          | <u>\$317,830</u> | <u>\$311,326</u> | <u>\$317,768</u> | <u>\$ 6,442</u>   | <u>\$329,212</u> |

TOWN OF ARNAUDVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

|                                     | 2018           |                | Actual         | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2017<br>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            | 69,705         | 69,705         | 64,915         | 4,790   | 61,581         |
| Payroll taxes and retirement        | 22,740         | 24,430         | 33,672         | (9,242)   | 19,203         |
| Worker's compensation insurance     | 1,895          | 1,895          | 1,269          | 626   | 1,909          |
| Insurance                           | 43,120         | 39,365         | 21,147         | 18,218  | 42,834         |
| Utilities                           | 14,000         | 14,800         | 13,575         | 1,225   | 13,560         |
| Telephone                           | 9,500          | 10,750         | 10,459         | 291   | 9,186          |
| Professional fees                   | 27,625         | 28,829         | 25,855         | 2,974   | 30,092         |
| Computer related fees and software  | 2,800          | 3,200          | 4,783          | (1,583)   | 3,200          |
| Office supplies                     | 6,200          | 3,475          | 4,792          | (1,317)   | 4,866          |
| Uniforms                            | 350            | 350            | 297            | 53  | 258            |
| Meetings and conventions            | 3,400          | 3,490          | 5,491          | (2,001)   | 2,437          |
| Travel                              | 2,200          | 2,200          | 877            | 1,323   | 3,299          |
| Dues                                | 3,850          | 3,850          | 1,893          | 1,957   | 4,078          |
| Tax roll and assessor's fee         | 1,505          | 2,870          | 2,869          | 1   | 1,126          |
| Coffee and cokes                    | 700            | 700            | 655            | 45  | 575            |
| Coroner/medical                     | 1,500          | 1,500          | 950            | 550   | 1,100          |
| Repairs and maintenance             | 2,750          | 1,550          | 7,379          | (5,829)   | 3,211          |
| Miscellaneous                       | 12,150         | 17,675         | 7,869          | 9,806   | 11,761         |
| Postage                             | 150            | 150            | 92             | 58  | 219            |
| <b>Total general government</b>     | <b>262,595</b> | <b>267,239</b> | <b>245,294</b> | <b>21,945</b>   | <b>250,950</b> |
| <b>Public safety - police -</b>     |                |                |                |   |                |
| Salaries - dispatchers              | 113,394        | 113,394        | 108,533        | 4,861   | 104,977        |
| Payroll taxes and retirement        | 22,312         | 20,777         | 18,911         | 1,866   | 12,245         |
| Worker's compensation insurance     | 1,255          | 840            | 661            | 179   | 2,154          |
| Insurance                           | 3,500          | 2,810          | 1,278          | 1,532   | 3,725          |
| Supplies                            | 12,000         | 9,740          | 8,449          | 1,291   | 6,158          |
| Prisoners meals and medical         | 800            | 800            | 416            | 384   | 747            |
| Uniforms                            | 3,000          | 3,620          | 3,246          | 374   | 4,203          |
| Auto expenditures                   | 25,000         | 32,300         | 28,371         | 3,929   | 22,128         |
| Telephone                           | 7,000          | 7,990          | 8,218          | (228)   | 5,511          |
| Repairs and maintenance             | 8,000          | 5,700          | 4,880          | 820   | 4,300          |
| Miscellaneous                       | 19,300         | 21,520         | 14,081         | 7,439   | 13,645         |
| Training                            | 1,000          | 1,750          | 1,371          | 379   | 657            |
| <b>Total public safety - police</b> | <b>216,561</b> | <b>221,241</b> | <b>198,415</b> | <b>22,826</b>   | <b>180,450</b> |

(continued)

TOWN OF ARNAUDVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

|                                  | 2018              |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2017<br>Actual    |
|----------------------------------|-------------------|-------------------|-------------------|---|-------------------|
|                                  | Budget            |                   | Actual            |   |                   |
|                                  | Original          | Final             |                   |   |                   |
| Streets -                        |                   |                   |                   |   |                   |
| Supplies                         | 5,300             | 5,300             | 6,242             | (942)   | 4,810             |
| Equipment and street maintenance | 16,500            | 5,000             | 5,198             | (198)   | 6,590             |
| Miscellaneous                    | -                 | -                 | 6                 | (6)   | 4,668             |
| Total streets                    | <u>21,800</u>     | <u>10,300</u>     | <u>11,446</u>     | <u>(1,146)</u>  | <u>16,068</u>     |
| Parks and recreation -           |                   |                   |                   |   |                   |
| Coach's salary                   | 15,600            | 14,400            | 14,137            | 263   | 14,400            |
| Payroll taxes                    | 1,195             | 1,195             | 1,102             | 93  | 1,037             |
| Worker's compensation insurance  | 980               | 980               | 972               | 8   | 1,074             |
| Repairs and maintenance          | 1,400             | 1,400             | 1,752             | (352)   | 1,400             |
| Uniforms and supplies            | -                 | 17,500            | 17,058            | 442   | -                 |
| Equipment                        | -                 | 5,000             | 4,812             | 188   | -                 |
| Insurance                        | -                 | 400               | 211               | 189   | 844               |
| Utilities                        | -                 | 100               | 40                | 60  | -                 |
| Miscellaneous                    | 30,895            | 10,145            | 8,009             | 2,136   | 32,481            |
| Total parks and recreation       | <u>50,070</u>     | <u>51,120</u>     | <u>48,093</u>     | <u>3,027</u>  | <u>51,236</u>     |
| Capital outlay:                  |                   |                   |                   |   |                   |
| General government -             |                   |                   |                   |   |                   |
| Equipment                        | -                 | -                 | -                 | -   | 12,000            |
| Police-                          |                   |                   |                   |   |                   |
| Equipment                        | 29,000            | 10,662            | 10,662            | -   | 14,856            |
| Vehicles                         | -                 | 17,903            | 17,903            | -   | -                 |
| Streets -                        |                   |                   |                   |   |                   |
| Equipment                        | -                 | -                 | -                 | -   | 5,982             |
| Infrastructure                   | 25,000            | -                 | -                 | -   | -                 |
| Parks and recreation -           |                   |                   |                   |   |                   |
| Equipment                        | 12,000            | 2,959             | 2,959             | -   | 8,655             |
| Total capital outlay             | <u>66,000</u>     | <u>31,524</u>     | <u>31,524</u>     | <u>-</u>  | <u>41,493</u>     |
| Total expenditures               | <u>\$ 617,026</u> | <u>\$ 581,424</u> | <u>\$ 534,772</u> | <u>\$46,652</u>   | <u>\$ 540,197</u> |

TOWN OF ARNAUDVILLE, LOUISIANA  
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

|  | 2018             |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2017<br>Actual    |
|--|------------------|------------------|------------------|---|-------------------|
|  | Budget           |                  | Actual           |   |                   |
|  | Original         | Final            |                  |   |                   |
| <b>Revenues:</b>                                     |                  |                  |                  |   |                   |
| Taxes  | \$269,560        | \$269,560        | \$272,915        | \$ 3,355  | \$ 275,741        |
| On-behalf payments                                   | 30,000           | 21,750           | 23,300           | 1,550   | 38,867            |
| Miscellaneous - interest and other                   | -                | -                | 1,234            | 1,234   | 1,165             |
| Total revenues                                       | <u>299,560</u>   | <u>291,310</u>   | <u>297,449</u>   | <u>6,139</u>  | <u>315,773</u>    |
| <b>Expenditures:</b>                                 |                  |                  |                  |   |                   |
| General government -                                 |                  |                  |                  |   |                   |
| Bank charges   | 250              | 140              | 136              | (4)   | 129               |
| Collection fees                                      | 2,650            | 2,905            | 2,444            | (461)   | 2,778             |
| Professional fees                                    | 12,000           | 12,565           | 12,704           | 139   | 10,795            |
| Total general government                             | <u>14,900</u>    | <u>15,610</u>    | <u>15,284</u>    | <u>(326)</u>  | <u>13,702</u>     |
| Public Safety -                                      |                  |                  |                  |   |                   |
| Police   |                  |                  |                  |   |                   |
| Salaries   | 206,475          | 195,000          | 180,553          | 14,447  | 182,074           |
| Supplemental pay                                     | 30,000           | 21,750           | 23,300           | (1,550)   | 38,867            |
| Worker's compensation                                | 19,665           | 17,500           | 13,273           | 4,227   | 14,660            |
| Payroll taxes and retirement                         | 66,072           | 54,270           | 40,750           | 13,520  | 65,292            |
| Total public safety                                  | <u>322,212</u>   | <u>288,520</u>   | <u>257,876</u>   | <u>30,644</u>   | <u>300,893</u>    |
| Total expenditures                                   | <u>337,112</u>   | <u>304,130</u>   | <u>273,160</u>   | <u>30,970</u>   | <u>314,595</u>    |
| Excess (deficiency) of revenues<br>over expenditures | (37,552)         | (12,820)         | 24,289           | 37,109  | 1,178             |
| <b>Other financing use:</b>                          |                  |                  |                  |   |                   |
| Transfer to General Fund                             | (100,000)        | (100,000)        | (100,000)        | -   | (100,000)         |
| Net change in fund balance                           | (137,552)        | (112,820)        | (75,711)         | 37,109  | (98,822)          |
| Fund balance, beginning                              | <u>350,869</u>   | <u>350,869</u>   | <u>350,869</u>   | -   | <u>449,691</u>    |
| Fund balance, ending                                 | <u>\$213,317</u> | <u>\$238,049</u> | <u>\$275,158</u> | <u>\$37,109</u>   | <u>\$ 350,869</u> |

TOWN OF ARNAUDVILLE, LOUISIANA  
1982 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

|   | 2018             |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2017<br>Actual   |
|---|------------------|------------------|------------------|---|------------------|
|   | Budget           |                  | Actual           |   |                  |
|   | Original         | Final            |                  |   |                  |
| <b>Revenues:</b>                                    |                  |                  |                  |   |                  |
| Taxes   | \$269,560        | \$269,560        | \$272,915        | \$ 3,355  | \$275,740        |
| Miscellaneous - interest and other                  | 500              | 5,311            | 7,600            | 2,289   | 2,604            |
| <b>Total revenues</b>                               | <u>270,060</u>   | <u>274,871</u>   | <u>280,515</u>   | <u>5,644</u>  | <u>278,344</u>   |
| <b>Expenditures:</b>                                |                  |                  |                  |   |                  |
| General government -                                |                  |                  |                  |   |                  |
| Bank charges  | -                | -                | -                | -   | 4                |
| Collection fees                                     | 2,650            | 2,905            | 2,444            | 461   | 2,778            |
| Professional fees                                   | 8,475            | 8,870            | 8,791            | 79  | 9,340            |
| <b>Total general government</b>                     | <u>11,125</u>    | <u>11,775</u>    | <u>11,235</u>    | <u>540</u>  | <u>12,122</u>    |
| Streets -   |                  |                  |                  |   |                  |
| Utilities - street lighting                         | 23,850           | 24,090           | 23,664           | 426   | 23,911           |
| Culture and recreation -                            |                  |                  |                  |   |                  |
| Park utilities                                      | 3,600            | 3,895            | 3,809            | 86  | 3,837            |
| <b>Total expenditures</b>                           | <u>38,575</u>    | <u>39,760</u>    | <u>38,708</u>    | <u>1,052</u>  | <u>39,870</u>    |
| <b>Excess of revenues<br/>    over expenditures</b> | <u>231,485</u>   | <u>235,111</u>   | <u>241,807</u>   | <u>6,696</u>  | <u>238,474</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)        |
| <b>Total other financing uses</b>                   | <u>(220,000)</u> | <u>(220,000)</u> | <u>(220,000)</u> | <u>-</u>  | <u>(220,000)</u> |
| <b>Net change in fund balance</b>                   | 11,485           | 15,111           | 21,807           | 6,696   | 18,474           |
| Fund balance, beginning                             | <u>527,337</u>   | <u>527,337</u>   | <u>527,337</u>   | <u>-</u>  | <u>508,863</u>   |
| Fund balance, ending                                | <u>\$538,822</u> | <u>\$542,448</u> | <u>\$549,144</u> | <u>\$ 6,696</u>   | <u>\$527,337</u> |

TOWN OF ARNAUDVILLE, LOUISIANA  
Street Improvement Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

|                                    | 2018             |                 | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2017<br>Actual  |
|------------------------------------|------------------|-----------------|-----------------|---|-----------------|
|                                    | Budget           |                 |                 |   |                 |
|                                    | Original         | Final           |                 |   |                 |
| <b>Revenues:</b>                   |                  |                 |                 |   |                 |
| Miscellaneous - interest and other | \$ 68            | \$ 68           | \$ 86           | \$ 18   | \$ 76           |
| <b>Expenditures</b>                | -                | -               | -               | -   | -               |
| Net change in fund balance         | 68               | 68              | 86              | 18  | 76              |
| Fund balance, beginning            | <u>38,318</u>    | <u>38,318</u>   | <u>38,318</u>   | -   | <u>38,242</u>   |
| Fund balance, ending               | <u>\$ 38,386</u> | <u>\$38,386</u> | <u>\$38,404</u> | <u>\$ 18</u>  | <u>\$38,318</u> |

TOWN OF ARNAUDVILLE, LOUISIANA  
2% Set Aside Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

|   | 2018       |            |            | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2017<br>Actual |
|---|------------|------------|------------|---|----------------|
|   | Budget     |            | Actual     |   |                |
|   | Original   | Final      |            |   |                |
| <b>Revenues:</b>                        |            |            |            |   |                |
| Miscellaneous - interest and other      | \$ 90      | \$ 90      | \$ 184     | \$ 94   | \$ 241         |
| <b>Expenditures</b>                     | -          | -          | -          | -   | -              |
| Excess of revenues<br>over expenditures | 90         | 90         | 184        | 94  | 241            |
| <b>Other financing sources:</b>         |            |            |            |   |                |
| Transfer from Utility Fund              | 31,000     | 37,776     | 38,326     | 550   | 31,000         |
| Transfer from LCDBG Capital Projects    | -          | -          | -          | -   | 13,203         |
| Total other financing sources           | 31,000     | 37,776     | 38,326     | 550   | 44,203         |
| Net change in fund balance              | 31,090     | 37,866     | 38,510     | 644   | 44,444         |
| Fund balance, beginning                 | 80,395     | 80,395     | 80,395     | -   | 35,951         |
| Fund balance, ending                    | \$ 111,485 | \$ 118,261 | \$ 118,905 | \$ 644  | \$ 80,395      |

TOWN OF ARNAUDVILLE, LOUISIANA  
LCDBG Grant Projects Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2018  
With Comparative Actual Amounts for the Year Ended June 30, 2017

|   | 2018        |             |             | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2017           |
|---|-------------|-------------|-------------|---|----------------|
|   | Budget      |             | Actual      |   |                |
|   | Original    | Final       |             |   |                |
| <b>Revenues:</b>                            |             |             |             |   |                |
| Intergovernmental - federal grant           | \$ -        | \$ -        | \$ -        | \$ -  | \$ -           |
| <b>Other financing sources (uses):</b>      |             |             |             |   |                |
| Transfer from Utility Fund                  | -           | -           | -           | -   | 28,069         |
| Transfer to 2% Set Aside Fund               | -           | -           | -           | -   | (13,203)       |
| Transfer to Utility Fund (sewer project)    | -           | -           | -           | -   | (18,881)       |
| <b>Total other financing sources (uses)</b> | <u>-</u>    | <u>-</u>    | <u>-</u>    | <u>-</u>  | <u>(4,015)</u> |
| <b>Net change in fund balance</b>           | -           | -           | -           | -   | (4,015)        |
| <b>Fund balance, beginning</b>              | <u>2</u>    | <u>2</u>    | <u>2</u>    | <u>-</u>  | <u>4,017</u>   |
| <b>Fund balance, ending</b>                 | <u>\$ 2</u> | <u>\$ 2</u> | <u>\$ 2</u> | <u>\$ -</u>   | <u>\$ 2</u>    |

TOWN OF ARNAUDVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2018 and 2017

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 30, 2018 and 2017:

| <u>Department</u> | <u>2018</u> | <u>2017</u> |
|-------------------|-------------|-------------|
| Gas (metered)     | 616         | 618         |
| Water (metered)   | 1,245       | 1,247       |
| Sewer             | 585         | 586         |
| Sanitation        | 27          | 26          |

TOWN OF ARNAUDVILLE, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2018

| Description of Coverage  | Coverage<br>Amounts |
|--|---------------------|
| Workmen's compensation -<br>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<br>and malicious mischief -<br>Blanket on all Town property | 1,570,014           |
| Vehicle physical damage  | 1,500,000           |
| Equipment physical damage  | 230,000             |
| Blanket accident and health policy-<br>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, 2018 and 2017

|   | Totals              |                     | Gas              |                  |
|---|---------------------|---------------------|------------------|------------------|
|   | 2018                | 2017                | 2018             | 2017             |
| <b>Operating revenues:</b>                          |                     |                     |                  |                  |
| Charges for services -                              |                     |                     |                  |                  |
| Billings to customers                               | \$ 963,764          | \$ 900,516          | \$ 334,214       | \$ 293,707       |
| Delinquent charges                                  | 19,752              | 20,233              | 10,079           | 9,476            |
| Other fees  | 36,290              | 10,717              | 18,955           | 6,679            |
| Total operating revenues                            | <u>1,019,806</u>    | <u>931,466</u>      | <u>363,248</u>   | <u>309,862</u>   |
| <b>Operating expenses:</b>                          |                     |                     |                  |                  |
| Salaries  | 183,184             | 198,051             | 24,000           | 24,376           |
| Payroll taxes and retirement                        | 42,098              | 38,162              | 2,333            | 2,262            |
| Retirement - GASB 68                                | (43,751)            | 39,144              | -                | 146              |
| Gas purchases                                       | 89,122              | 57,853              | 89,122           | 57,853           |
| Supplies, repairs and maintenance                   | 160,846             | 112,423             | 59,059           | 35,170           |
| Professional fees                                   | 24,911              | 15,875              | 2,348            | -                |
| Bad debts   | 2,582               | 4,591               | 878              | 1,483            |
| Telephone   | 5,138               | 3,912               | 1,604            | 1,406            |
| Depreciation  | 255,663             | 238,823             | 15,876           | 16,200           |
| Insurance   | 34,926              | 64,551              | 13,292           | 24,716           |
| Water plant lease                                   | -                   | 325                 | -                | -                |
| Utilities   | 30,454              | 28,581              | 1,801            | 1,858            |
| Fire department expense                             | 3,072               | 3,072               | -                | -                |
| Office supplies                                     | 10,408              | 12,778              | -                | -                |
| Miscellaneous                                       | 33,484              | 17,549              | 16,706           | 7,932            |
| Allocation of administrative expense                | -                   | -                   | 46,106           | 50,546           |
| Total operating expenses                            | <u>832,137</u>      | <u>835,690</u>      | <u>273,125</u>   | <u>223,948</u>   |
| Operating income (loss)                             | <u>187,669</u>      | <u>95,776</u>       | <u>\$ 90,123</u> | <u>\$ 85,914</u> |
| <b>Nonoperating revenues (expenses):</b>            |                     |                     |                  |                  |
| Grant revenue                                       | -                   | 31,289              |                  |                  |
| Non-employer pension contribution                   | 4,696               | 6,300               |                  |                  |
| Interest income                                     | 5,980               | 5,253               |                  |                  |
| Ad valorem taxes/Housing Authority in lieu of taxes | 47,827              | 55,951              |                  |                  |
| Interest expense                                    | (9,308)             | (12,343)            |                  |                  |
| Total nonoperating revenues (expenses)              | <u>49,195</u>       | <u>86,450</u>       |                  |                  |
| Income before transfers                             | <u>236,864</u>      | <u>182,226</u>      |                  |                  |
| <b>Other financing sources (uses):</b>              |                     |                     |                  |                  |
| Transfers from 1982 Sales Tax Fund                  | 120,000             | 120,000             |                  |                  |
| Transfers to LCDBG Fund                             | -                   | (9,188)             |                  |                  |
| Transfers to General Fund                           | (74,285)            | (74,285)            |                  |                  |
| Transfer to 2% Set Aside Fund                       | (38,326)            | (31,000)            |                  |                  |
| Total other financing sources (uses)                | <u>7,389</u>        | <u>5,527</u>        |                  |                  |
| Change in net position                              | 244,253             | 187,753             |                  |                  |
| Net position, beginning                             | <u>6,092,624</u>    | <u>5,904,871</u>    |                  |                  |
| Net position, ending                                | <u>\$ 6,336,877</u> | <u>\$ 6,092,624</u> |                  |                  |

| Water             |                  | Sewer              |                    | Sanitation        |                   | Administration   |                  |
|-------------------|------------------|--------------------|--------------------|-------------------|-------------------|------------------|------------------|
| 2018              | 2017             | 2018               | 2017               | 2018              | 2017              | 2018             | 2017             |
| \$ 417,975        | \$ 407,241       | \$ 210,948         | \$ 199,007         | \$ 627            | \$ 561            | \$ -             | \$ -             |
| 9,513             | 10,701           | 150                | 54                 | 10                | 2                 | -                | -                |
| <u>17,335</u>     | <u>3,738</u>     | <u>-</u>           | <u>300</u>         | <u>-</u>          | <u>-</u>          | <u>-</u>         | <u>-</u>         |
| <u>444,823</u>    | <u>421,680</u>   | <u>211,098</u>     | <u>199,361</u>     | <u>637</u>        | <u>563</u>        | <u>-</u>         | <u>-</u>         |
| 60,073            | 78,062           | 37,444             | 35,505             | -                 | -                 | 61,667           | 60,108           |
| 14,807            | 16,146           | 8,934              | 6,952              | -                 | -                 | 16,024           | 12,802           |
| (16,232)          | 17,611           | (9,800)            | 7,489              | -                 | -                 | (17,719)         | 13,898           |
| -                 | -                | -                  | -                  | -                 | -                 | -                | -                |
| 70,058            | 48,775           | 31,729             | 28,478             | -                 | -                 | -                | -                |
| 2,348             | 1,000            | 2,349              | -                  | -                 | -                 | 17,866           | 14,875           |
| 1,084             | 2,075            | 620                | 1,033              | -                 | -                 | -                | -                |
| -                 | -                | -                  | -                  | -                 | -                 | 3,534            | 2,506            |
| 111,198           | 107,298          | 111,339            | 106,219            | -                 | -                 | 17,250           | 9,106            |
| 8,755             | 15,639           | 5,316              | 9,033              | -                 | -                 | 7,563            | 15,163           |
| -                 | 325              | -                  | -                  | -                 | -                 | -                | -                |
| 11,777            | 10,504           | 5,903              | 5,658              | -                 | -                 | 10,973           | 10,561           |
| 3,072             | 3,072            | -                  | -                  | -                 | -                 | -                | -                |
| -                 | -                | -                  | -                  | -                 | -                 | 10,408           | 12,778           |
| 6,104             | 1,793            | 1,951              | 986                | 6,849             | 5,464             | 1,874            | 1,374            |
| <u>56,460</u>     | <u>68,927</u>    | <u>26,794</u>      | <u>32,166</u>      | <u>81</u>         | <u>1,532</u>      | <u>(129,440)</u> | <u>(153,171)</u> |
| <u>329,504</u>    | <u>371,227</u>   | <u>222,579</u>     | <u>233,519</u>     | <u>6,930</u>      | <u>6,996</u>      | <u>-</u>         | <u>-</u>         |
| <u>\$ 115,319</u> | <u>\$ 50,453</u> | <u>\$ (11,481)</u> | <u>\$ (34,158)</u> | <u>\$ (6,293)</u> | <u>\$ (6,433)</u> | <u>\$ -</u>      | <u>\$ -</u>      |

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

# KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable 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, 2018, 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 14, 2018.

### 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 2018 -001(IC) and 2018-002(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, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
September 14, 2018

TOWN OF ARNAUDVILLE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2018

| <u>Ref. No.</u>                   | <u>Fiscal Year Finding Initially Occurred</u> | <u>Description of finding</u>   | <u>Corrective Action Taken</u> | <u>Corrective Action Planned</u>  | <u>Name of Contact Person</u> | <u>Anticipated Completion Date</u> |
|-----------------------------------|---|---|--------------------------------|---|-------------------------------|------------------------------------|
| <b>CURRENT YEAR (06/30/18) --</b> |   |   |                                |   |                               |                                    |
| <u>Internal Control:</u>          |   |   |                                |   |                               |                                    |
| 2018-001(IC)                      | N/A   | Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.   | No                             | It was determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.  | Mrs. Kathy M. Richard, Mayor  | N/A                                |
| 2018-002(IC)                      | 6/30/2007                                     | The Town 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, including the related notes. | No                             | The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation. | Mrs. Kathy M. Richard, Mayor  | N/A                                |
| <b>PRIOR YEAR (06/30/17) --</b>   |   |   |                                |   |                               |                                    |
| <u>Internal Control:</u>          |   |   |                                |   |                               |                                    |
| 2017-001(IC)                      | N/A   | Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.   | No                             | It was determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.  | Mrs. Kathy M. Richard, Mayor  | N/A                                |
| 2017-002(IC)                      | 6/30/2007                                     | The Town 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, including the related notes. | No                             | The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation. | Mrs. Kathy M. Richard, Mayor  | N/A                                |

**TOWN OF ARNAUDVILLE**

Arnaudville, Louisiana

**Agreed-Upon Procedures Report**

Year Ended June 30, 2018

# KOLDER, SLAVEN & COMPANY, LLC

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

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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 Town of Arnaudville (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

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

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

***Board or Finance Committee***

**(The following procedures were not performed since there were no exceptions in the prior year.)**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds
  - c) Obtain the prior year audit report and observe the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

***Bank Reconciliations***

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

## ***Collections***

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4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
  - a) We observed that receipts are sequentially pre-numbered.
  - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) We traced the deposit slip total to the actual deposit per the bank statement.
  - d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) We traced the actual deposit per the bank statement to the general ledger.

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

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

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

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

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

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

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

### ***Contracts***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

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

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

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

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

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
  - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### ***Debt Service***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

### ***Other***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

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

**Exceptions:**

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

**Written Policies and Procedures:**

1. The entity does not have written policies and procedures addressing how vendors are added to the vendor list or regarding documentation of management's actions to determine the completeness of all collections for each type of revenue or agency fund addition.

*Management's response:* The entity will update their written policies and procedures to include how vendors are added to the vendors and determination of completeness of collections.

**Bank Reconciliations:**

2. There was no evidence on the bank reconciliations that management is researching reconciling items that have been outstanding for more than 12 months from the statement closing date.

*Management's response:* The entity will implement a policy to research all reconciling items that have been outstanding for more than 12 months from the statement closing date and to provide evidence on the bank reconciliation that the procedure has been done.

**Non-Payroll Disbursements**

3. Of the 25 invoices tested, 11 were not approved by both the clerk and mayor. Also, one purchase order was not signed by a designated municipal official.

*Management's response:* All future disbursements will be supported by documentation approved by both the mayor and clerk and will include required authorized signatures.

**Travel and Expense Reimbursements:**

4. Of the five reimbursements tested, one did not have an itemized receipt nor documentation of the business/public purpose.

*Management's response:* The entity will ascertain that all travel and expense reimbursements will have all required receipts and documentation supporting the business purpose of the expenditure.

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

Lafayette, Louisiana  
September 14, 2018