



**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1 - 2
Independent Auditors' Report on Compliance and On Internal Control Over Financial Reporting Based On an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3 - 4
Government-Wide Financial Statements	
Statement of Net Position.....	5
Statement of Activities	6
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	7
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balance	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	10
Proprietary Funds	
Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Net Position	12
Statement of Cash Flows	13 - 14
Notes to Financial Statements	15 - 32
Other Supplemental Information	
Schedule of Compensation Paid to Board Members	33
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	34
Summary of Findings and Questioned Cost.....	35 - 36
Management's Corrective Action Plan	37
Summary of Prior Year Findings and Questioned Cost.....	38 - 40
Appendix A	
Statewide Agreed-Upon Procedures	A-1 – A-20



**Rozier Harrington
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May 14, 2019

Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen
Town of Ball, Louisiana

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ball, 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 conducting the engagement 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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

Critical matters affecting the integrity of the Town's accounting records are listed as follows:

- The actions of certain former officials have resulted in criminal charges including injuring public records, malfeasance and payroll fraud.
- Certain bank accounts have not been completely or fully reconciled.
- Accounts reporting internal balances including due to other funds, due from other funds and operating transfers are not in balance and include numerous errors.

Due to significant uncertainties resulting from the matters described above, management was not able to provide written representations as required by generally accepted auditing standards.

DISCLAIMER OF OPINION

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.



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OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

Such information, although not a part of the basic financial statements, is required by the Government 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. The required supplemental information described above has been omitted.

Other Information

We were engaged for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ball's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the required supplementary information referred to above.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2019, on our consideration of the Town of Ball'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 engagement in accordance with *Government Auditing Standards* in considering the Town of Ball's internal control over financial reporting and compliance.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

May 14, 2019

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

To the Honorable Mayor and Board of Aldermen
Town of Ball, Louisiana

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ball, 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 May 14, 2019. Our report disclaims an opinion on such financial statements because of circumstances which prohibited management from providing written representations as required by generally accepted auditing standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2018-1 that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

In connection with our engagement to audit the Town of Ball's financial statements, 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 engagement, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2018-2. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.



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TOWN OF BALL'S RESPONSE TO FINDINGS

The Town of Ball's response to the findings identified in our engagement is described in the accompanying schedule. The Town of Ball's response was not subjected to the procedures applied in the engagement to audit 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.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

Town of Ball

STATEMENT OF NET POSITION

June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 921,020	\$ 480,833	\$ 1,401,853
Receivables (net)	140,158	92,556	232,714
Internal balances	89,642	(89,642)	-
Capital assets			
Non depreciable capital assets	50,000	15,130	65,130
Depreciable capital assets, net	<u>1,177,362</u>	<u>5,786,383</u>	<u>6,963,745</u>
Total assets	<u>2,378,182</u>	<u>6,285,260</u>	<u>8,663,442</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension funding deferrals	<u>765,475</u>	<u>205,959</u>	<u>971,434</u>
<u>LIABILITIES</u>			
Accounts and other payables	198,398	71,769	270,167
Deposits due others	-	135,026	135,026
Long Term Liabilities			
Compensated Absences	16,154	-	16,154
Net Pension Liability	<u>1,802,610</u>	<u>702,412</u>	<u>2,505,022</u>
Total liabilities	<u>2,017,162</u>	<u>909,207</u>	<u>2,926,369</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension funding deferrals	<u>135,307</u>	<u>39,568</u>	<u>174,875</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,227,362	5,801,513	7,028,875
Restricted	728,955	-	728,955
Unrestricted	<u>(965,129)</u>	<u>(259,069)</u>	<u>(1,224,198)</u>
Total net position (deficit)	<u>\$ 991,188</u>	<u>\$ 5,542,444</u>	<u>\$ 6,533,632</u>

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

Town of Ball

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Expenses	Program Revenues			Net Revenue (Expense)		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 589,134	\$ 21,445	\$ -	\$ -	\$ (567,689)	\$ -	\$ (567,689)
Public Safety							
Police Department	761,977	435,532	-	-	(326,445)	-	(326,445)
Fire Department	405,506	-	28,783	-	(376,723)	-	(376,723)
Public Works (Highways and Streets)	702,522	-	-	-	(702,522)	-	(702,522)
Interest on Long-Term Debt	-	-	-	-	-	-	-
Total Governmental Activities	<u>2,459,139</u>	<u>456,977</u>	<u>28,783</u>	<u>-</u>	<u>(1,973,379)</u>	<u>-</u>	<u>(1,973,379)</u>
<u>Business-Type Activities:</u>							
Sanitation	456,406	248,971	-	-	-	(207,435)	(207,435)
Sewer	929,617	663,525	-	-	-	(266,092)	(266,092)
Total Business-Type Activities	<u>1,386,023</u>	<u>912,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(473,527)</u>	<u>(473,527)</u>
Total	<u>\$ 3,845,162</u>	<u>\$ 1,369,473</u>	<u>\$ 28,783</u>	<u>\$ -</u>	<u>(1,973,379)</u>	<u>(473,527)</u>	<u>(2,446,906)</u>
<u>General Revenues:</u>							
Taxes:							
Ad Valorem					88,168	-	88,168
Sales					1,016,498	50,862	1,067,360
Franchise					173,078	-	173,078
Licenses & Permits					78,517	-	78,517
Other					150,515	1,658	152,173
Transfers					521,571	(521,571)	-
Total General Revenues, Special Items and Transfers					<u>2,028,347</u>	<u>(469,051)</u>	<u>1,559,296</u>
Change in Net Position					<u>54,968</u>	<u>(942,578)</u>	<u>(887,610)</u>
Net Position - Beginning							
As Originally Reported					952,866	6,366,999	7,319,865
Prior Period Adjustment					<u>(16,646)</u>	<u>118,023</u>	<u>101,377</u>
As Restated					<u>936,220</u>	<u>6,485,022</u>	<u>7,421,242</u>
Net Position - Ending					<u>\$ 991,188</u>	<u>\$ 5,542,444</u>	<u>\$ 6,533,632</u>

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

Town of Ball

Balance Sheet Governmental Funds - June 30, 2018

	<u>General Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 921,020
Receivables (net)	140,158
Interfund Receivables	<u>89,642</u>
Total assets	<u>\$ 1,150,820</u>
 <u>Liabilities and Fund Balance</u>	
<u>Liabilities</u>	
Accounts Payable	\$ <u>198,398</u>
Total liabilities	<u>198,398</u>
 <u>Fund Balance</u>	
Restricted For:	
Public Safety - Fire	539,252
Public Safety - Police	-
Public Works (Highways and Streets)	189,703
Unassigned	<u>223,467</u>
Total Fund Balances	<u>952,422</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,150,820</u>

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

Town of Ball

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position

June 30, 2018

Total Fund Balances - Governmental Funds	\$ 952,422
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,227,362
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(1,802,610)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(135,307)
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	765,475
Compensated absences are not due and payable in the current period and therefore they are not reported in the funds.	<u>(16,154)</u>
Net Position of Governmental Activities	<u>\$ 991,188</u>

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

Town of Ball

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - For the Year Ended June 30, 2018

	<u>General Fund</u>
<u>Revenues:</u>	
Taxes:	
Ad Valorem	\$ 88,168
Sales	1,016,498
Franchise	173,078
Licenses & Permits	78,517
Charges for Services	21,445
Intergovernmental	125,574
Fines and Forfeitures	435,532
Other	<u>53,724</u>
Total Revenues	<u>1,992,536</u>
<u>Expenditures:</u>	
Current:	
General Government	844,893
Public Safety	
Police Department	754,509
Fire Department	325,956
Public Works (Highways and Streets)	658,012
Capital Expenditures	227,565
Debt Service	<u>-</u>
Total Expenditures	<u>2,810,935</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(818,399)</u>
<u>Other Financing Sources (Uses):</u>	
Operating Transfers	521,571
Proceeds from Long-Term Debt	<u>-</u>
Total Other Financing Sources (Uses)	<u>521,571</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(296,828)</u>
<u>Fund Balance (Deficit) - Beginning of Year</u>	
As Originally Reported	1,265,896
Prior Period Adjustment	<u>(16,646)</u>
As Restated	<u>1,249,250</u>
Fund Balance (Deficit) - End of Year	<u>\$ 952,422</u>

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

Town of Ball

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2018

Net change in fund balances of Governmental Funds		\$	(296,828)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense.			
Capital Expenditures	227,565		
Depreciation	<u>(151,765)</u>	75,800	
Governmental funds report pension expense based on contributions required for the current year; however, pension expense reported on the government wide basis is influenced by actuarial considerations.			(31,251)
Judgements that were reported as long-term liabilities have been liquidated.		<u>307,247</u>	
Change in net position of governmental activities		\$	<u>54,968</u>

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

Town of Ball

Statement of Net Position Proprietary Funds - June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Sanitation	Sewer System	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 128,417	\$ 352,416	\$ 480,833
Receivables (net)	21,758	70,798	92,556
Interfund receivables	-	-	-
Total current assets	150,175	423,214	573,389
Noncurrent Assets:			
Non depreciable capital assets	-	15,130	15,130
Depreciable capital assets, net	14,394	5,771,989	5,786,383
Total assets	164,569	6,210,333	6,374,902
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pension funding deferrals	71,818	134,141	205,959
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts and other payables	49,195	22,574	71,769
Deposits due others	59,204	75,822	135,026
Interfund payables	2,242	87,400	89,642
Total current liabilities	110,641	185,796	296,437
Long Term Liabilities			
Net Pension Liability	347,526	354,886	702,412
Total liabilities	458,167	540,682	998,849
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Pension funding deferrals	13,797	25,771	39,568
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	14,394	5,787,119	5,801,513
Unrestricted	(249,971)	(9,098)	(259,069)
Total net position (deficit)	\$ (235,577)	\$ 5,778,021	\$ 5,542,444

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

Town of Ball

Statement of Revenues, Expenditures and Changes in Fund Net Position Proprietary Funds - For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Sanitation	Sewer System	Total
<u>Operating Revenues:</u>			
Service Fees	\$ 248,971	\$ 602,935	\$ 851,906
Other	-	60,590	60,590
Total Operating Revenues	248,971	663,525	912,496
<u>Operating Expenses:</u>			
Salaries and Benefits	185,589	271,643	457,232
Insurance	22,617	21,695	44,312
Repairs & Maintenance	24,598	61,626	86,224
Supplies & Chemicals	23,885	33,225	57,110
Utilities	2,359	143,549	145,908
Depreciation	17,144	355,826	372,970
Disposal Fees	128,063	-	128,063
Other	52,151	42,053	94,204
Total Operating Expenses	456,406	929,617	1,386,023
Operating Income (Loss)	(207,435)	(266,092)	(473,527)
<u>Nonoperating Revenues (Expenses):</u>			
Taxes	25,431	25,431	50,862
Other Revenue	113	1,545	1,658
Change in Net Position Before Contributions and Transfers	(181,891)	(239,116)	(421,007)
<u>Contributions and Transfers:</u>			
Capital Contributions	-	-	-
Transfers	(154,693)	(366,878)	(521,571)
Change in net position	(336,584)	(605,994)	(942,578)
<u>Total net position - beginning</u>			
As Originally Reported	112,783	6,254,216	6,366,999
Prior Period Adjustment	(11,776)	129,799	118,023
As Restated	101,007	6,384,015	6,485,022
Total net position - ending	\$ (235,577)	\$ 5,778,021	\$ 5,542,444

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

Town of Ball

Statement of Cash Flows

Proprietary Funds - For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Sanitation	Sewer System	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 254,049	\$ 624,017	\$ 878,066
Cash payments to suppliers of goods and services	(225,938)	(194,519)	(420,457)
Cash payments to employees for services	(185,589)	(277,267)	(462,856)
Net cash provided (used) by operating activities	(157,478)	152,231	(5,247)
<u>Cash flows from non-capital financing activities:</u>			
Change in interfund balances	65,332	(26,885)	38,447
Operating transfers	(154,693)	(366,878)	(521,571)
Taxes	25,431	25,431	50,862
Other Non Operating Revenue	113	1,545	1,658
Net cash provided (used) by non-capital financing activities	(63,817)	(366,787)	(430,604)
<u>Cash flows from capital and related financing activities:</u>			
Capital expenditures	-	(53,303)	(53,303)
Net cash provided (used) by capital and related financing activities	-	(53,303)	(53,303)
Net increase (decrease) in cash	(221,295)	(267,859)	(489,154)
Beginning cash balance	349,712	620,275	969,987
Ending cash balance	\$ 128,417	\$ 352,416	\$ 480,833

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

Town of Ball

Statement of Cash Flows (Continued)

Proprietary Funds - For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Sanitation	Sewer System	Total
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash provided (used) by operating</u>			
<u>activities</u>			
Operating income (loss)	\$ (207,435)	\$ (266,092)	\$ (473,527)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	17,145	355,826	372,971
(Increase) decrease in accounts receivable	203	(37,933)	(37,730)
Decrease (Increase) in net pension liability and deferrals	12,261	(1,149)	11,112
(Decrease) increase in accounts and other payables	29,963	(21,021)	8,942
(Decrease) increase in meter deposits	4,875	(1,575)	3,300
(Decrease) increase in compensated absences	(2,714)	(5,624)	(8,338)
(Decrease) increase other	(11,776)	129,799	118,023
Net cash provided (used) by operating activities	<u>\$ (157,478)</u>	<u>\$ 152,231</u>	<u>\$ (5,247)</u>

Supplemental disclosures of cash flow information:

During the period ended June 30, 2018, there were no operating, financing, or investing activities during the year that did not result in cash receipts or payments.

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

Town of Ball

Notes To Financial Statements

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ball (the Town) was incorporated under the provisions of the Lawrason Act. The Town is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the Town include police protection, fire protection, and street maintenance. The Town also operates a sanitation service and a sewer system that are supported by user charges.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

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

Governmental Accounting Standards establish criteria for determining which component units should be considered part of the Town of Ball for financial reporting purposes. The criteria to be considered are presented as follows:

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

Based on these criteria the presented above, the only potential component unit is the Town's Volunteer Fire Commission. However, based on further consideration, it was determined that the Commission serves in an advisory capacity and does not have sufficient decision making authority to be considered a component unit.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Town of Ball

Notes To Financial Statements

June 30, 2018

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

Major Governmental Funds

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

Major Business-Type Funds

Sanitation Service – Used to account for transactions associated with collecting and disposing of solid waste.

Sewer System – Used to account for sewer collection and treatment, which is supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for sanitation and sewer service.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

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

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude

Town of Ball

Notes To Financial Statements

June 30, 2018

capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as other financing sources and repayment of long-term debt is reported as an expenditure.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Budget Practices:

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. Town budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

Capital Assets

Capital assets, which include property, equipment and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town. Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

Cash and Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Internal Activity:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Town of Ball

Notes To Financial Statements

June 30, 2018

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2018, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash Deposited in Banks	\$ 920,428	\$ 480,433	\$ 1,400,861
Cash on Hand	592	400	992
Cash and Cash Equivalents	<u>\$ 921,020</u>	<u>\$ 480,833</u>	<u>\$ 1,401,853</u>

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities are considered uncollateralized, state law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable for the year ended June 30, 2018 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ ---	\$ 108,042	\$ 108,042
Franchise Taxes	41,919	---	41,919
Allowance for Doubtful Accounts	---	(17,970)	(17,970)
Total Accounts Receivable	<u>41,919</u>	<u>90,072</u>	<u>131,991</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	98,239	2,484	100,723
Grant Reimbursement	---	---	---
Total Due From Other Governments	<u>98,239</u>	<u>2,484</u>	<u>100,723</u>
Total Receivables	<u>\$ 140,158</u>	<u>\$ 92,556</u>	<u>\$ 232,714</u>

NOTE 4 - CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

Town of Ball

Notes To Financial Statements

June 30, 2018

	Non Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Land	\$ 50,000	\$ ----	\$ ----	\$ 50,000
Construction in Process	37,149	----	37,149	----
Total Governmental Activities	<u>\$ 87,149</u>	<u>\$ ----</u>	<u>\$ 37,149</u>	<u>50,000</u>
<u>Business-Type Activities</u>				
Sewer System				
Land	\$ 5,130	\$ ----	\$ ----	\$ 5,130
Construction in Process	10,000	----	----	10,000
Total Business-Type Activities	<u>\$ 15,130</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 15,130</u>
	Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Furniture, Fixtures and Equipment	\$ 1,782,996	\$ ----	\$ ----	\$ 1,782,996
Buildings and Improvements	1,094,897	245,948	----	1,340,845
Street Infrastructure	388,266	----	----	388,266
Accumulated Depreciation	(2,201,746)	(132,999)	----	(2,334,745)
Total Governmental Activities	<u>\$ 1,064,413</u>	<u>\$ 112,949</u>	<u>\$ ----</u>	<u>\$ 1,177,362</u>
<u>Business-Type Activities</u>				
Sewer System				
Furniture, Fixtures and Equipment	\$ 297,153	\$ 52,447	\$ ----	\$ 349,600
Sewer System	13,914,690	----	----	13,914,690
Accumulated Depreciation	(8,137,331)	(354,970)	----	(8,492,301)
Total Sewer System	<u>6,074,512</u>	<u>(302,523)</u>	<u>----</u>	<u>5,771,989</u>
Sanitation Department				
Furniture, Fixtures and Equipment	362,314	----	----	362,314
Buildings and Improvements	13,092	----	----	13,092
Accumulated Depreciation	(343,868)	(17,144)	----	(361,012)
Total Sanitation Department	<u>31,538</u>	<u>(17,144)</u>	<u>----</u>	<u>14,394</u>
Total Business-Type	<u>\$ 6,106,050</u>	<u>\$ (319,667)</u>	<u>\$ ----</u>	<u>\$ 5,786,383</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

Town of Ball

Notes To Financial Statements

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
General Government	\$ 34,081	\$ ----	\$ 34,081
Police Department	33,290	----	33,290
Fire Department	42,009	----	42,009
Streets	22,822	----	22,822
Mayor's Court	797	----	797
Sewer System	----	354,970	354,970
Sanitation	----	17,144	17,144
	<hr/>	<hr/>	<hr/>
Total Depreciation Expense	<u>\$ 132,999</u>	<u>\$ 372,114</u>	<u>\$ 505,113</u>

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

Details related to amounts reported as accounts and other payables are provided as follows:

	Governmental Activities	Business-Type Activities	Total
Payable to Vendors	\$ 118,109	\$ 59,660	\$ 177,769
Accrued Payroll	40,140	11,033	51,173
Other	40,149	1,076	41,225
	<hr/>	<hr/>	<hr/>
Accounts and Other Payables	<u>\$ 198,398</u>	<u>\$ 71,769</u>	<u>\$ 270,167</u>

NOTE 6 – TAXES

Ad Valorem Taxes:

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. Property taxes are limited to an assessment for general alimony as permitted by State Law. Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed by the Town's General Fund.

Sales Taxes:

Citizens of the Town have permanently approved a 1.5% sales tax and a 0.5% sales tax. The sales taxes are collected by the Parish of Rapides and remitted to the Town on a monthly basis. The sales taxes are deposited in the Town's general fund and allocated to departments as required by dedications imposed by the sales tax propositions. These dedications are summarized as follows:

Fire Department	28.75%
Police Department	26.67%
Streets, Recreation and Community Centers	37.08%
General Administration	3.75%
Public Works and Facilities	3.75%
	<hr/>
Total	<u>100.00%</u>

Town of Ball

Notes To Financial Statements

June 30, 2018

The Town is also entitled to receive a portion of a parish-wide sales tax that is shared with other government agencies. The proceeds of this tax is unrestricted. Accordingly, the tax is deposited in the general fund and expended at the Town's discretion.

In addition, the Town receives an allocation from a 0.5% sales tax approved by the voters of Sales Tax District No. 3. The tax is available for general operations.

NOTE 7- RISK MANAGEMENT

The Town is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8 – RESTRICTED RESOURCES

As discussed in Note 6, portions of the sales taxes collected by the Town are dedicated to specific purposes. Proceeds from these sales taxes are reported as restricted until expended for purposes that are consistent with sales tax propositions.

NOTE 9 – PENSION PLANS:

Substantially all Town employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. A summary of amounts reported in connection with participation in these plans is summarized as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 1,589,323	\$ 621,686	\$ 119,436
Firefighters' Retirement System of Louisiana	125,212	102,685	7,013
Municipal Police Employees' Retirement System of Louisiana	<u>790,487</u>	<u>247,063</u>	<u>48,426</u>
Total	2,505,022	971,434	174,875
Portion Applicable to Business Type Activities	<u>702,412</u>	<u>205,959</u>	<u>39,568</u>
Portion Applicable to Government Type Activities	<u>\$ 1,802,610</u>	<u>\$ 765,475</u>	<u>\$ 135,307</u>

Further information regarding each of the retirement systems presented above is furnished as follows:

Municipal Employees' Retirement System of Louisiana:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above

Town of Ball

Notes To Financial Statements

June 30, 2018

and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy - Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the system were equal to the required contributions for each of the past three years.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 1,115,400,101
Plan Fiduciary Net Position	697,057,939
Net Pension Liability	<u>418,342,162</u>
Town's Proportionate Share (Percentage)	0.379910%
Town's Proportionate Share (Amount)	<u>\$ 1,589,324</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period are provided as follows:

Beginning Net Pension Liability	\$ 1,370,892
Employer Contributions	(157,589)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	238,049
Changes in Benefit Terms	----
Employee Contributions	<u>(23,384)</u>
Change in Deferred Outflows of Resources	79,301
Change in Deferred Inflows of Resources	<u>82,055</u>
Ending Net Pension Liability	<u>\$ 1,589,324</u>

There were no changes between June 30, 2018 and the Plan's measurement date (June 30, 2017) that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

Town of Ball

Notes To Financial Statements

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Resources
Differences Between Expected and Actual Experience	\$ ----	\$ 48,404	\$ (48,404)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	320,490	----	320,490
Changes of Assumptions	26,575	----	26,575
Changes in Proportion	95,215	71,032	24,183
Employer Contributions Made After the Measurement Date	<u>179,406</u>	<u>-----</u>	<u>179,406</u>
Total Deferrals	621,686	119,436	502,250
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>179,406</u>	<u>----</u>	<u>179,406</u>
Deferrals Subject to Amortization	<u>\$ 442,280</u>	<u>\$ 119,436</u>	<u>\$ 322,844</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Measurement Period Ending</u>	
June 30, 2018	\$ 64,148
June 30, 2019	174,786
June 30, 2020	69,537
June 30, 2021	<u>14,373</u>
Total	<u>\$ 322,844</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.4%, net of investment expense
Projected Salary Increases	5.000%
Mortality Rates	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables for annuitant and beneficiary members set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA RP-2000 Employee Mortality Table for employees (set back 2 years for males and females) RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)
Expected Remaining Service Lives	3 years for Plan A

Town of Ball

Notes To Financial Statements

June 30, 2018

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 of 2.4% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.6% for the year ended June 30, 2017.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.30%
Public Fixed Income	35%	1.60%
Alternatives	15%	0.70%
Totals	100%	4.60%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.20%

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2017 is 3 years for Plan A.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate (assuming all other assumptions remain unchanged). The results are presented as follows:

	<u>1% Decrease 6.4% Discount Rate</u>	<u>Current Discount Rate 7.4%</u>	<u>1% Increase 8.4 % Discount</u>
Net Pension Liability	\$ 2,025,327	\$ 1,589,324	\$ 1,217,425

Town of Ball

Notes To Financial Statements

June 30, 2018

Firefighters' Retirement System of Louisiana

Plan Description – Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3^{1/3} percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy – Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town are established and may be amended by state statute. As proved by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the plan were equal to the required contributions for each of the past three years.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lafirefightersret.com. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,166,881,556
Plan Fiduciary Net Position	<u>1,593,696,648</u>
Net Pension Liability	573,184,908
Town's Proportionate Share (Percentage)	0.021845%
Town's Proportionate Share (Amount)	<u>\$ 125,212</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2017 are provided as follows:

Beginning Net Pension Liability	\$ 142,278
Employer Contributions	(12,909)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	37,212
Changes in Benefit Terms	----
Employee Contributions	<u>(5,529)</u>
Change in Deferred Outflows of Resources	(34,499)
Change in Deferred Inflows of Resources	<u>(1,341)</u>
Ending Net Pension Liability	<u>\$ 125,212</u>

There were no changes between June 30, 2018 and the Plan's measurement date (June 30, 2017) that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred

Town of Ball

Notes To Financial Statements

June 30, 2018

outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Resources
Differences Between Expected and Actual Experience	\$ 10,772	\$ 6,983	\$ 3,789
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	73,797	---	73,797
Changes of Assumptions	5,237	30	5,207
Changes in Proportion	---	---	---
Employer Contributions Made After the Measurement Date	12,879	---	12,879
Total Deferrals	102,685	7,013	95,672
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	12,879	---	12,879
Deferrals Subject to Amortization	<u>\$ 89,806</u>	<u>\$ 7,013</u>	<u>\$ 82,793</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Measurement Period Ending</u>	
June 30, 2018	\$ 19,913
June 30, 2019	22,070
June 30, 2020	17,291
June 30, 2021	11,615
June 30, 2022	11,544
June 30, 2023	360
Total	<u>\$ 82,793</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.4% per annum
Inflation Rate	2.775% per annum
Projected Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years, including inflation and merit increases.
Cost of Living Adjustments	Only those previously granted

Town of Ball

Notes To Financial Statements

June 30, 2018

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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. The long term expected nominal rate of return was 8.29% as of June 30, 2017.

Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U. S. Equity	27%	6.15%
Non-U.S. Equity	20%	7.45%
Global Equity	10%	6.85%
Fixed Income	23%	2.04%
Real Estate	6%	4.62%
Private Equity	4%	8.73%
Global Tactical Asset Allocation	5%	4.40%
Risk Parity	5%	4.79%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease <u>6.4% Discount Rate</u>	Current Discount <u>Rate 7.4%</u>	1% Increase <u>8.4 % Discount</u>
Net Pension Liability	\$ 179,925	\$ 125,212	\$ 79,218

Municipal Police Employees' Retirement System of Louisiana

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average

Town of Ball

Notes To Financial Statements

June 30, 2018

salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the plan were equal to the required contributions for each of the past three years.

Financial Summary -- The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,918,064,612
Plan Fiduciary Net Position	<u>2,045,022,309</u>
Net Pension Liability	873,042,303
Town's Proportionate Share (Percentage)	<u>0.090544%</u>
Town's Proportionate Share (Amount)	<u>\$ 790,487</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2017 are provided as follows:

Beginning Net Pension Liability	\$ 918,067
Employer Contributions	(85,878)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	76,545
Changes in Benefit Terms	----
Employee Contributions	<u>(17,285)</u>
Change in Deferred Outflows of Resources	(143,751)
Change in Deferred Inflows of Resources	<u>42,789</u>
Ending Net Pension Liability	<u>\$ 790,487</u>

There were no changes between June 30, 2018 and the Plan's measurement date (June 30, 2017) that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

Town of Ball

Notes To Financial Statements

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Resources
Differences Between Expected and Actual Experience	\$ 5,176	\$ 6,076	\$ (900)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	34,605	----	34,605
Changes of Assumptions	56,248	----	56,248
Changes in Proportion	80,968	42,350	38,618
Employer Contributions Made After the Measurement Date	<u>70,066</u>	<u>----</u>	<u>70,066</u>
 Total Deferrals	 247,063	 48,426	 198,637
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>70,066</u>	<u>----</u>	<u>70,066</u>
 Deferrals Subject to Amortization	 <u>\$ 176,997</u>	 <u>\$ 48,426</u>	 <u>\$ 128,571</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Measurement Period Ending</u>	
June 30, 2018	\$ 73,127
June 30, 2019	59,889
June 30, 2020	14,102
June 30, 2021	<u>(18,547)</u>
 Total	 <u>\$ 128,571</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.235% per annum	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.7% per annum	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 - 2	9.75%
	3 - 23	4.75%
	23 & Over	4.25%

Town of Ball

Notes To Financial Statements

June 30, 2018

Mortality Rates

RP-2000 Combined Health with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (setback 1 year for females) for healthy annuitants and beneficiaries.

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

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

Cost-of-Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternatives	20%	1.10%
Other	6%	0.16%
Totals	<u>100%</u>	<u>5.44%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.19%</u>

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

Town of Ball

Notes To Financial Statements June 30, 2018

	1% Decrease 6.325% Discount Rate	Current Discount Rate 7.325%	1% Increase 8.325 % Discount
Net Pension Liability	\$ 1,092,135	\$ 790,487	\$ 537,427

NOTE 10 – INTERNAL BALANCES

In some cases, the general fund collects funds on behalf of other funds and retains these funds until the resources are needed by the recipient fund. These internal balances are summarized as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental Funds</u>		
General Fund	\$ 89,642	\$ ---
<u>Business Type Funds</u>		
Sewer System	---	(2,242)
Sanitation System	---	(87,400)
Total	89,642	(89,642)
Elimination of Interfund Activity	---	---
Government Wide Totals	<u>\$ 89,642</u>	<u>\$ (89,642)</u>

NOTE 11 - TRANSFERS

Transfers are attributable to providing excess Sewer and Sanitation Fund resources to other funds, summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
General Fund	\$ 521,571	\$ ---
<u>Business Type Funds</u>		
Sewer Fund	---	(154,693)
Sanitation Fund	---	(366,878)
Total	521,571	(521,571)
Elimination of Internal Activity	---	---
Government Wide Totals	<u>\$ 521,571</u>	<u>\$ (521,571)</u>

NOTE 12 – CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2018 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. At the present time, there are no matters pending that are expected to exceed the limits of insurance coverage.

Town of Ball

Notes To Financial Statements

June 30, 2018

Grant Compliance

The Town receives state and federal assistance through various grant programs. Grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

An investigation by FEMA of assistance received in connection with Hurricane Gustav resulted in the prosecution of several former Town Officials. As a result of these prosecutions, a former Mayor, Town Clerk and Police Chief have entered guilty pleas in criminal proceedings. In addition to the criminal prosecutions, it is possible that the Town could be required to repay a portion of the FEMA assistance but potential repayment amounts cannot be estimated at the present time.

Criminal Proceedings

The activities of certain former Town officials are the subject of an ongoing criminal prosecution. The eventual findings resulting from these proceedings could reveal matters with financial consequences that are not reported in the accompanying financial statements.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

Management has adjusted beginning fund equity to correct apparent accounting errors that occurred in previous accounting periods.

Town of Ball

Schedule of Compensation Paid to Board Members **For the year ended June 30, 2018**

Neil A. Kavanagh	\$ 59,010
L. Gail Wilking	7,700
Suzanne Duncan-Furby	7,700
Gene Decker	7,700
Kimberley Krischke	7,700
Genevive Poteet	7,600
	<hr/>
Total Compensation	<u>\$ 97,410</u>

Town of Ball

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the year ended June 30, 2018

Agency Head (Mayor) - Neil A. Kavanagh

Purpose:

Compensation	\$	59,010
Retirement Contributions	\$	15,343
Insurance	\$	7,306
Reimbursements	\$	-

TOWN OF BALL

Summary of Findings and Responses

June 30, 2018

PART I

SUMMARY OF AUDITOR'S RESULTS

- The Independent Auditor's Report on the financial statements for the Town of Ball as of June 30, 2018 and for the year then ended expressed no opinion.
- Significant internal control deficiencies that were considered to be material weaknesses were reported, see Part II for details.
- Noncompliance material to the financial statements was reported, see Part II for details.

PART II

FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

2018-1; ACCOUNTING PRACTICES AND FINANCIAL REPORTING (PREVIOUSLY 2017-1)

The Town's accounting practices are subject to numerous weaknesses that inhibit the Town's ability to accomplish timely and accurate financial reporting. Some of the weaknesses that negatively affect the Town's financial reporting performance are described as follows:

- The Town utilizes accounting software that has unique characteristics and operating features. Issues related to the accounting system that result in financial reporting challenges are discussed as follows:
 - In order to compensate for deficiencies associated with the accounting system, it is necessary for personnel to have an enhanced level of general ledger accounting skills. Individuals with the necessary skill level to perform in this environment have not been available.
 - Recent product support offered by the accounting software vendor has not been sufficient to assist personnel with utilizing the unique characteristics and features.
 - The combination of poor software performance and limited bookkeeping skills has contributed to difficulties in reconciling bank accounts. Cash balances were not reported correctly or properly reconciled to statements issued by the financial institutions.
- In addition to difficulties associated with such routine matters as reporting cash transactions, the Town has a large volume of internal transactions between various funds, accounts and departments. Numerous internal transactions have been reported incorrectly. As a result, the operating transfers and interfund balances resulting from these transactions were not in balance. The size and volume of the incorrectly reported internal transactions have distorted to the financial statements.
- Management and the governing body have not engaged in monitoring that would permit detection and correction of misstatement in a timely manner.

The issues described above limit the integrity of the accounting system that is necessary to maintain proper internal control. In order to resolve these matters, we suggest engaging in corrective action that will accomplish the task described as follows:

- Obtain suitable accounting software that can sufficiently meet the Town's needs in a reliable manner. In connection with the software acquisition, attention should be devoted to obtaining training that will instruct employees in the proper use and operation of the product. In addition, the new software should provide ongoing support that will be available to address issues that occur after the initial installation and training are complete. The support should be provided by knowledgeable professionals and be available in a prompt manner.

TOWN OF BALL

Summary of Findings and Responses

June 30, 2018

- Monitoring procedures should be established that will permit management and the governing body to detect future problems and engage in timely corrective action. As part of this monitoring process, bank reconciliation reports should be reviewed by qualified personnel to ensure prompt and accurate completion of the reconciliation process. Furthermore, the bank reconciliation review process should be formally documented.

2018-2: FINANCIAL REPORTING (PREVIOUSLY 2017-2)

State Law requires political subdivisions to maintain financial records in a manner that will permit auditors to issue an unmodified opinion within six months of the end of the fiscal year. Due to the circumstances described in 2018-1, the Town of Ball did not fulfill this requirement. The specific requirements that were not met are listed as follows:

- The condition of the financial records did not permit the audit to be completed by the statutorily required due date of December 31, 2018.
- Circumstances did not permit issuing an unmodified opinion.

In order to resolve this matter, we recommend completing the corrective action suggested in 2018-1 at the earliest possible date.

PART III

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

NOT APPLICABLE

The Town of Ball did not receive sufficient Federal Awards to require an Audit under OMB Circular A-133.

TOWN OF BALL

Management's Corrective Action Plan

June 30, 2018

<u>SECTION I</u>	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2018-1: ACCOUNTING PRACTICES (PREVIOUSLY 2017-1)</u></p> <p>The Town's accounting practices are subject to numerous weaknesses that inhibit the Town's ability to accomplish timely and accurate financial reporting. These weaknesses limit the integrity of the accounting system that is necessary to maintain proper internal control.</p> <p><u>2018-2: FINANCIAL REPORTING</u></p> <p>State Law requires political subdivisions to maintain financial records in a manner that will permit auditors to issue an unmodified opinion within six months of the end of the fiscal year. Due to the circumstances described in 2018-1, the Town of Ball did not fulfill this requirement. The specific requirements that were not met are listed as follows:</p> <ul style="list-style-type: none">• The condition of the financial records did not permit the audit to be completed by the statutorily required due date of December 31, 2018.• Circumstances did not permit issuing an unmodified opinion. <p>In order to resolve this matter, we recommend completing the corrective action suggested in 2018-1 at the earliest possible date.</p>	<p><u>2018-1: MANAGEMENT'S RESPONSE</u></p> <p>The Town has a new Board of Aldermen that has selected a Mayor to serve on an interim basis. The new administration is currently evaluating options for correcting deficiencies in the Town's accounting practices.</p> <p><u>2018-2: MANAGEMENT'S RESPONSE</u></p> <p>We expect to resolve non-compliance with financial reporting by implementing corrective action as described in the proceeding response.</p>
<u>SECTION II</u>	
MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>There were no findings of this nature.</u></p>	<p><u>Due to the absence of findings no response necessary.</u></p>

TOWN OF BALL

Summary of Prior Year Findings and Questioned Costs June 30, 2018

<u>SECTION I</u>	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2017-1: ACCOUNTING PRACTICES</u> The Town's accounting practices are subject to numerous weaknesses that inhibit the Town's ability to accomplish timely and accurate financial reporting. These weaknesses limit the integrity of the accounting system that is necessary to maintain proper internal control.</p>	<p><u>2017-1: UNRESOLVED</u> See 2018-1.</p>
<p><u>2017-2: CITATION PROCESSING</u> A sample of 64 citations resulted in the findings listed as follows:</p> <ul style="list-style-type: none">• The sample included two instances when the original citation documents could not be located.• In one case the amount collected did not agree to the amount reported by the software system used by the Police Department to monitor traffic citations. <p>We suggest that the Town implement policies and procedures that will address each of the deficiencies described above. In general, the policies and procedures should ensure that the status of each citation is accurately reported in the Town's computer system and that original documents are available to verify the information in the computer system.</p>	<p><u>2017-2: UNDETERMINED</u> Due to scope limitations that resulted in a disclaimer in connection with the current engagement, current procedures did not include a sample of citations. Accordingly, evidence was not sufficient to determine whether these issues have been resolved.</p>
<p><u>2017-3: BILLING PRACTICES</u> Ordinances governing the Town's sewer rates require certain rate modifications to be completed in a prescribed manner. The prescribed modifications have not been performed. This matter should be addressed by completing the following tasks:</p>	<p><u>2017-3: UNDETERMINED</u> Due to scope limitations that resulted in a disclaimer in connection with the current engagement, current procedures did not include an evaluation of utility rates and billing practices. Accordingly, evidence was not sufficient to determine whether these issues have been resolved.</p>

TOWN OF BALL

Summary of Prior Year Findings and Questioned Costs

June 30, 2018

- Review existing ordinances establishing rate structures and billing practices to determine changes necessary.
- Revise rate information entered into the Town's computer system to agree with ordinance specifications.
- For future billing periods, established rate structures should be enforced without exceptions.

2017-4: FINANCIAL REPORTING

State Law requires political subdivisions to maintain financial records in a manner that will permit auditors to issue an unmodified opinion within six months of the end of the fiscal year. Due to the circumstances described in 2017-1, the Town of Ball did not fulfill this requirement. The specifics requirements that were not met are listed as follows:

- The condition of the financial records did not permit the audit to be completed by the statutorily required due date of December 31, 2017.
- Circumstances did not permit issuing an unmodified opinion.

In order to resolve this matter, we recommend completing the corrective action suggested in 2017-1 at the earliest possible date.

2017-5: CREDIT CARD PRACTICES

An evaluation of credit card transactions revealed that procedures are not sufficient to ensure that credit cards are used appropriately.

2017-6: EMPLOYEE LEAVE AND COMPENSATORY TIME

Personnel policies permit the Mayor and Police Chief to award compensatory time to employees at their discretion. By awarding additional compensation for

2017-4: UNRESOLVED

See 2018-2.

2017-5: UNDETERMINED

Due to scope limitations that resulted in a disclaimer in connection with the current engagement, current procedures did not include an evaluation of credit card transactions. Accordingly, evidence was not sufficient to determine whether these issues have been resolved.

2017-6: UNDETERMINED

Due to scope limitations that resulted in a disclaimer in connection with the current engagement, current procedures did not include an evaluation of

TOWN OF BALL

Summary of Prior Year Findings and Questioned Costs

June 30, 2018

<u>SECTION I</u>	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
work already performed, this policy apparently conflicts with legal provisions that prohibit political subdivisions from giving away things of value. We suggest considering revisions to the policy to permit future violations of State Law.	employee leave and compensatory time. Accordingly, evidence was not sufficient to determine whether these issues have been resolved.

<u>SECTION II</u>	
MANAGEMENT LETTER	
<u>FINDINGS</u> <u>No Findings of this nature were reported.</u>	<u>RESPONSE</u> <u>No response necessary</u>

APPENDIX A
Statewide Agreed-Upon Procedures



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Honorable Mayor and Board of Aldermen
Town of Ball, Louisiana and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Ball, Louisiana (Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

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

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

Rozier, Harrington and McKay
Certified Public Accountants
Alexandria, Louisiana
April 26, 2019

Post Office Box 12178 • Alexandria, Louisiana 71315-2178
www.CenlaCPAs.com • Voice 318.442.1608 • Fax 318.487.2027

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories. <ul style="list-style-type: none">• Budgeting• Purchasing• Disbursements• Receipts• Payroll/Personnel• Contracting• Credit Cards• Travel and expense reimbursements• Ethics• Debt	The Town has written policies and procedures that cover all of the required components.	<i>The results did not include findings or criticisms.</i>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>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:</p> <p>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.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>The Board of Alderman meets monthly with a quorum.</p> <p>Budget-to-actual comparisons are given at monthly board meetings.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	No existing deficit exists.	<i>The results did not include findings or criticisms.</i>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>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.</p>	<p>RHM has obtained a listing of the Town's bank accounts and selected five for testing.</p> <p>Approximately one half of the bank reconciliations were not done within 2 months of the statement closing date. However, some of the bank reconciliations that were done within two months were marked as "not balanced." Approximately 15% of the statements looked at did not have a bank reconciliation included with the statement.</p> <p>Bank reconciliations are not reviewed.</p> <p>No outstanding items over 12 months were noted.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>The Finance Director will make sure all bank reconciliations are done within 2 months of the statement closing date each month.</p> <p>Management will review and approve each bank reconciliation on a monthly basis.</p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
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.	Employees responsible for collecting cash are not responsible for preparing and making bank deposits.	<i>The results did not include findings or criticisms.</i>
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.	Employees responsible for collecting cash do not post collection entries to the general ledger.	<i>The results did not include findings or criticisms.</i>
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.	Employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash.	<i>The results did not include findings or criticisms.</i>
6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.	All employees are either bonded or covered by an insurance policy for theft.	<i>The results did not include findings or criticisms.</i>
7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as	RHM randomly selected two deposit dates for each of the five accounts selected.	<i>The results did not include findings or criticisms.</i>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe 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).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>Management was not able to provide one of the receipts requested; however, the rest of the receipts were sequentially prenumbered</p> <p>Management was not able to provide one of the receipts requested; however, the rest of the receipt totals matched the totals on the deposit slips.</p> <p>Management was not able to provide three of the requested deposit slips; however, the rest of the deposit slips agreed to the actual deposit per the bank statement.</p> <p>All deposits were made within one business day of receipt, with the exception of the receipt that management could not find which therefore could not be tested.</p> <p>The actual deposits per the bank statement were all present in the general ledger.</p>	<p>The Town will implement corrective action in the future to be sure that all receipts are present.</p> <p>The Town will implement corrective action in the future to be sure that all receipts are present.</p> <p>The Town will implement corrective action in the future to be sure that all deposit slips are present.</p> <p>The Town will implement corrective action in the future to be sure that all receipts are present.</p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p>	<p>All disbursements are processed at Town Hall.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p> <p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p> <p>b) At least two employees are involved in processing and approving payments to vendors.</p> <p>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.</p> <p>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.</p>	<p>At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order.</p> <p>Checks require dual signatures.</p> <p>The Finance Director performs bookkeeping functions including adding vendors to the system.</p> <p>Check signers are currently the Mayor, Town Clerk, and one Council Member. The Finance Director and his assistant process payments and mail the checks after they are signed.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p>Due to the limited staff size, it is not practical to impose limits on access within the accounting system.</p> <p>Due to the limited staff size, it is not practical to segregate mailing checks and processing payments. Procedures are in place to mitigate this issue and ensure that only approved disbursements get mailed.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p>	<p>Management was not able to provide supporting documentation for one of the selected disbursements; however, the rest of the disbursements selected were supported by documentation.</p> <p>All of the tested disbursements had two signatures on their checks, however none of them had evidence of approval of the invoices.</p>	<p>The Town will implement corrective action in the future to be sure that all disbursement documentation is present.</p> <p>The Town will implement corrective action in the future to be sure that all invoices are approved before disbursements are made.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>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.</p> <p>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:</p> <p>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.</p> <p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>A list was furnished and representations were obtained.</p> <p>The selected statements did not show evidence that they were reviewed or approved.</p> <p>No finance charges or late fees were assessed on the selected statements.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>The Town will implement corrective action in the future to be sure that all credit card statements are reviewed and approved.</p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
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).	Results of testing the selected credit cards are summarized as follows: <ol style="list-style-type: none">1. Mastercard – Five of the ten transactions selected did not include an itemized receipt or written documentation of business purpose.2. Lowe's – Management could not find the February 2018 statement that was requested.	The Town will implement corrective action by developing procedures to enhance documentation and record keeping.

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>A list was furnished and representations were obtained.</p> <p>Management was not able to provide supporting documentation for one of the selected reimbursements; however, the rest of the reimbursements were reimbursed according to rates established by the U.S. General Services Administration.</p> <p>Management was not able to provide supporting documentation for one of the selected reimbursements; however, the rest of them were supported by an itemized receipt.</p> <p>Management was not able to provide supporting documentation for one of the selected reimbursements; however, the rest of the reimbursements were supported by documentation of the business purpose.</p> <p>The selected reimbursements did not show evidence that they were reviewed or approved.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>The Town will implement corrective action in the future to be sure that all reimbursement documentation is present.</p> <p>The Town will implement corrective action in the future to be sure that all reimbursement documentation is present.</p> <p>The Town will implement corrective action in the future to be sure that all reimbursement documentation is present.</p> <p>The Town will implement corrective action in the future to be sure that all reimbursements are reviewed and approved.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>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:</p> <p>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.</p> <p>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).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>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.</p>	<p>Procedures related to contracts were subject to a scope limitation due to the inadequate nature of the Town's computer system/software. The software did not permit exporting general ledger data in a format that permitted sorting and filtering transactions in a manner that facilitated the identification of contract payments. In addition, the Town's records did not provide a practical alternative that would permit producing a complete list of contract payments.</p> <p>See #15 Above</p> <p>See #15 Above</p> <p>See #15 Above</p> <p>See #15 Above</p>	<p>Management intends to acquire a new computer software that will prevent further limitations to our responses.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>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.</p>	<p>Management provided a listing of all employees and represented that the listing was complete. Five employees were randomly selected.</p> <p>Results of testing the selected employees' salaries and pay rates are summarized as follows:</p> <ol style="list-style-type: none"> 1. Management was not able to provide attendance documentation for the selected pay period for one of the employees selected. 2. The gross paycheck amount was incorrectly calculated for one of the selected employees. 	<p>The Town will implement corrective action in the future to be sure that all attendance documentation is present and that paychecks are calculated correctly.</p>
<p>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:</p> <ol style="list-style-type: none"> a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). b. Observe that supervisors approved the attendance and leave of the selected employees/officials. 	<p>With the exception of the employee's attendance documentation that management could not find, all employees documented their daily attendance and leave except for elected officials that are not subject to documentation requirements.</p> <p>The selected attendance and leave documents did not show evidence that they were reviewed or approved.</p>	<p>The Town will implement corrective action in the future to be sure that all attendance documentation is present.</p> <p>The Town will implement corrective action in the future to be sure that all attendance and leave are reviewed and approved.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>With the exception of the employee's attendance documentation that management could not find, all employees documented their daily attendance and leave except for elected officials that are not subject to documentation requirements.</p>	<p>The Town will implement corrective action in the future to be sure that all attendance documentation is present.</p>
<p>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.</p>	<p>RHM obtained a list, and recalculated the pay for two employees that left employment with the Town in the current year. Pay rates and cumulative leave records agreed to the payments made.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>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.</p>	<p>Management has represented that payments and filings have been completed on time.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
<p>20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:</p> <p>a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.</p> <p>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.</p>	<p>All employees selected had documentation demonstrating one hour of ethics training completed.</p> <p>The Town did not have signature verification that employees read the ethics policy.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>Management now has new policies and procedures that the employees will sign that they have read.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
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.	Not applicable, no debt was issued or outstanding.	<i>The results did not include findings or criticisms.</i>
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.	Not applicable, no debt was issued or outstanding.	<i>The results did not include findings or criticisms.</i>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Other		
Agreed-Upon Procedure	Results	Managements' Response
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.	Based on management's representations, there were no misappropriations.	<i>The results did not include findings or criticisms.</i>
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.	No exceptions were identified.	<i>The results did not include findings or criticisms.</i>