



**FINANCIAL REPORT
FOR THE 18-MONTH PERIOD ENDED JUNE 30, 2017**

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
Required Supplemental Information (Part I) Management's Discussion and Analysis.....	5 - 8
Government-Wide Financial Statements	
Statement of Net Position.....	9
Statement of Activities	10
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	11
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	14
Proprietary Funds	
Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Net Position	16
Statement of Cash Flows	17 - 18
Notes to Financial Statements	19 - 36
Required Supplemental Information (Part II)	
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual)	
General Fund	37
Schedule of Net Pension Liability Data.....	38
Schedule of Employer Contributions.....	39
Other Supplemental Information	
Schedule of Compensation Paid to Board Members	40
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	41
Summary of Findings and Questioned Cost.....	42 - 44
Management's Corrective Action Plan	45 - 47
Summary of Prior Year Findings and Questioned Cost.....	48 - 49
Appendix A	
Statewide Agreed-Upon Procedures	A-1 – A-20



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

February 20, 2018

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 18-month period ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on 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

The actions of certain officials are currently being investigated by law enforcement agencies. Due to concerns regarding potential findings associated with the ongoing investigation, 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.

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. 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 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 February 20, 2018, 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 |

February 20, 2018

**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 18-month period ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 20, 2018. 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 the financial statements of the Town, we considered the Town of Ball'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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we considered to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2017-1 to be a material weakness.

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 to those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2017-2, 2017-3, and 2017-5 to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned

costs as items 2017-4 and 2017-6. 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.

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 of findings and questioned costs. 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

This section of the Town of Ball's annual financial report presents our discussion and analysis of the Town's financial performance during the 18-month period ended June30, 2017.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after January 1, 2004 and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, fines and forfeitures, and intergovernmental sources.
- **Business-Type Activities** – Expenses associated with providing sanitation and utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

A comparative analysis of government-wide financial data is presented as follows:

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

Town of Ball

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

	For the 18-Month Period Ended December 31, 2017			For the Year Ended December 31, 2015
	Govern- mental Activities	Business- Type Activities	Total	
Assets:				
Current and Other Assets	\$ 1,366,779	\$ 973,618	\$ 2,340,397	\$ 2,476,984
Capital Assets	1,151,562	6,121,181	7,272,743	7,752,466
Total Assets	<u>2,518,341</u>	<u>7,094,799</u>	<u>9,613,140</u>	<u>10,229,450</u>
Deferred Outflow of Resources	<u>890,556</u>	<u>172,958</u>	<u>1,063,514</u>	<u>636,426</u>
Liabilities:				
Current and Other Liabilities	100,883	194,553	295,436	194,071
Long-term Liabilities	2,124,590	638,386	2,762,976	2,184,439
Total Liabilities	<u>2,225,473</u>	<u>832,939</u>	<u>3,058,412</u>	<u>2,378,510</u>
Deferred Inflows of Resources	<u>230,558</u>	<u>67,819</u>	<u>298,377</u>	<u>271,251</u>
Net Position:				
Invested in Capital Assets (Net)	1,151,562	6,121,181	7,272,743	7,724,384
Restricted	848,449	----	848,449	867,178
Unrestricted	(1,047,145)	245,818	(801,327)	(375,447)
Total Net Position	<u>\$ 952,866</u>	<u>\$ 6,366,999</u>	<u>\$ 7,319,865</u>	<u>\$ 8,216,115</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net position (99.4%) is invested in capital assets. Net position invested in capital assets consist of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

Remaining resources that are subject to restrictions that are imposed by agreements with various revenue sources.

Recognizing long-term liabilities associated with participation in cost sharing defined benefit retirement programs have eliminated the Town's remaining net position. Despite the absence of net position, the Town has sufficient resources to meet these obligations for the foreseeable future.

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

Town of Ball

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

	For the 18-Month Period Ended December 31, 2017			For the Year Ended December 31, 2015
	Govern- mental Activities	Business- Type Activities	Total	
Revenues:				
Program Revenue:				
Charges for Services	\$ 481,921	\$ 1,334,293	\$ 1,816,214	\$ 1,162,024
Operating Grants and Contributions	81,511	----	81,511	49,626
Capital Grants and Contributions	----	----	----	----
General Revenue:				
Taxes	1,849,405	87,530	1,936,935	1,288,865
Licenses & Permits	220,213	----	220,213	116,011
Other	82,942	2,267	85,209	24,343
Total Revenue	2,715,992	1,424,090	4,140,082	2,640,869
Program Expenses:				
General Government	744,444	----	744,444	547,007
Public Safety				
Police Department	1,467,756	----	1,467,756	658,517
Fire Department	352,947	----	352,947	195,935
Public Works – Streets	792,740	----	792,740	495,274
Interest on Long-Term Debt	2,493	----	2,493	150
Sanitation	----	485,178	485,178	394,682
Sewer	----	1,190,774	1,190,774	827,351
Total Expenses	3,360,380	1,675,952	5,036,332	3,118,916
Increase/(Decrease) in Net Position Before Transfers	(644,388)	(251,862)	(896,250)	(478,047)
Transfers	424,765	(424,765)	----	----
Change in Net Position	(219,623)	(676,627)	(896,250)	(478,047)
Net Position Beginning:				
As Previously Reported	1,172,489	7,043,626	8,216,115	10,275,977
Cumulative Effect of Adopting GASB 68	----	----	----	(1,581,815)
As Restated	1,172,489	7,043,626	8,216,115	8,694,162
Net Position Ending	\$ 952,866	\$ 6,366,999	\$ 7,319,865	\$ 8,216,115

Governmental activities decreased the Town's net position by \$219,623. The decrease is attributable to using a portion of the General Funds reserves to provide services.

Business-type activities decreased the Town's net position by \$676,627. The decrease is attributable to depreciation on assets purchased with grant funds and providing resources to governmental activities.

Town of Ball

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental fund reported a fund balance of \$1,265,896, which represents a decrease of \$114,597.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

Budgets were amended in order address matters that were not anticipated when the original budget was adopted.

CAPITAL ASSET ADMINISTRATION

Significant capital asset activity for the 18-month period ended December 31, 2017 were limited to replacing and upgrading portions of the Town's equipment and recording provisions for depreciation.

DEBT ADMINISTRATION

Debt activity included repaying a portion of existing debt totaling \$28,082. The amount repaid represents 100% of the balance outstanding at the beginning of the 18-month period.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

At the present time, management is not aware of any factors expected to have a significant impact on future operations.

Town of Ball

STATEMENT OF NET POSITION

June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,086,744	\$ 969,987	\$ 2,056,731
Receivables (net)	228,840	54,826	283,666
Internal balances	51,195	(51,195)	-
Capital assets			
Non depreciable capital assets	87,149	15,130	102,279
Depreciable capital assets, net	<u>1,064,413</u>	<u>6,106,051</u>	<u>7,170,464</u>
Total assets	<u>2,518,341</u>	<u>7,094,799</u>	<u>9,613,140</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension funding deferrals	<u>890,556</u>	<u>172,958</u>	<u>1,063,514</u>
<u>LIABILITIES</u>			
Accounts and other payables	100,883	62,827	163,710
Deposits due others	-	131,726	131,726
Long Term Liabilities			
Judgement Payable	307,247	-	307,247
Compensated Absences	16,154	8,338	24,492
Net Pension Liability	<u>1,801,189</u>	<u>630,048</u>	<u>2,431,237</u>
Total liabilities	<u>2,225,473</u>	<u>832,939</u>	<u>3,058,412</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension funding deferrals	<u>230,558</u>	<u>67,819</u>	<u>298,377</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,151,562	6,121,181	7,272,743
Restricted	848,449	-	848,449
Unrestricted	<u>(1,047,145)</u>	<u>245,818</u>	<u>(801,327)</u>
Total net position (deficit)	<u>\$ 952,866</u>	<u>\$ 6,366,999</u>	<u>\$ 7,319,865</u>

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

Town of Ball

STATEMENT OF ACTIVITIES

Eighteen Months Ended June 30, 2017

	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	\$ 744,444	\$ 11,425	\$ -	\$ -	\$ (733,019)	\$ -	\$ (733,019)
Public Safety							
Police Department	1,467,756	431,791	50,801	-	(985,164)	-	(985,164)
Fire Department	352,947	11,405	30,710	-	(310,832)	-	(310,832)
Public Works (Highways and Streets)	792,740	27,300	-	-	(765,440)	-	(765,440)
Interest on Long-Term Debt	2,493	-	-	-	(2,493)	-	(2,493)
Total Governmental Activities	<u>3,360,380</u>	<u>481,921</u>	<u>81,511</u>	<u>-</u>	<u>(2,796,948)</u>	<u>-</u>	<u>(2,796,948)</u>
<u>Business-Type Activities:</u>							
Sanitation	485,178	558,144	-	-	-	72,966	72,966
Sewer	1,190,774	776,149	-	-	-	(414,625)	(414,625)
Total Business-Type Activities	<u>1,675,952</u>	<u>1,334,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(341,659)</u>	<u>(341,659)</u>
Total	<u>\$ 5,036,332</u>	<u>\$ 1,816,214</u>	<u>\$ 81,511</u>	<u>\$ -</u>	<u>(2,796,948)</u>	<u>(341,659)</u>	<u>(3,138,607)</u>
<u>General Revenues:</u>							
Taxes:							
Ad Valorem					74,537	-	74,537
Sales					1,535,291	87,530	1,622,821
Franchise					239,577	-	239,577
Licenses & Permits					220,213	-	220,213
Other					82,942	2,267	85,209
Transfers					424,765	(424,765)	-
Total General Revenues, Special Items and Transfers					<u>2,577,325</u>	<u>(334,968)</u>	<u>2,242,357</u>
Change in Net Position					(219,623)	(676,627)	(896,250)
Net Position - Beginning					<u>1,172,489</u>	<u>7,043,626</u>	<u>8,216,115</u>
Net Position - Ending					<u>\$ 952,866</u>	<u>\$ 6,366,999</u>	<u>\$ 7,319,865</u>

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

Town of Ball

Balance Sheet Governmental Funds - June 30, 2017

	<u>General Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 1,086,744
Receivables (net)	228,840
Interfund Receivables	<u>51,195</u>
Total assets	<u>\$ 1,366,779</u>
 <u>Liabilities and Fund Balance</u>	
<u>Liabilities</u>	
Accounts Payable	\$ <u>100,883</u>
Total liabilities	<u>100,883</u>
 <u>Fund Balance</u>	
Restricted For:	
Public Safety - Fire	580,446
Public Safety - Police	26,574
Public Works (Highways and Streets)	241,429
Unassigned	<u>417,447</u>
Total Fund Balances	<u>1,265,896</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,366,779</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, 2017

Total Fund Balances - Governmental Funds	\$ 1,265,896
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.	1,151,562
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(1,801,189)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(230,558)
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	890,556
Compensated absences are not due and payable in the current period and therefore they are not reported in the funds.	(16,154)
Judgements on appear are not due and payable in the current period and therefore they are not reported in the funds.	<u>(307,247)</u>
Net Position of Governmental Activities	<u>\$ 952,866</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 Eighteen Ended June 30, 2017

	<u>General Fund</u>
<u>Revenues:</u>	
Taxes:	
Ad Valorem	\$ 74,537
Sales	1,535,291
Franchise	239,577
Licenses & Permits	220,213
Charges for Services	52,970
Intergovernmental	81,511
Fines and Forfeitures	428,951
Other	<u>82,941</u>
Total Revenues	<u>2,715,991</u>
<u>Expenditures:</u>	
Current:	
General Government	736,081
Public Safety	
Police Department	1,143,016
Fire Department	278,893
Public Works (Highways and Streets)	780,110
Capital Expenditures	286,679
Debt Service	<u>30,574</u>
Total Expenditures	<u>3,255,353</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(539,362)</u>
<u>Other Financing Sources (Uses):</u>	
Operating Transfers	424,765
Proceeds from Long-Term Debt	<u>-</u>
Total Other Financing Sources (Uses)	<u>424,765</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(114,597)
Fund Balance (Deficit) - Beginning of Year	<u>1,380,493</u>
Fund Balance (Deficit) - End of Year	<u>\$ 1,265,896</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 Eighteen Ended June 30, 2017

Net change in fund balances of Governmental Funds		\$	(114,597)
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	286,679		
Depreciation	<u>(229,173)</u>		57,506
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.			119,899
Judgements that are not expected to be liquidated during the next operating cycle are excluded from the fund presentation.			(307,247)
Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			28,082
The liability associated with providing comp time benefits is reported when paid on behalf of employees by governmental funds but is subject to accrual on the government wide presentation.			<u>(3,266)</u>
Change in net position of governmental activities		\$	<u>(219,623)</u>

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

Town of Ball

Statement of Net Position

Proprietary Funds - June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Sanitation	Sewer System	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 349,712	\$ 620,275	\$ 969,987
Receivables (net)	21,961	32,865	54,826
Interfund receivables	110,235	-	110,235
Total current assets	481,908	653,140	1,135,048
Noncurrent Assets:			
Non depreciable capital assets	-	15,130	15,130
Depreciable capital assets, net	31,539	6,074,512	6,106,051
Total assets	513,447	6,742,782	7,256,229
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pension funding deferrals	73,807	99,151	172,958
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts and other payables	19,232	43,595	62,827
Deposits due others	54,329	77,397	131,726
Interfund payables	47,145	114,285	161,430
Total current liabilities	120,706	235,277	355,983
Long Term Liabilities			
Compensated Absences	2,714	5,624	8,338
Net Pension Liability	322,292	307,756	630,048
Total liabilities	445,712	548,657	994,369
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Pension funding deferrals	28,759	39,060	67,819
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	31,539	6,089,642	6,121,181
Unrestricted	81,244	164,574	245,818
Total net position (deficit)	\$ 112,783	\$ 6,254,216	\$ 6,366,999

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 Eighteen Months Ended June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Sanitation	Sewer System	Total
<u>Operating Revenues:</u>			
Service Fees	\$ 558,144	\$ 712,619	\$ 1,270,763
Other	-	63,530	63,530
Total Operating Revenues	558,144	776,149	1,334,293
<u>Operating Expenses:</u>			
Salaries and Benefits	237,653	283,036	520,689
Insurance	34,561	26,002	60,563
Repairs & Maintenance	30,799	162,594	193,393
Supplies & Chemicals	26,398	16,593	42,991
Utilities	237	150,642	150,879
Depreciation	35,580	530,642	566,222
Disposal Fees	107,332	-	107,332
Other	12,618	21,265	33,883
Total Operating Expenses	485,178	1,190,774	1,675,952
Operating Income (Loss)	72,966	(414,625)	(341,659)
<u>Nonoperating Revenues (Expenses):</u>			
Taxes	43,765	43,765	87,530
Other Revenue	221	2,046	2,267
Change in Net Position Before Contributions and Transfers	116,952	(368,814)	(251,862)
<u>Contributions and Transfers:</u>			
Capital Contributions	-	-	-
Transfers	(30,182)	(394,583)	(424,765)
Change in net position	86,770	(763,397)	(676,627)
Total net position - beginning	26,013	7,017,613	7,043,626
Total net position - ending	\$ 112,783	\$ 6,254,216	\$ 6,366,999

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

Town of Ball

Statement of Cash Flows

Proprietary Funds - For the Eighteen Months Ended June 30, 2017

	Business-Type Activities - Enterprise Funds		
	Sanitation	Sewer System	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 569,186	\$ 778,915	\$ 1,348,101
Cash payments to suppliers of goods and services	(189,411)	(345,359)	(534,770)
Cash payments to employees for services	(234,939)	(277,412)	(512,351)
Net cash provided (used) by operating activities	<u>144,836</u>	<u>156,144</u>	<u>300,980</u>
<u>Cash flows from non-capital financing activities:</u>			
Change in interfund balances	(17,471)	30,038	12,567
Operating transfers in	(30,182)	(394,583)	(424,765)
Taxes	43,765	43,765	87,530
Other Non Operating Revenue	<u>221</u>	<u>2,046</u>	<u>2,267</u>
Net cash provided (used) by non-capital financing activities	<u>(3,667)</u>	<u>(318,734)</u>	<u>(322,401)</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital expenditures	<u>(5,778)</u>	<u>(23,217)</u>	<u>(28,995)</u>
Net cash provided (used) by capital and related financing activities	<u>(5,778)</u>	<u>(23,217)</u>	<u>(28,995)</u>
Net increase (decrease) in cash	135,391	(185,807)	(50,416)
Beginning cash balance	<u>214,321</u>	<u>806,082</u>	<u>1,020,403</u>
Ending cash balance	<u>\$ 349,712</u>	<u>\$ 620,275</u>	<u>\$ 969,987</u>

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

Town of Ball

Statement of Cash Flows (Continued)

Proprietary Funds - For the Eighteen Months Ended June 30, 2017

	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)	\$ 72,966	\$ (414,625)	\$ (341,659)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	35,580	530,642	566,222
(Increase) decrease in accounts receivable	3,389	1,545	4,934
Decrease (Increase) in net pension liability and deferrals	19,789	(636)	19,153
(Decrease) increase in accounts and other payables	2,745	32,373	35,118
(Decrease) increase in meter deposits	7,653	1,221	8,874
(Decrease) increase in compensated absences	<u>2,714</u>	<u>5,624</u>	<u>8,338</u>
Net cash provided (used) by operating activities	<u>\$ 144,836</u>	<u>\$ 156,144</u>	<u>\$ 300,980</u>

Supplemental disclosures of cash flow information:

During the period ended June 30, 2017, 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, 2017

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, 2017

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, 2017

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, 2017

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2017, cash and cash equivalents included the following amounts:

	Governmental Activities	Business-Type Activities	Total
Cash Deposited in Banks	\$ 1,086,152	\$ 969,587	\$ 2,055,739
Cash on Hand	592	400	992
Cash and Cash Equivalents	<u>\$ 1,086,744</u>	<u>\$ 969,987</u>	<u>\$ 2,056,731</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. At June 30, 2017, the Town has \$2,055,739 in deposits (\$2,245,431 collected bank balance). These deposits are secured from risk by \$657,977 of federal deposit insurance and \$2,286,168 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

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 18-month period ended June 30, 2017 are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ ---	\$ 70,352	\$ 70,352
Franchise Taxes	41,919	---	41,919
Allowance for Doubtful Accounts	---	(17,970)	(17,970)
Total Accounts Receivable	<u>41,919</u>	<u>52,382</u>	<u>94,301</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	186,921	2,444	189,365
Grant Reimbursement	---	---	---
Total Due From Other Governments	<u>186,921</u>	<u>2,444</u>	<u>189,365</u>
Total Receivables	<u>\$ 228,840</u>	<u>\$ 54,826</u>	<u>\$ 283,666</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, 2017

	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>\$ 50,000</u>	<u>\$ 37,149</u>	<u>\$ ----</u>	<u>\$ 87,149</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>\$ 5,130</u>	<u>\$ 10,000</u>	<u>\$ ----</u>	<u>\$ 15,130</u>
	Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Furniture, Fixtures and Equipment	\$ 1,580,602	\$ 225,599	\$ 23,205	\$ 1,782,996
Buildings and Improvements	1,070,966	23,931	----	1,094,897
Street Infrastructure	388,266	----	----	388,266
Accumulated Depreciation	(1,995,778)	(228,400)	(22,432)	(2,201,746)
Total Governmental Activities	<u>\$ 1,044,056</u>	<u>\$ 21,130</u>	<u>\$ 773</u>	<u>\$ 1,064,413</u>
<u>Business-Type Activities</u>				
Sewer System				
Furniture, Fixtures and Equipment	\$ 283,938	\$ 13,215	\$ ----	\$ 297,153
Sewer System	13,914,690	----	----	13,914,690
Accumulated Depreciation	(7,606,689)	(530,642)	----	(8,137,331)
Total Sewer System	<u>6,591,939</u>	<u>(517,427)</u>	<u>----</u>	<u>6,074,512</u>
Sanitation Department				
Furniture, Fixtures and Equipment	356,537	5,777	----	362,314
Buildings and Improvements	13,092	----	----	13,092
Accumulated Depreciation	(308,288)	(35,580)	----	(343,868)
Total Sanitation Department	<u>61,341</u>	<u>(29,803)</u>	<u>----</u>	<u>31,538</u>
Total Business-Type	<u>\$ 6,653,280</u>	<u>\$ (376,678)</u>	<u>\$ ----</u>	<u>\$ 6,106,050</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, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Government	\$ 46,902	\$ ----	\$ 46,902
Police Department	60,703	----	60,703
Fire Department	60,954	----	60,954
Streets	59,026	----	59,026
Mayor's Court	815	----	815
Sewer System	---	530,642	530,642
Sanitation	---	35,580	35,580
	<hr/>	<hr/>	<hr/>
Total Depreciation Expense	<u>\$ 228,400</u>	<u>\$ 566,222</u>	<u>\$ 794,622</u>

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Payable to Vendors	\$ 60,743	\$ 51,794	\$ 112,537
Accrued Payroll	40,140	11,033	51,173
	<hr/>	<hr/>	<hr/>
Accounts and Other Payables	<u>\$ 100,883</u>	<u>\$ 62,827</u>	<u>\$ 163,710</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, 2017

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.

As discussed in Note 12, the Town is appealing an unfavorable court verdict. The insurance carrier responsible for the judgement associated with this verdict has indicated that it will invoke insurance policy provisions allowing it to deny claims resulting from this matter. If the insurance company succeeds in denying coverage and appeals are unsuccessful, settled claims resulting from this matter would exceed available coverage.

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	\$ 1,370,892	\$ 518,824	\$ 201,490
Firefighters' Retirement System of Louisiana	142,278	137,341	5,672
Municipal Police Employees' Retirement System of Louisiana	918,067	407,349	91,215
Total	2,431,237	1,063,514	298,377
Portion Applicable to Business Type Activities	630,048	172,958	67,819
Portion Applicable to Government Type Activities	<u>\$ 1,801,189</u>	<u>\$ 890,556</u>	<u>\$ 230,558</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

Town of Ball

Notes To Financial Statements

June 30, 2017

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 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, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 1,081,747,268
Plan Fiduciary Net Position	671,876,210
Net Pension Liability	409,871,058
Town's Proportionate Share (Percentage)	0.334469%
Town's Proportionate Share (Amount)	<u>\$ 1,370,892</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	\$ 1,451,278
Employer Contributions	(119,530)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	166,291
Changes in Benefit Terms	---
Employee Contributions	(20,266)
Change in Deferred Outflows of Resources	2,420
Change in Deferred Inflows of Resources	(109,301)
Ending Net Pension Liability	<u>\$ 1,370,892</u>

There were no changes between June 30, 2017 and the Plan's measurement date (June 30, 2016) 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, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Resources
Differences Between Expected and Actual Experience	\$ ----	\$ 43,334	\$ (43,334)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	313,075	----	313,075
Changes of Assumptions	49,904	----	49,904
Changes in Proportion	----	158,156	(158,156)
Employer Contributions Made After the Measurement Date	155,845	----	155,845
	<hr/>	<hr/>	<hr/>
Total Deferrals	518,824	201,490	317,334
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	155,845	----	155,845
	<hr/>	<hr/>	<hr/>
Deferrals Subject to Amortization	<u>\$ 362,979</u>	<u>\$ 201,490</u>	<u>\$ 161,489</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, 2017	\$ 15,937
June 30, 2018	(4,457)
June 30, 2019	101,443
June 30, 2020	48,567
	<hr/>
Total	<u>\$ 161,489</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, 2016
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.5%, net of investment expense
Projected Salary Increases	5.000% (2.875% Inflation, 2.125% Merit)
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 Disabled Lives 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, 2017

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, 2016.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.60%
Public Fixed Income	35%	1.80%
Alternatives	15%	0.80%
Totals	100%	5.20%
Inflation		2.50%
Expected Arithmetic Nominal Return		7.60%

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, 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 2016 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 6.5% Discount Rate</u>	<u>Current Discount Rate 7.75%</u>	<u>1% Increase 8.5 % Discount</u>
Net Pension Liability	\$ 1,742,658	\$ 1,370,892	\$ 1,053,661

Town of Ball

Notes To Financial Statements

June 30, 2017

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, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,053,982,618
Plan Fiduciary Net Position	<u>1,399,892,212</u>
Net Pension Liability	654,090,406
Town's Proportionate Share (Percentage)	<u>0.021752%</u>
Town's Proportionate Share (Amount)	<u>\$ 142,278</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 18-month measurement period ending June 30, 2016 are provided as follows:

Beginning Net Pension Liability	\$ 31,363
Employer Contributions	(13,386)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	38,065
Changes in Benefit Terms	----
Employee Contributions	<u>(5,400)</u>
Change in Deferred Outflows of Resources	95,861
Change in Deferred Inflows of Resources	<u>(4,225)</u>
Ending Net Pension Liability	<u>\$ 142,278</u>

There were no changes between June 30, 2017 and the Plan's measurement date (June 30, 2016) 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, 2017

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	\$ ----	\$ 5,632	\$ (5,632)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	34,194	----	34,194
Changes of Assumptions	1,226	40	1,186
Changes in Proportion	88,885	----	88,885
Employer Contributions Made After the Measurement Date	13,036	----	13,036
	<hr/>	<hr/>	<hr/>
Total Deferrals	137,341	5,672	131,669
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	13,036	----	13,036
	<hr/>	<hr/>	<hr/>
Deferrals Subject to Amortization	<u>\$ 124,305</u>	<u>\$ 5,672</u>	<u>\$ 118,633</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, 2017	\$ 23,235
June 30, 2018	23,235
June 30, 2019	25,383
June 30, 2020	20,624
June 30, 2021	14,976
June 30, 2022	11,180
	<hr/>
Total	<u>\$ 118,633</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, 2016
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.5% per annum (net of fees)
Inflation Rate	2.875% per annum
Projected Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years.
Cost of Living Adjustments	Only those previously granted

Town of Ball

Notes To Financial Statements

June 30, 2017

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 8.34% as of June 30, 2016.

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

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Fixed Income	24%	1.85%
Equity	58%	6.77%
Alternatives	8%	6.67%
Other	10%	4.30%
Totals	100%	5.34%
Inflation		3.00%
Expected Arithmetic Nominal Return		8.34%

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

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. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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:

	<u>1% Decrease 6.5% Discount Rate</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5 % Discount</u>
Net Pension Liability	\$ 193,842	\$ 142,278	\$ 98,913

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 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

Town of Ball

Notes To Financial Statements

June 30, 2017

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, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 2,760,140,132
Plan Fiduciary Net Position	1,822,858,397
Net Pension Liability	<u>937,281,735</u>
Town's Proportionate Share (Percentage)	0.09795%
Town's Proportionate Share (Amount)	<u>\$ 918,067</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 18-month measurement period ending June 30, 2016 are provided as follows:

Beginning Net Pension Liability	\$ 653,297
Employer Contributions	(81,025)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	94,231
Changes in Benefit Terms	----
Employee Contributions	<u>(18,224)</u>
Change in Deferred Outflows of Resources	183,387
Change in Deferred Inflows of Resources	<u>86,401</u>
Ending Net Pension Liability	<u>\$ 918,067</u>

There were no changes between June 30, 2017 and the Plan's measurement date (June 30, 2016) 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, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Resources
Differences Between Expected and Actual Experience	\$ ----	\$ 14,604	\$ (14,604)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	141,266	----	141,266
Changes of Assumptions	44,637	55	44,582
Changes in Proportion	134,845	76,556	58,289
Employer Contributions Made After the Measurement Date	86,601	----	86,601
Total Deferrals	407,349	91,215	316,134
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	86,601	----	86,601
Deferrals Subject to Amortization	\$ 320,748	\$ 91,215	\$ 229,553

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, 2017	\$ 15,126
June 30, 2018	95,329
June 30, 2019	83,198
June 30, 2020	35,880
Total	\$ 229,533

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, 2016	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.5%, net of investment expense	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.875% 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%

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

Town of Ball

Notes To Financial Statements

June 30, 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.69%
Fixed Income	21%	0.49%
Alternatives	20%	1.11%
Other	6%	0.21%
Totals	<u>100%</u>	<u>5.50%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.25%</u>

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

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

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:

	<u>1% Decrease 6.5% Discount Rate</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5 % Discount</u>
Net Pension Liability	\$ 1,223,863	\$ 918,067	\$ 661,324

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:

Town of Ball

Notes To Financial Statements

June 30, 2017

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental Funds</u>		
General Fund	\$ 51,195	\$ ----
<u>Business Type Funds</u>		
Sewer System	----	(114,285)
Sanitation System	110,235	(47,145)
Total	161,430	(161,430)
Elimination of Interfund Activity	(110,235)	110,235
Government Wide Totals	<u>\$ 51,195</u>	<u>\$ (51,195)</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	\$ 424,765	\$ ----
<u>Business Type Funds</u>		
Sewer Fund	----	(394,583)
Sanitation Fund	----	(30,182)
Total	727,765	(424,765)
Elimination of Internal Activity	----	----
Government Wide Totals	<u>\$ 424,765</u>	<u>\$ (424,765)</u>

NOTE 12 - CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2017 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with Town Attorney, there is one claim that is expected to exceed available insurance coverage:

A verdict was awarded by the Federal Court for the Western District of Louisiana in the amount of \$307,247.32. The judgement is reported as a liability in the government wide statement of net position. Management plans to appeal; therefore no payments are anticipated in the near future. Accordingly, this matter is reported as a long-term liability only and no liability appear in the governmental fund financial statements.

Town of Ball

Notes To Financial Statements

June 30, 2017

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.

Investigation

The activities of certain form Town officials are the subject of an ongoing investigation. The eventual findings of the investigation could reveal matters with financial consequences that are not reported in the accompanying financial statements.

NOTE 13 – ON BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures by the Police Department in connection with State Supplemental Pay totaled \$47,916.

Town of Ball

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - For the Eighteen Months Ended June 30, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	<u>3,866,711</u>	<u>2,842,095</u>	<u>2,715,991</u>	<u>(126,104)</u>
<u>Expenditures:</u>				
Current:				
General Government	1,337,737	836,492	736,081	100,411
Public Safety				
Police Department	1,452,649	1,102,230	1,143,016	(40,786)
Fire Department	457,600	353,764	278,893	74,871
Public Works (Highways and Streets)	1,002,800	825,500	780,110	45,390
Capital Expenditures	-	-	286,679	(286,679)
Debt Service	-	-	30,574	(30,574)
Total Expenditures	<u>4,250,786</u>	<u>3,117,986</u>	<u>3,255,353</u>	<u>(137,367)</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(384,075)</u>	<u>(275,891)</u>	<u>(539,362)</u>	<u>(263,471)</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from Long-Term Debt	-	-	-	-
Operating Transfers In (Out)	<u>92,000</u>	<u>179,622</u>	<u>424,765</u>	<u>245,143</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(292,075)</u>	<u>(96,269)</u>	<u>(114,597)</u>	<u>(18,328)</u>
Fund Balance (Deficit) - Beginning of Year	<u>1,380,493</u>	<u>1,380,493</u>	<u>1,380,493</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ 1,088,418</u>	<u>\$ 1,284,224</u>	<u>\$ 1,265,896</u>	<u>\$ (18,328)</u>

Town of Ball

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount		Covered Payroll	Liability
Municipal Employees' Retirement System					
June 30, 2016	0.334469%	1,370,892	907,539	151.1%	62.1%
June 30, 2015	0.406275%	1,451,278	616,408	235.4%	66.2%
Firefighters's Retirement System					
June 30, 2016	0.021752%	142,278	45,966	309.5%	68.2%
June 30, 2015	0.005810%	31,363	31,388	99.9%	72.4%
Municipal Police Employees' Retirement System					
June 30, 2016	0.097950%	918,067	230,654	398.0%	66.0%
June 30, 2015	0.083390%	653,297	237,681	274.9%	70.7%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

Town of Ball

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2016	179,239	119,530	59,709	907,539	13.17%
June 30, 2015	121,740	138,386	(16,646)	616,408	22.45%
Firefighters's Retirement System					
June 30, 2016	12,526	13,386	(860)	45,966	29.12%
June 30, 2015	10,201	3,618	6,583	31,388	11.53%
Municipal Police Employees' Retirement System					
June 30, 2016	73,809	81,025	(7,216)	230,654	35.13%
June 30, 2015	67,145	70,320	(3,175)	237,681	29.59%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

Town of Ball

Schedule of Compensation Paid to Board Members For the eighteen month period ended June 30, 2017

Neil A. Kavanagh	\$ 90,784
Nathaniel Ussery	72,735
L. Gail Wilking	11,300
Suzanne Duncan-Furby	11,300
Gene Decker	11,300
Kimberley Krischke	11,300
Genevive Poteet	11,100
	<hr/>
Total Compensation	<u>\$ 219,819</u>

Town of Ball

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the eighteen month period ended June 30, 2017

Agency Head (Mayor) - Neil A. Kavanagh

Purpose:

Compensation		\$ 90,784
Retirement Contributions	19,252	
Insurance	<u>13,825</u>	33,077
Reimbursements		-
		<hr/>
Total		<u><u>\$ 123,861</u></u>

TOWN OF BALL

Summary of Findings and Questioned Cost June 30, 2017

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, 2017 and for the 18-month period 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:

2017-1: ACCOUNTING PRACTICES AND FINANCIAL REPORTING (PREVIOUSLY 2015-1)

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. Reconciliation problems included erroneous reconciling items that remained unresolved for an extended period of time. In addition, efforts to perform reconciliations resulted in recording improper prior period adjustments and numerous accounting entries that did not have the desired effect.
- In addition to difficulties associated with such routine matters as reporting cash transactions, the generally dysfunctional nature of the accounting practices has contributed to a variety of problems. Some of the problematic issues that were observed are listed as follows:
 - Documentation was not readily available to support some of the transactions. In addition, certain vendor invoices were not evaluated by management to ensure that charges were based on proper rates and quantities.
 - Obligations including accounts payable, retirement contributions and payroll taxes were not paid in a timely manner. The absence of timely payment has resulted in finance charges and late fees.
 - The accuracy of certain employee leave records was not subject to verification.
 - 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.

TOWN OF BALL

Summary of Findings and Questioned Cost

June 30, 2017

- 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.
- 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.
- Management should review documentation supporting future payments to ensure that obligations are paid in a timely manner. In addition, the documentation should be evaluated to determine that charges are based on proper rates, and accurate quantities received. Where applicable, the evaluation should also consider compliance with contractual provisions and laws associated with procurement.

2017-2: CITATION PROCESSING (PREVIOUSLY 2015-2)

A sample of 64 citations resulted in the findings listed as follows:

- 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.

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.

2017-3: BILLING PRACTICES (PREVIOUSLY 2014-1)

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:

- 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

TOWN OF BALL

Summary of Findings and Questioned Cost June 30, 2017

described in 2017-1, 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, 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

A single credit card account is used to facilitate certain purchases. Detail related to purchases during the eighteen month period ending June 30, 2017 are summarized as follows:

Transactions not Supported by Documentation	\$ 7,046	17.9%
Transactions not Supported by Detailed Itemized Documentation	381	1.0%
Transactions that were Subject to Sales Tax	1,937	4.9%
Late Fees and Finance Charges	163	0.4%
Transactions Supported by Documentation	<u>29,793</u>	75.8%
 Total Credit Card Transaction	 <u>\$ 39,320</u>	

Based on the results presented above, procedures to be improved to ensure that credit cards are used appropriately. Specific matters that need to be addressed are listed as follows:

- Documentation that fully supports each transaction should be preserved. The documentation should demonstrate the business purpose for the purchase and indicate that the merchandise was received by a responsible Town Official.
- Documentation should include approval by someone other than the authorized cardholder.
- Payments should be processed in a manner that avoids late fees and finance charges.
- Since political subdivisions are not subject to sales taxes, arrangements should be made to prohibit vendors from charging sales taxes.

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 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.

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, 2017

SECTION I

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.

FINDINGS

2017-1: ACCOUNTING PRACTICES (PREVIOUSLY 2015-1)

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.

2017-2: CITATION PROCESSING (PREVIOUSLY 2015-2)

In response to findings resulting from evaluating a sample of citations, 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.

RESPONSE

2017-1: MANAGEMENT'S RESPONSE

The Town's current computer software was originally developed in the late 1980s. The Town has not upgraded their accounting software since the original deployment of this software, The Town has begun a search for a new, more modern software package which will include training for employees and better software support. Once this is accomplished, reporting will become more accurate and a properly functioning accounting environment created. In addition, we intend to implement monitoring activities to ensure that financial reporting is performed properly. Where applicable, the monitoring process will also consider whether charges are based upon proper rates, accurate quantities received, compliance with contractual provisions and compliance with laws associated with procurement.

2017-2: MANAGEMENT'S RESPONSE

Personnel have been made aware of the issues discovered during the audit and have determined improved procedures to prevent these issues for the future.

TOWN OF BALL

Management's Corrective Action Plan

June 30, 2017

2017-3: BILLING PRACTICES (PREVIOUSLY 2014-1)

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:

- 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 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, 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.

2017-3: MANAGEMENT'S RESPONSE

Figures have been obtained from the Town's water supplier and ordinance updates will be made as soon as possible.

2017-4: MANAGEMENT'S RESPONSE

The Town's current computer software was originally developed in the late 1980s. The Town has not upgraded their accounting software since the original deployment of this software. The Town has begun a search for a new, more modern software package which will include training for employees and better software support. In addition, we expect matters relating to an ongoing investigation which prevent management from providing written representations are expected to be resolved before the next audit is due.

TOWN OF BALL

Management's Corrective Action Plan

June 30, 2017

<u>SECTION I</u>	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>2017-5: CREDIT CARD PRACTICES</u> An evaluation of credit card transactions revealed that procedures are not sufficient to ensure that credit cards are used appropriately.</p> <p><u>2017-6: EMPLOYEE LEAVE AND COMPENSATORY TIME</u> Personnel policies permit the Mayor and Police Chief to award compensatory time to employees at their discretion. By awarding additional compensation for 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.</p>	<p><u>2017-5: MANAGEMENT'S RESPONSE</u> We intend to modify procedures in a way that will preserve documentation including business purpose and receipt information for each credit card transaction. In addition, provisions for approval for someone other than the authorized credit card holder will be implemented. We will also make arrangements to avoid late fees, interest and sales taxes.</p> <p><u>2017-6: MANAGEMENT'S RESPONSE</u> We will avoid awarding further compensatory time until legal issues associated with this practice can be resolved.</p>
<u>SECTION II</u>	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>There were no findings of this nature.</u>	<u>Due to the absence of findings no response necessary.</u>
<u>SECTION III</u>	
MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>There were no findings of this nature.</u>	<u>Due to the absence of findings no response necessary.</u>

TOWN OF BALL

Summary of Prior Year Findings and Questioned Costs

June 30, 2017

SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2014-1: BILLING PRACTICES</u> Ordinances governing the Town's sewer rates require certain rate modifications to be completed in the prescribed manner. Previously, the required annual revisions were not performed during the required period of time.</p> <p><u>2015-1: ACCOUNTING PRACTICES</u> The Town utilizes accounting software that has unique characteristics and operating features. Effectively operating this software product requires training to become familiar with the unique aspects of the system. During 2015, responsibility for operating the accounting system was assigned to a new employee that received limited training. Problems arising from the limited training are described as follows:</p> <ul style="list-style-type: none">• Cash balances reported on the accounting system were not properly reconciled to statements issued by financial institutions. The reconciliations included erroneous reconciling items that remained unresolved for an extended period of time.• Efforts to adjust various account balances resulted in numerous accounting entries that did not have the desired effect. <p>The issues described above limit the integrity of the accounting system that is necessary to maintain proper internal control. In order to resolve this matter, we suggest conducting training necessary to operate the system without accumulating erroneous transactions in the accounting records.</p>	<p><u>2014-1: UNRESOLVED</u> See 2017-3: Billing Practices.</p> <p><u>2015-1: UNRESOLVED</u> See 2017-1: Billing Practices.</p>

TOWN OF BALL

Summary of Prior Year Findings and Questioned Costs

June 30, 2017

<u>SECTION I</u>	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>2015-2: CITATION PROCESSING</u> A sample of transactions included the issues that are summarized as follows:</p> <ul style="list-style-type: none"> • The sample included 3 instances when the original citation documents could not be located. • In one case the amount collected did not agree with the fines and court cost approved for the cited violation. • In one case charges were amended without documenting approval from the magistrate. 	<p><u>2015-2: UNRESOLVED</u> See 2017-2: Citation Processing.</p>

<u>SECTION II</u>	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature were reported.</u>	<u>No response necessary</u>

<u>SECTION III</u>	
MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature were reported.</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 January 1, 2016 through June 30, 2017. 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
February 20, 2018

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
<p>1 Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p>An analysis of written policies and procedures has resulted in the following conclusions:</p> <ul style="list-style-type: none"> • Details related to the following functions were limited and did not specifically address suggested components: <ul style="list-style-type: none"> ○ Ethics • Details related to the following functions were not available: <ul style="list-style-type: none"> ○ Budgeting ○ Purchasing ○ Disbursements ○ Receipts ○ Payroll/Personnel ○ Contracting ○ Credit Cards ○ Travel and expense reimbursements ○ Debt 	<p>The Town is planning to upgrade its accounting software. As part of this process, we will evaluate policies and procedures. In connection with this evaluation, written details will be adopted as necessary.</p>

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 review the board/committee minutes for the fiscal period, and:</p> <p>a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation</p> <p>b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis)</p> <p style="padding-left: 20px;">➤ If budgets are adopted that increase an existing deficit, is there a formal written plan to eliminate deficit spending and do the minutes indicate periodic monitoring of the plan?</p> <p>c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.</p>	<p>The Board of Alderman meets monthly with a quorum.</p> <p>The Board is given budget-to-actual comparisons at monthly board meetings. No existing budget deficit exists.</p> <p>Monthly minutes reference and included non-budgetary financial information for at least one meeting during the fiscal period.</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><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

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts from management</p>	<p>Management has provided a list that has been confirmed with the financial institutions.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>4 Using the listing provided by management, select a minimum of five (5) bank accounts and report whether:</p> <p>a) Bank reconciliations have been prepared;</p> <p>b) Bank reconciliations include evidence that a member of management or a board member has reviewed each bank reconciliation</p> <p>c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.</p>	<p>Bank accounts are reconciled monthly, but the process has not been completed accurately.</p> <p>Bank reconciliations are not reviewed.</p> <p>Old reconciling items were eliminated without documentation or justification.</p>	<p>We are planning to upgrade the Town's computer software with products that will enhance our bank reconciliation capabilities.</p> <p>In an effort to reduce general ledger entry errors, management will begin to review entries and reconciliations on a monthly basis immediately.</p> <p>The Town will monitor and research outstanding checks in a more regular manner.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>5 Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.</p> <p>6 Using the listing provided by management, select a minimum of five (5) cash collection locations, obtain written documentation and report whether:</p> <p>a) Each person responsible for collecting cash is:</p> <ul style="list-style-type: none"> • bonded, • not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account • not required to share the same cash register or drawer with another employee. <p>b) The entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.</p>	<p>Management has provided written representations identifying the collection locations.</p> <ul style="list-style-type: none"> • Coverage for employee theft is maintained for the Police Chief and the Town Clerk only. • The Code Enforcement Officer is responsible for making cash deposits daily; he is not involved in depositing, recording, or reconciling transactions. The Finance Director records transactions needed that are not automatically posted from utility clerk reports. The Finance Director reconciles all accounts. • When the utility clerk goes to lunch, the Deputy Clerk, Town Clerk, or Finance Director will cover the utility office. <p>A formal process exists to reconcile cash; however, it is not written.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>The town is researching different options to add all individuals responsible for collecting cash.</p> <p><i>The results did not include findings or criticisms.</i></p> <p>The Town has removed the Finance Director as an option to fill in.</p> <p>Despite the absence of written details, the Town has established some policies and procedures for the Town of Ball. Policies and procedures will be evaluated to determine opportunities for improvement and if it is necessary to document additional details in writing.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:</p> <ul style="list-style-type: none"> • Report whether the deposits were made within one day of collection. • Verify that daily cash collections are completely supported by documentation <p>7 Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.</p>	<p>Collections were deposited within one day of collection.</p> <p>Collections are completely supported by documentation.</p> <p>Details related to cash completeness were limited and did not specifically address suggested components. Furthermore, adjustments were need to correctly present revenue, demonstrating that the process was not achieving the desired results.</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>We will consider the need for detailed written procedures to verify completeness in cooperation with upgrading computer software.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

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 entity disbursements from management</p> <p>9 Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:</p> <p>a) Purchases were initiated using a requisition/purchase order system.</p> <p>b) Purchase orders were approved by a person who did not initiate the purchase.</p> <p>c) Payments for purchases were not processed without</p> <ul style="list-style-type: none"> • An approved requisition and/or purchase order • A receiving report showing receipt of goods purchased, • An approved invoice. 	<p>Management provided disbursement information supported by written representations.</p> <p>All transactions were supported by invoices but evidence of approval by independent personnel, purchase orders and receiving information were not consistently available.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p>Due to limited staff size, it is not practical to impose limits on personnel engaged in the initiation of purchases. We will evaluate opportunities to improve utilization of purchase orders and document proper receipt of merchandise.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
10 Using entity documentation report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.	The Finance Director performs bookkeeping functions including adding vendors to the system.	Due to the limited staff size, it is not practical to impose limits on access within the accounting system.
11 Using entity documentation report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.	Authorized signers have the ability to initiate purchases if needed and they approve invoices.	Due to limitations on staff size, it is not practical to completely segregate initiation of purchases and check signing for all transactions. Procedures are in place to mitigate this issue and ensure that transactions are properly approved before funds are disbursed.
12 Inquire of management and observe whether the supply of unused checks or blank check stock is maintained in a locked location, with access restricted to those persons that do not have signatory authority.	Check stock is held in the Finance Director's locked filing cabinet in the Town office with access restricted to those persons that do not have signatory authority.	<i>The results did not include findings or criticisms.</i>
13 If a signature stamp or signature machine is used, inquire of the signer whether his or her signature and any signed checks is maintained under his or her control or is used only with the knowledge and consent of the signer.	The Town of Ball does not utilize signature stamps or signature machines.	<i>The results did not include findings or criticisms.</i>

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>14 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards).</p>	<p>Management provided the necessary list and written representations.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>15 Select the monthly statement or combined statement with the largest dollar activity for each card and:</p> <p>a) Is there evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b) Report whether finance charges and/or late fees were assessed on the selected statements</p>	<p>3 cards were selected for testing. The Finance director reconciles charges once the statement comes in, but it appears there is no formal review process.</p> <p>Finance and late charges were assessed in some of the three credit cards selected for testing</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>16 Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).</p> <p>a) Obtain supporting documentation for all transactions for each of the 10 cards selected by:</p> <ul style="list-style-type: none"> • An original itemized receipt • Documentation of the business/public purpose • Other documentation that may be required by written policy 	<p>Results of testing 3 cards are summarized as follows:</p> <ol style="list-style-type: none"> 1. Credit Card – Charges totaled \$1,263 including \$39 in finance charges. The remaining charges included no documentation of business purpose. Meals totaling \$108 did not identify individuals participating and purchase orders were not used consistently. 2. Store Credit Card – Charges totaling \$4,230 and the entire amount was appropriately documented. 3. Chevron Credit Account – Charges totaled \$10,172. No original itemized receipts could be located. In addition, transactions included three payments to a local convenience store in the amount of \$500 each. All three of the \$500 payments were made on December 30, 2015 and there was no documentation explaining the purchase detail or business purpose. 	<p>The Town staff will implement corrective action by developing procedures to enhance documentation.</p>
<p>b) Compare the transaction's detail to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law</p> <p>c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution</p>	<p>None of the purchases were subject to Public Bid Law requirements.</p> <p>None of the purchases appeared to be a loan, pledge, or donation of funds, credit, property, or things of value</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

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
17 Obtain from management a listing of all travel and related expense reimbursements, by person.	A complete listing was obtained from management.	<i>The results did not include findings or criticisms.</i>
18 Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceed GSA rates.	Mileage is reimbursed at standard rates established by the Internal Revenue Service.	<i>The results did not include findings or criticisms.</i>
19 Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected: a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.	There are no written policies; however, two out of three payments were reimbursed with standard mileage rates that were in effect for the previous year.	The Town staff will implement corrective action by developing procedures to enhance documentation and enforce rate changes immediately.

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>b) Report whether each expense is supported by:</p> <ul style="list-style-type: none"> • An original itemized receipt that identifies precisely what was purchased. • Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating). • Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance) 	<p>Analysis of internal procedures applied revealed in one case documentation supporting meal expense did not document business purpose.</p>	<p>The Town will implement corrective action by developing procedures to enhance documentation.</p>
<p>c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.</p>	<p>None of the reimbursement received represented a loan, pledge, or donation of funds, credit, property, or things of value.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>Analysis of internal procedures applied revealed the following:</p> <ul style="list-style-type: none"> • One items selected was reviewed by the individual requesting reimbursement. • One items selected did not have approval. 	<p>The Town will implement corrective action by developing procedures to enhance documentation.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>20 Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments.</p>	<p>Procedures related to contracts were subject to a scope limitation due to the inadequate nature of the Town's computer system. The computer system 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>Critical findings could have been revealed if information had been available to determine contract vendors receiving the largest amount of compensation.</p>	<p>Management intends to acquire new computer software that will prevent further limitations to our responses.</p>
<p>21 Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:</p> <p>a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.</p> <p>b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:</p> <ul style="list-style-type: none"> • If yes, obtain/compare supporting contract documentation to legal requirements and 	<p>See #20 Above.</p> <p>See #20 Above.</p>	

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>report whether the entity complied with all legal requirements.</p> <ul style="list-style-type: none"> • If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice. <p>c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.</p> <p>d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.</p> <p>e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).</p>	<p>See #20 Above.</p> <p>See #20 Above.</p> <p>See #20 Above.</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>22 Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:</p> <p>a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.</p> <p>b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.</p>	<p>Correct compensation amounts were verified with employee files.</p> <p>No compensation changes were made during the current year for the individuals selected.</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>23 Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:</p>		

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

<p>a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)</p>	<p>Attendance and leave were documented on time sheets.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.</p>	<p>Time sheets included signatures demonstrating supervisor's approval.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.</p>	<p>Two employees tested did not have compensatory time correctly updated in the maintained written leave records.</p>	<p>The Town will implement corrective action by developing procedures to enhance documentation.</p>
<p>24 Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.</p>	<p>One of the two employees tested had the payment of compensatory time due calculated and paid incorrectly.</p>	<p>The Town will implement corrective action by developing procedures to enhance documentation.</p>

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

<p>25 Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.</p>	<p>During the 18-month period under consideration, the following was discovered:</p> <ul style="list-style-type: none">• Two notices were received for failure to make proper federal tax deposits for 941 filing.• Two quarters did not have Schedule B included in the documents filed for 941s.• One 941 quarter was not prepared/filed timely.• Four quarters of SUTA were not prepared, filed, or paid timely.• Four retirement payments made were late.	<p>Updating computer systems is expected to prevent further late payments by allowing work to be completed in a prompt manner.</p>
--	---	--

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
26 Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.	Two out of five individuals tested did not have ethics compliance documentation.	The Town will implement corrective action by developing procedures to enhance documentation.
27 Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.	The Chief of Police has resigned and is currently under investigation by independent law enforcement agencies. Rozier, Harrington & McKay personnel have met with investigators and determined that the investigation is in progress.	The Town is cooperating with investigators and providing information needed to the necessary authorities as known.

Town of Ball

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
28 If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.	Not applicable, no new debt was issued during the fiscal period.	<i>The results did not include findings or criticisms.</i>
29 If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.	Payments were made on the schedule required by the debt agreements.	<i>The results did not include findings or criticisms.</i>
30 If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.	Not applicable, no tax millages relate to debt service during the fiscal period.	<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
31 Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	Information has been provided indicating that the former Police Chief may have engaged in inappropriate transactions. The information has been furnished to representatives of independent law enforcement agencies and the matter is currently under investigation.	The Town is cooperating with investigators and providing information needed to the necessary authorities as known.
32 Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.	The notice has not been posted on the Town of Ball website; however, the notice was posted in Town Hall on October 12, 2017.	The Town will include the notice on the website as soon as possible.
33 If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.	No exceptions were identified.	<i>The results did not include findings or criticisms.</i>