

TOWN OF LAKE ARTHUR, LOUISIANA

Financial Report

Year Ended July 31, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable Sherry Crochet, Mayor,
and Members of the Board of Alderman
Town of Lake Arthur, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Arthur, Louisiana, as of and for the year ended July 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Arthur, Louisiana, as of July 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedules of employer's share of net pension liabilities, and the schedules of employer contributions on pages 53 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that the accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lake Arthur, Louisiana's basic financial statements. The other supplementary information on pages 64 through 65 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 28, 2019 on our consideration of the Town of Lake Arthur, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lake Arthur, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 28, 2019

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BASIC FINANCIAL STATEMENTS

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

TOWN OF LAKE ARTHUR, LOUISIANA

Statement of Net Position
July 31, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 2,180,709	\$ 1,211,345	\$ 3,392,054
Receivables, net	108,643	49,219	157,862
Prepaid expenses	-	3,732	3,732
Restricted assets:			
Cash and interest-bearing deposits	35,140	80,176	115,316
Capital assets:			
Non-depreciable	911,358	9,604	920,962
Depreciable, net	<u>4,430,842</u>	<u>1,847,693</u>	<u>6,278,535</u>
Total assets	<u>7,666,692</u>	<u>3,201,769</u>	<u>10,868,461</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	<u>94,812</u>	<u>16,313</u>	<u>111,125</u>
LIABILITIES			
Accounts and other payables	119,701	7,425	127,126
Customer deposits payable	-	80,176	80,176
Long-term liabilities:			
Due within one year	40,651	14,349	55,000
Due in more than one year	334,388	63,612	398,000
Net pension liability	<u>287,814</u>	<u>76,517</u>	<u>364,331</u>
Total liabilities	<u>782,554</u>	<u>242,079</u>	<u>1,024,633</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	<u>124,714</u>	<u>6,073</u>	<u>130,787</u>
NET POSITION			
Net investment in capital assets	4,967,161	1,779,336	6,746,497
Restricted for:			
Debt service	139,071	-	139,071
Street and drainage	148,700	-	148,700
Unrestricted	<u>1,599,304</u>	<u>1,190,594</u>	<u>2,789,898</u>
Total net position	<u>\$ 6,854,236</u>	<u>\$ 2,969,930</u>	<u>\$ 9,824,166</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

Statement of Activities
For the Year Ended July 31, 2018

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 384,568	\$ 94,798	\$ -	\$ (289,770)	\$ -	\$ (289,770)
Public works	805,333	242,663	21,353	(541,317)	-	(541,317)
Public safety	571,874	48,119	56,325	(467,430)	-	(467,430)
Health and welfare	41,922	249,704	-	207,782	-	207,782
Parks and recreation	301,180	70,529	-	(230,651)	-	(230,651)
Economic development	5,789	-	-	(5,789)	-	(5,789)
Community center	30,379	-	-	(30,379)	-	(30,379)
Interest on long-term debt	13,840	-	-	(13,840)	-	(13,840)
Total governmental activities	<u>2,154,885</u>	<u>705,813</u>	<u>77,678</u>	<u>(1,371,394)</u>	<u>-</u>	<u>(1,371,394)</u>
Business-type activities:						
Sewer	388,559	343,922	-	-	(44,637)	(44,637)
Water	253,487	115,207	-	-	(138,280)	(138,280)
Interest on long-term debt	1,940	-	-	-	(1,940)	(1,940)
Total business-type activities	<u>643,986</u>	<u>459,129</u>	<u>-</u>	<u>-</u>	<u>(184,857)</u>	<u>(184,857)</u>
Total	<u>\$ 2,798,871</u>	<u>\$ 1,164,942</u>	<u>\$ 77,678</u>	<u>(1,371,394)</u>	<u>(184,857)</u>	<u>(1,556,251)</u>

(continued)

TOWN OF LAKE ARTHUR, LOUISIANA

Statement of Activities (Continued)
For the Year Ended July 31, 2018

General revenues:			
Taxes -			
Property taxes, levied for general purposes	75,686	-	75,686
Property taxes, levied for special purposes	130,639	-	130,639
Property taxes, levied for bond retirement	15,081	-	15,081
Sales and use taxes, levied for general purposes	732,616	53,452	786,068
Franchise taxes	119,425	-	119,425
Grants and contributions not restricted to specific programs -			
State sources	17,713	-	17,713
Interest and investment earnings	6,197	2,451	8,648
Miscellaneous	131,932	49,655	181,587
Nonemployer pension contribution	8,395	2,271	10,666
Gain (loss) on disposal of capital assets	6,719	-	6,719
Transfers	<u>(220,547)</u>	<u>220,547</u>	<u>-</u>
Total general revenues and transfers	<u>1,023,856</u>	<u>328,376</u>	<u>1,352,232</u>
Change in net position	(347,538)	143,519	(204,019)
Net position, beginning	<u>7,201,774</u>	<u>2,826,411</u>	<u>10,028,185</u>
Net position, ending	<u>\$ 6,854,236</u>	<u>\$ 2,969,930</u>	<u>\$ 9,824,166</u>

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

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF LAKE ARTHUR, LOUISIANA

Balance Sheet
Governmental Funds
July 31, 2018

	General	Street and Alley	Other Governmental Funds	Total
ASSETS				
Cash and interest-bearing deposits	\$ 1,904,106	\$ 67,537	\$ 209,066	\$ 2,180,709
Receivables:				
Accounts	21,337	-	-	21,337
Taxes receivable	39,877	21,268	798	61,943
Other receivables	25,363	-	-	25,363
Restricted assets:				
Cash and interest-bearing deposits	35,140	-	-	35,140
Total assets	<u>\$ 2,025,823</u>	<u>\$ 88,805</u>	<u>\$ 209,864</u>	<u>\$ 2,324,492</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 80,129	\$ 4,067	\$ 5,000	\$ 89,196
Salaries payable	15,958	1,444	387	17,789
Other liabilities	12,716	-	-	12,716
Total liabilities	<u>108,803</u>	<u>5,511</u>	<u>5,387</u>	<u>119,701</u>
Fund balances:				
Restricted	-	83,294	204,477	287,771
Unassigned	1,917,020	-	-	1,917,020
Total fund balances	<u>1,917,020</u>	<u>83,294</u>	<u>204,477</u>	<u>2,204,791</u>
Total liabilities and fund balances	<u>\$ 2,025,823</u>	<u>\$ 88,805</u>	<u>\$ 209,864</u>	<u>\$ 2,324,492</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

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

Total fund balances for governmental funds		\$ 2,204,791
Capital assets net		5,342,200
Long-term liabilities:		
Bonds payable	(375,039)	
Net pension liability	(287,814)	
Deferred outflows of resources related to net pension liability	94,812	
Deferred inflows of resources related to net pension liability	<u>(124,714)</u>	<u>(692,755)</u>
Total net position of governmental activities		<u>\$ 6,854,236</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended July 31, 2018

	General	Street and Alley	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 693,520	\$ 303,477	\$ 76,450	\$ 1,073,447
Licenses and permits	94,798	-	-	94,798
Intergovernmental	345,095	-	-	345,095
Charges for services	314,152	-	-	314,152
Fines and forfeits	47,159	-	-	47,159
Interest income	5,588	179	430	6,197
Miscellaneous	131,932	-	-	131,932
Total revenues	<u>1,632,244</u>	<u>303,656</u>	<u>76,880</u>	<u>2,012,780</u>
Expenditures:				
Current -				
General government	337,148	-	1,212	338,360
Public safety	524,365	-	-	524,365
Public works	170,789	392,924	97,631	661,344
Health and welfare	21,881	-	-	21,881
Parks and recreation	218,845	-	-	218,845
Economic development	5,789	-	-	5,789
Community center	30,379	-	-	30,379
Capital outlay	61,557	121,926	-	183,483
Debt service -				
Principal retirement	15,651	-	25,000	40,651
Interest and fiscal charges	2,116	-	11,724	13,840
Total expenditures	<u>1,388,520</u>	<u>514,850</u>	<u>135,567</u>	<u>2,038,937</u>
(Deficiency) excess of revenues over expenditures	<u>243,724</u>	<u>(211,194)</u>	<u>(58,687)</u>	<u>(26,157)</u>
Other financing sources (uses):				
Proceeds from sale of assets	-	6,719	-	6,719
Transfers in	30,108	-	11,713	41,821
Transfers out	(239,032)	(23,336)	-	(262,368)
Total other financing sources (uses)	<u>(208,924)</u>	<u>(16,617)</u>	<u>11,713</u>	<u>(213,828)</u>
Net change in fund balances	34,800	(227,811)	(46,974)	(239,985)
Fund balances, beginning	<u>1,882,220</u>	<u>311,105</u>	<u>251,451</u>	<u>2,444,776</u>
Fund balances, ending	<u>\$ 1,917,020</u>	<u>\$ 83,294</u>	<u>\$ 204,477</u>	<u>\$ 2,204,791</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

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

Net change in fund balances of governmental funds		\$ (239,985)
Capital assets:		
Capital outlay	\$ 183,483	
Depreciation expense	<u>(318,813)</u>	(135,330)
Long-term debt:		
Principal payments		40,651
Transactions involving capital assets:		
Proceeds from sale of assets	(6,719)	
Gain on disposal	<u>6,719</u>	-
Effect of the change in net pension liability and the related deferred outflows/inflows of resources:		
Increase in pension expense	(21,266)	
Nonemployer pension contribution revenue recognized	<u>8,395</u>	<u>(12,871)</u>
Change in net position of governmental activities		<u>\$ (347,535)</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

Statement of Net Position

Proprietary Funds

July 31, 2018

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 1,211,345
Receivables:	
Accounts, net	43,518
Accrued interest receivable	371
Taxes receivable	4,519
Other	811
Prepaid insurance	3,732
Total current assets	<u>1,264,296</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	80,176
Capital assets, net of accumulated depreciation	<u>1,857,297</u>
Total noncurrent assets	<u>1,937,473</u>
Total assets	<u>3,201,769</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - pensions	<u>16,313</u>
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LIABILITIES

Current liabilities:	
Accounts payable	5,515
Salaries payable	1,910
Payable from restricted assets -	
Revenue bonds	<u>14,349</u>
Total current liabilities	<u>21,774</u>
Noncurrent liabilities:	
Customers' deposits payable	80,176
Revenue bonds	63,612
Net pension liability	<u>76,517</u>
Total noncurrent liabilities	<u>220,305</u>
Total liabilities	<u>242,079</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - pensions	<u>6,073</u>
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NET POSITION

Net investment in capital assets	1,779,336
Unrestricted	<u>1,190,594</u>
Total net position	<u>\$ 2,969,930</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

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

Operating revenues:	
Charges for services	<u>\$ 459,129</u>
Operating expenses:	
Salaries and related benefits	123,639
Repairs and maintenance	102,205
Materials and supplies	57,988
Telephone and utilities	60,199
General insurance	6,392
Professional fees	37,005
Other services and charges	22,552
Depreciation expense	<u>232,066</u>
Total operating expenses	<u>642,046</u>
Operating loss	<u>(182,917)</u>
Nonoperating revenues (expenses):	
Interest income	2,451
Sales tax	53,452
Interest expense	(1,940)
Nonemployer pension contribution	2,271
Lease revenue	<u>49,655</u>
Total nonoperating revenues (expenses)	<u>105,889</u>
Loss before transfers	(77,028)
Transfers in	250,655
Transfers out	<u>(30,108)</u>
Change in net position	143,519
Net position, beginning	<u>2,826,411</u>
Net position, ending	<u>\$ 2,969,930</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended July 31, 2018

Cash flows from operating activities:	
Receipts from customers	\$ 460,311
Payments to suppliers	(297,184)
Payments to employees	<u>(108,947)</u>
Net cash provided by operating activities	<u>54,180</u>
Cash flows from noncapital financing activities:	
Sales tax revenue	54,032
Lease revenue	49,655
Cash paid to other funds	(3,747)
Meter deposits, net of refunds	1,345
Transfers from other funds	80,938
Transfers to other funds	<u>(30,108)</u>
Net cash provided by noncapital financing activities	<u>152,115</u>
Cash flows from capital and related financing activities:	
Principal paid on bonds and notes	(14,349)
Interest and fiscal charges paid on bonds	(1,940)
Acquisition of capital assets	<u>(169,117)</u>
Net cash used by capital and related financing activities	<u>(185,406)</u>
Cash flows from investing activities:	
Proceeds of interest-bearing deposits with maturity in excess of ninety days	346,257
Purchase of interest-bearing deposits with maturity in excess of ninety days	(368,737)
Interest on investments	<u>2,451</u>
Net cash used by investing activities	<u>(20,029)</u>
Net increase in cash and cash equivalents	860
Cash and cash equivalents, beginning of period	<u>921,924</u>
Cash and cash equivalents, end of period	<u><u>\$ 922,784</u></u>

(continued)

TOWN OF LAKE ARTHUR, LOUISIANA

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended July 31, 2018

Reconciliation of operating income to net cash provided	
by operating activities:	
Operating loss	\$ (182,917)
Adjustments to reconcile operating loss to net cash	
provided by operating activities:	
Provision for net pension liability	10,698
Depreciation	232,066
(Increase) decrease in current assets:	
Accounts receivable, net	1,993
Other receivables	(811)
Increase (decrease) in current liabilities:	
Accounts payable	(8,759)
Salaries payable	<u>1,910</u>
Net cash provided by operating activities	<u>\$ 54,180</u>
Reconciliation of cash and cash equivalents per statement	
of cash flows to the statement of net position:	
Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 1,189,350
Cash and interest-bearing deposits - restricted	78,831
Less: Interest-bearing deposits with maturities in excess of 90 days	<u>(346,257)</u>
Total cash and cash equivalents	<u>921,924</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	1,211,345
Cash and interest-bearing deposits - restricted	80,176
Less: Interest-bearing deposits with maturities in excess of 90 days	<u>(368,737)</u>
Total cash and cash equivalents	<u>922,784</u>
Net increase	<u>\$ 860</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The Town of Lake Arthur was incorporated in 1904 under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Alderman form of government and provides the following services as authorized by its charter: public safety, police, fire, civil defense, highways and streets, sanitation, culture – recreation, public improvements, planning and zoning, and general administrative services.

A financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. A potential component unit must have separate corporate powers that distinguish it as being legally separate from the primary government. These include the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued in its own name without recourse to a State or local government, and the right to buy, sell, lease, and mortgage property in its own name.
2. The primary government must be financially accountable for a potential component unit. Financial accountability may exist as a result of the primary government appointing a voting majority of the potential component unit's governing body; their ability to impose their will on the potential component unit by significantly influencing the programs, projects, activities, or level of services performed or provided by the potential component unit; or the existence of a financial benefit or burden. In addition, financial accountability may also exist as a result of a potential component unit being fiscally dependent on the primary government.

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

In some instances, the potential component unit should be included in the reporting entity (even when the criteria in No. 2 above are not met), if exclusion would render the reporting entity's financial statements incomplete or misleading.

Based on the foregoing criteria, the Town has no component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities displays information about the Town of Lake Arthur, the reporting government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

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

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

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total of all governmental and enterprise funds combined.

The major funds of the Town are described below:

Governmental Funds –

General Fund

The General fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the general fund.

Street and Alley Fund

The Street and Alley fund is used to account for the expenditures in connection with the maintenance and upkeep of the Town's streets. Revenues are derived from sales tax and ad valorem taxes.

Enterprise Fund –

Utility Fund

The Utility fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus/Basis of Accounting

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

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

Measurement Focus

In the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item 2 below.

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

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

Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town on November 1 and are due December 31. Taxes are generally collected in December of the current year and January and February

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

of the subsequent year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

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

Program revenues

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

Allocation of indirect expenses

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

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

Cash and interest-bearing deposits

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

Interfund receivables and payables

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

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Notes to Basic Financial Statements

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables was \$0 at July 31, 2018.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized; therefore, the Town did not have a complete listing of infrastructure. The Town had opted not to do a detailed analysis of existing infrastructure, and as of July 1, 2001 has begun accumulating infrastructure information prospectively.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Water and sewer lines	30 years
Machinery and equipment	3-10 years
Autos and trucks	3-5 years
Infrastructure	10-40 years

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

Compensated Absences

The Town's policy on annual leave is that if the time is not taken during the year earned it will be forfeited; that is, no carryover of time or compensation in lieu of time off will be allowed.

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Notes to Basic Financial Statements

The Town's policy on sick leave is 10 days per year. Unused sick leave can be accumulated up to 30 days to be used for prolonged illness, but the Town will not pay for unused sick leave upon termination.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the governmental funds and proprietary fund that are legally restricted as to their use. The restricted assets are related to the debt service interest sinking and reserve accounts and utility meter deposits. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds payable and certificates of indebtedness payable.

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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Notes to Basic Financial Statements

Equity Classification

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

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

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

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

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

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

Assigned – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

Unassigned – all other amounts not included in other spendable classifications.

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Notes to Basic Financial Statements

As of July 31, 2018, fund balances are composed of the following:

	General Fund	Street and Alley	Other Governmental Funds
Restricted:			
Debt service	\$ -	\$ -	\$ 139,071
Sidewalk maintenance	-	-	36,134
Drainage maintenance	-	-	29,272
Other purposes	-	83,294	-
Unassigned	<u>1,917,020</u>	<u>-</u>	<u>-</u>
 Total fund balances	 <u>\$ 1,917,020</u>	 <u>\$ 83,294</u>	 <u>\$ 204,477</u>

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

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

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Notes to Basic Financial Statements

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Ad valorem taxes	See Note 3
Sales tax	See Note 4
Water and sewer revenue	Debt service and utility operations

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

G. Capitalization of Interest Expense

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At July 31, 2018, there was no capitalized interest expense. Interest expense at July 31, 2018 was \$15,780.

H. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

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

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The Town does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by

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federal deposit insurance or similar federal security or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances), are secured as follows:

Bank balances	<u>\$ 3,523,581</u>
The Town's deposits are secured as follows:	
Federal deposit insurance	560,318
Uninsured and collateral held by the pledging bank, not in the Town's name	<u>2,963,263</u>
Total	<u>\$ 3,523,581</u>

(3) Ad valorem taxes

For the year ended July 31, 2018, taxes were levied on property with assessed valuations and were dedicated as follows:

General corporate purposes	8.03 mills
Drainage maintenance	5.51 mills
Street and alley maintenance	5.51 mills
Debt service	1.60 mills
Recreation	<u>2.84 mills</u>
Total	<u>23.49 mills</u>

(4) Dedication of Proceeds and Flow of Funds – Sales and Use Tax Levies

Proceeds of the one percent sales and use tax levied by the Town on November 9, 1982 are dedicated for use to pay a portion of the cost of the general governmental expenses of the Town.

Proceeds of a one percent sales and use tax levied by the Town on October 6, 1999 are dedicated for constructing, acquiring, extending, improving, operating, and/or maintaining streets and sidewalks, waterworks facilities and drainage facilities, or for any one or more of said purposes.

Proceeds of a one-half percent sales and use tax levied by the Town on June 4, 2003 are dedicated and to be used as follows:

1. One-third for maintaining, operating and improving recreational facilities and public parks in the Town;

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Notes to Basic Financial Statements

2. One-third for maintaining and improving the fire department, including the acquisition of fire trucks and other equipment therefor;
3. One-third for maintaining and improving the police department, including the acquisition of equipment therefor.

Proceeds are accounted for in the Sales Tax Fund and allocated to the respective funds based on the following allocation:

General Fund	60.0%
Streets	32.0%
Water	6.8%
Sidewalks	0.8%
Drainage	<u>0.4%</u>
Total	<u>100.0%</u>

(5) Receivables

Receivables consist of the following:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
Governmental activities:					
General Fund	\$ 21,337	\$ 39,877	\$ -	\$ 25,363	\$ 86,577
Street and Alley Fund	-	21,268	-	-	21,268
Other governmental funds	-	798	-	-	798
Business-type activities:					
Utility Fund	<u>43,518</u>	<u>4,519</u>	<u>371</u>	<u>811</u>	<u>49,219</u>
Totals	<u>\$ 64,855</u>	<u>\$ 66,462</u>	<u>\$ 371</u>	<u>\$ 26,174</u>	<u>\$ 157,862</u>

The aging of the Accounts Receivable is as follows:

Current	\$ 34,488
31 - 60 days	7,356
60 - 90 days	647
Over 90 days	<u>22,364</u>
Total	<u>\$ 64,855</u>

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Notes to Basic Financial Statements

(6) Restricted Assets

Restricted assets were applicable to the following:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Customers' deposits	\$ -	\$ 80,176
Bond sinking fund account	<u>35,140</u>	<u>-</u>
 Total restricted assets	 <u>\$ 35,140</u>	 <u>\$ 80,176</u>

(7) Capital Assets

Capital asset activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 911,358	\$ -	\$ -	\$ 911,358
Capital assets being depreciated:				
Infrastructure	4,581,028	177,483	-	4,758,511
Buildings	1,308,426	-	-	1,308,426
Furniture and equipment	546,302	6,000	57,608	494,694
Vehicles	<u>1,404,958</u>	<u>-</u>	<u>-</u>	<u>1,404,958</u>
Total capital assets being depreciated	<u>7,840,714</u>	<u>183,483</u>	<u>57,608</u>	<u>7,966,589</u>
Less accumulated depreciation				
Infrastructure	1,180,924	181,211	-	1,362,135
Buildings	575,711	43,684	-	619,395
Furniture and equipment	469,808	25,659	57,608	437,859
Vehicles	<u>1,048,099</u>	<u>68,259</u>	<u>-</u>	<u>1,116,358</u>
Total accumulated depreciation	<u>3,274,542</u>	<u>318,813</u>	<u>57,608</u>	<u>3,535,747</u>
Total capital assets being depreciated, net	<u>4,566,172</u>	<u>(135,330)</u>	<u>-</u>	<u>4,430,842</u>
Governmental activities, capital assets, net	<u>\$ 5,477,530</u>	<u>\$(135,330)</u>	<u>\$ -</u>	<u>\$ 5,342,200</u>

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,604	\$ -	\$ -	\$ 9,604
Capital assets being depreciated:				
Sewer system	4,152,119	43,965	-	4,196,084
Water system	1,668,080	125,152	-	1,793,232
Vehicles	53,511	-	-	53,511
Furniture and equipment	182,838	-	-	182,838
Total capital assets being depreciated	<u>6,056,548</u>	<u>169,117</u>	<u>-</u>	<u>6,225,665</u>
Less accumulated depreciation				
Sewer system	2,998,561	165,420	-	3,163,981
Water system	950,620	49,636	-	1,000,256
Vehicles	50,770	2,740	-	53,510
Furniture and equipment	145,955	14,270	-	160,225
Total accumulated depreciation	<u>4,145,906</u>	<u>232,066</u>	<u>-</u>	<u>4,377,972</u>
Total capital assets being depreciated, net	<u>1,910,642</u>	<u>(62,949)</u>	<u>-</u>	<u>1,847,693</u>
Business-type activities, capital assets, net	<u>\$ 1,920,246</u>	<u>\$ (62,949)</u>	<u>\$ -</u>	<u>\$ 1,857,297</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 39,657
Public safety	41,532
Public works	12,688
Health and Welfare	143,989
Recreation	80,947
Total depreciation expense	<u>\$ 318,813</u>

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

Water	\$ 63,906
Sewer	168,160
Total depreciation expense	<u>\$ 232,066</u>

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

(8) Accounts, Salaries, and Other Payables

Accounts, salaries, and other payables consisted of the following:

	<u>Accounts</u>	<u>Payroll Liabilities</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 80,129	\$ 15,958	\$ 12,716	\$ 108,803
Street and Alley Fund	4,067	1,444	-	5,511
Other governmental funds	5,000	387	-	5,387
Business-type activities:				
Utility Fund	<u>5,515</u>	<u>1,910</u>	<u>-</u>	<u>7,425</u>
 Totals	 <u>\$ 94,711</u>	 <u>\$ 19,699</u>	 <u>\$ 12,716</u>	 <u>\$ 127,126</u>

(9) Changes in Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable - General Obligation					
Bonds, Series 2007	\$ 315,000	\$ -	\$ 25,000	\$ 290,000	\$ 25,000
Certificates of Indebtedness, Series 2012	<u>100,690</u>	<u>-</u>	<u>15,651</u>	<u>85,039</u>	<u>15,651</u>
Total governmental activities	<u>\$ 415,690</u>	<u>\$ -</u>	<u>\$ 40,651</u>	<u>\$ 375,039</u>	<u>\$ 40,651</u>
Business-type activities:					
Certificates of Indebtedness, Series 2012	<u>\$ 92,310</u>	<u>\$ -</u>	<u>\$ 14,349</u>	<u>\$ 77,961</u>	<u>\$ 14,349</u>

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

Long-term debt at year end is comprised of the following individual issues:

\$500,000 General Obligation Bonds, Series 2007, for the purpose of constructing and improving public buildings and acquiring land, furnishings and equipment therefor, due in annual installments of \$15,000 to \$40,000 through March 1, 2027; at an interest rate ranging from .10% to 5.00% (to be retired from the proceeds of ad valorem taxes)	\$ 290,000
\$305,000 Certificate of Indebtedness, Series 2012, for the purpose of providing funds for acquiring a fire truck, acquiring and constructing improvements and replacements to waterworks system, due in annual installments of \$27,000 to \$35,000 through September 1, 2022; at interest rates of .35% to 3.50% (to be retired from a pledge and dedication of the excess annual revenues)	<u>163,000</u>
Total	<u>\$ 453,000</u>

The bonds are due as follows:

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal payments</u>	<u>Interest payments</u>	<u>Principal payments</u>	<u>Interest payments</u>	
2019	40,651	10,174	14,349	1,705	66,879
2020	46,173	9,380	14,827	1,451	71,831
2021	47,217	8,340	15,783	1,104	72,444
2022	47,738	7,097	16,262	627	71,724
2023	48,260	5,666	16,740	49	70,715
2024-2027	<u>145,000</u>	<u>8,688</u>	<u>-</u>	<u>-</u>	<u>153,688</u>
	<u>\$ 375,039</u>	<u>\$ 49,345</u>	<u>\$ 77,961</u>	<u>\$ 4,936</u>	<u>\$ 507,281</u>

Bond Covenants:

The various bond indentures identified above contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The Town is in compliance with all such significant limitations and restrictions for the year ended.

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

(10) Employee Retirement

Substantially all Town employees are covered under the Municipal Employees' Retirement System of Louisiana except police, who are covered under the Municipal Police Employees' Retirement System, respectively. Details concerning these plans follow:

A. Municipal Employees' Retirement System of Louisiana

Plan description: The Municipal Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer public employee retirement system (PERS) as established by Act 356 of 1954 regular session of the Legislature of the State of Louisiana. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the Town are members of Plan B.

The Municipal Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.gov.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

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

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of creditable service credit, exclusive of military service and unused annual sick leave.

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

Survivor Benefits: Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

1. Surviving spouse who is married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty percent benefit payable when the surviving spouse attains the age of sixty years.

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

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

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

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which made them eligible to become members of MERS has been terminated for at least one full year.

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

Disability Benefits: For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, in which he would receive a regular retirement benefit under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

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

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

Contributions: Contributions for all members are established by statute. Member contributions are at 5% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2018, the employer contribution rate was 13.25% of member's earnings for Plan B.

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According to state statute, the System also receives one-fourth (1/4) of 1% ad valorem taxes within the respective parish and state revenue sharing funds. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At July 31, 2018, the Town reported a liability of \$340,770 for its proportionate share of the net pension liability, of which \$264,253 and \$76,517 was reported in the governmental activities and business-type activities, respectively. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Town's proportion was .402881%, which was a decrease of .021697% from its proportion measured as of June 30, 2017.

For the year ended July 31, 2018, the Town recognized pension expense of \$66,602 minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$787.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 708	\$ 11,903	\$ 205	\$ 3,446
Change in assumption	9,889	-	2,863	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	306	9,071	88	2,627
Net differences between projected and actual earnings on plan investments	42,950	-	12,437	-
Contributions subsequent to the measurement date	<u>2,484</u>	<u>-</u>	<u>719</u>	<u>-</u>
Total	<u>\$ 56,336</u>	<u>\$ 20,974</u>	<u>\$ 16,313</u>	<u>\$ 6,073</u>

Deferred outflows of resources of \$3,203 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended July 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Notes to Basic Financial Statements

Year Ended June 30:	
2019	\$ 24,995
2020	10,664
2021	5,022
2022	<u>1,718</u>
	<u>\$ 42,399</u>

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

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.275%
Salary Increases, including inflation and merit increases	5.0%
Inflation rate	2.6%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Table set forward 2 years for males and 1 year for females projected to 2028 using scale AA.
Employee mortality	RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Tables set back 5 years for males and 3 years for females
Expected Remaining Service Lives	3 years for Plan B

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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 and an adjustment for the effect of rebalancing/diversification.

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Rate Rate of Return</u>
Public equity	50%	2.20%
Public fixed income	35%	1.50%
Alternatives	<u>15%</u>	<u>0.60%</u>
Totals	100%	4.30%
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

The discount rate used to measure the total pension liability was 7.275%. 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, System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate: The following presents the net pension liability of the System calculated using the discount rate of 7.275%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2018:

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.275%</u>	<u>7.275%</u>	<u>8.275%</u>
Net Pension Liability	\$ 447,218	\$ 340,770	\$ 250,279

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B. Municipal Police Employees' Retirement System of Louisiana

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

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

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

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

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

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

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

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

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

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

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

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

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the

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participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

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

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

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

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At July 31, 2018, the Town reported a liability of \$23,561 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018,

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Basic Financial Statements

the Town's proportion was 0.002787%, which was a decrease of .0164% from its proportion measured as of June 30, 2017.

For the year ended July 31, 2018, the Town recognized pension expense of \$7,569 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$162.

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

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 106	\$ 1,204
Change in assumptions	1,540	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	35,701	102,536
Net differences between projected and actual earnings on plan investments	<u>1,129</u>	<u>-</u>
Total	<u>\$ 38,476</u>	<u>\$ 103,740</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended <u>June 30:</u>	
2019	\$ 1,592
2020	(34,531)
2021	(32,366)
2022	<u>41</u>
	<u>\$ (65,264)</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

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

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.20%, net of investment income
Projected Salary Increases	Vary from 9.75% in the first 2 years of service, 4.75% in years 3-23 and 4.25% after 23 years
Inflation Rate	2.60%
Expected Remaining Service Lives	4 years
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (setback 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

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

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

Discount Rate: The discount rate used to measure net pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate: The following presents net pension liability of the participating employer calculated using the discount rate of 7.20%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Net Pension Liability	\$ 33,110	\$ 23,561	\$ 15,550

TOWN OF LAKE ARTHUR, LOUISIANA

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(11) Litigation and Claims

At July 31, 2018, there is no pending litigation against the Town of Lake Arthur.

(12) Risk Managements

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

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

A detail of compensation, benefits, and other payments paid to Mayor Sherry Crochet is as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	<u>\$ 15,000</u>

(14) Compensation of Town Officials

A detail of compensation paid to the Town Council is as follows:

David Hanks	\$ 5,000
Ricky Monceaux	5,000
Robert Palermo	5,000
Samson Lejeune	5,000
Auldon Robinson	<u>5,000</u>
Total	<u>\$ 25,000</u>

TOWN OF LAKE ARTHUR, LOUISIANA

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(15) Interfund Transactions

Interfund transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 30,108	\$ 239,032
Street and alley maintenance	-	23,336
Other governmental funds	11,713	-
Enterprise fund	<u>250,655</u>	<u>30,108</u>
Total	<u>\$ 292,476</u>	<u>\$ 292,476</u>

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

(16) On-behalf Payments

The Town has recognized \$35,700 as revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

(17) Landfill Joint Venture

The Town is a participant in a joint venture referred to as the Jefferson Davis Parish Sanitary Landfill Commission. This entity was chartered on February 17, 1984. The Commission's purpose is the establishment of a long-term plan for the disposal of solid wastes in Jefferson Davis Parish. According to the charter, each participant in the Commission is responsible for a pro rata share of any operating deficits. Likewise, any distributions of surpluses are also shared on a pro rata basis. Each participant's pro rata share is based on the number of households within each participant's unit to the total number of households within all participating units. These proportions were determined using the 1980 U.S. Census as follows:

<u>Locality</u>	<u>Number of Households</u>	<u>Percentages</u>
Jennings	4,161	42.1196%
Welsh	1,167	11.8129%
Lake Arthur	1,212	12.2684%
Parish (excluding Jennings, Welsh, Lake Arthur and Elton)	<u>3,339</u>	<u>33.7991%</u>
Totals	<u>9,879</u>	<u>100.0000%</u>

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The Commission consists of six commissioners as follows: two residents of Jennings, one resident of Welsh, one resident of Lake Arthur, and two residents of Jefferson Davis Parish living outside the city limits of Jennings, Welsh, Lake Arthur and Elton. The Commission members are to be appointed by the governing body of their place of residence.

The Commission has the power and authority to employ personnel, adopt its own budget and enter into agreements necessary for the operation of the Landfill. In certain instances, some agreements must be consented to by all six members of the Commission.

Condensed financial information for the Jefferson Davis Parish Sanitary Landfill as of December 31, 2017 (the latest available audited financial statements) is available in a separately issued financial report which can be obtained at www.lla.la.gov.

As of December 31, 2017, the Commission had no long-term debt outstanding.

The Landfill Commission as owner of a sanitary landfill is subject to recent Environmental Protection Agency (EPA) regulations that require monitoring the landfill site for 30 years following closure of the site in addition to other closure requirements. These regulations also mandate that landfill owners provide financial assurances that they will have the resources available to satisfy the post closure standards. These guarantees can be third-party trusts, surety bonds, letters of credit, insurance, or state sponsored plans. According to the Commission's contract with the site operator, "...the contractor shall be responsible for closure in accordance with the permit". Additionally, "...the contractor's post closure care, maintenance and monitoring responsibility shall be three (3) years, or as required by law..." In the event the operator is, for whatever reason, unwilling or unable to fulfill this requirement, the responsibility for closure and post closure monitoring will revert back to the Commission.

Additionally, because of the industry the Commission participates in, certain potential liabilities are always present. These include, but are not limited to, environmental cleanup costs and EPA penalties for violation of its regulations. The EPA is empowered by law (through the Superfund legislation) to seek recovery from anyone who ever owned or operated a particular contaminated site, or anyone who ever generated or transported hazardous materials to a site (these parties are commonly referred to as potentially responsible parties, or PRPs). Potentially, the liability can extend to subsequent owners or to the parent company of a PRP. While there are no asserted or unasserted potential costs or penalties at the date of this report that the Commission is aware of, the potential is present.

During the year ended December 31, 2017, the Commission voted to make a distribution to the four local government bodies that participate in the Landfill Commission and funded its construction and early operations. The distributions were made in the same proportions as the original investments by the governments. For the Town of Lake Arthur, the distribution amounted to \$312,139, which was recorded as "landfill revenues" of \$249,704 in the General Fund and \$62,435 in the Sewer Fund in the fiscal year ended July 31, 2018.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF LAKE ARTHUR, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended July 31, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 692,344	\$ 692,344	\$ 693,520	\$ 1,176
Licenses and permits	97,100	97,100	94,798	(2,302)
Intergovernmental	80,167	80,167	345,095	264,928
Charges for services	341,565	341,565	314,152	(27,413)
Fines and forfeitures	15,050	15,050	47,159	32,109
Interest	18,650	18,650	5,588	(13,062)
Miscellaneous	3,596	3,596	131,932	128,336
Total revenues	<u>1,248,472</u>	<u>1,248,472</u>	<u>1,632,244</u>	<u>383,772</u>
Expenditures:				
Current -				
General government	284,359	284,359	337,148	(52,789)
Public safety	553,003	553,003	524,365	28,638
Public works	136,260	136,260	170,789	(34,529)
Health and welfare	20,270	20,270	21,881	(1,611)
Parks and recreation	119,475	119,475	218,845	(99,370)
Economic development	11,500	11,500	5,789	5,711
Community center	28,095	28,095	30,379	(2,284)
Capital outlay	70,000	70,000	61,557	8,443
Debt service -				
Principal retirement	29,000	29,000	15,651	13,349
Interest and fiscal charges	4,280	4,280	2,116	2,164
Total expenditures	<u>1,256,242</u>	<u>1,256,242</u>	<u>1,388,520</u>	<u>(132,278)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,770)</u>	<u>(7,770)</u>	<u>243,724</u>	<u>251,494</u>
Other financing sources (uses):				
Transfers in	30,000	30,000	30,108	108
Transfers out	-	-	(239,032)	(239,032)
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>(208,924)</u>	<u>(238,924)</u>
Net change in fund balance	22,230	22,230	34,800	12,570
Fund balance, beginning	<u>1,882,220</u>	<u>1,882,220</u>	<u>1,882,220</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,904,450</u>	<u>\$ 1,904,450</u>	<u>\$ 1,917,020</u>	<u>\$ 12,570</u>

TOWN OF LAKE ARTHUR, LOUISIANA
Street and Alley Fund

Budgetary Comparison Schedule
For the Year Ended July 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 314,620	\$ 314,620	\$ 303,477	\$ (11,143)
Intergovernmental	225,000	225,000	-	(225,000)
Interest income	100	100	179	79
Total revenues	<u>539,720</u>	<u>539,720</u>	<u>303,656</u>	<u>(236,064)</u>
Expenditures:				
Current -				
Public works	460,283	460,283	392,924	67,359
Capital outlay	<u>122,000</u>	<u>122,000</u>	<u>121,926</u>	<u>74</u>
Total expenditures	<u>582,283</u>	<u>582,283</u>	<u>514,850</u>	<u>67,433</u>
Deficiency of revenues over expenditures	<u>(42,563)</u>	<u>(42,563)</u>	<u>(211,194)</u>	<u>(168,631)</u>
Other financing sources (uses):				
Proceeds from sale of assets	5,000	5,000	6,719	1,719
Transfers in	100,000	100,000	-	(100,000)
Transfers out	<u>-</u>	<u>-</u>	<u>(23,336)</u>	<u>(23,336)</u>
Total other financing sources (uses)	<u>105,000</u>	<u>105,000</u>	<u>(16,617)</u>	<u>(121,617)</u>
Net change in fund balance	62,437	62,437	(227,811)	(290,248)
Fund balance, beginning	<u>311,105</u>	<u>311,105</u>	<u>311,105</u>	<u>-</u>
Fund balance, ending	<u>\$ 373,542</u>	<u>\$ 373,542</u>	<u>\$ 83,294</u>	<u>\$ (290,248)</u>

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Budgetary Comparison Schedules

(1) Budgets and Budgetary Accounting

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

- a. The Town Clerk prepares a proposed budget for the fiscal year and submits it to the Mayor and Board of Alderman no later than fifteen days prior to the beginning of each fiscal year.
- b. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- e. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Alderman.
- f. All budgetary appropriations lapse at the end of each fiscal year.
- g. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Alderman.

The General Fund reported excess expenditures over appropriations.

TOWN OF LAKE ARTHUR, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Municipal Employees' Retirement System - Plan B
For the Year Ended July 31, 2018

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.425868%	\$ 289,440	\$ 295,501	97.9%	68.71%
2016	0.428656%	\$ 355,317	\$ 317,823	111.8%	63.34%
2017	0.424578%	\$ 367,360	\$ 314,976	116.6%	62.49%
2018	0.402881%	\$ 340,770	\$ 299,586	113.7%	65.60%

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

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

TOWN OF LAKE ARTHUR, LOUISIANA

Schedule of Employer Contributions
Municipal Employees' Retirement System - Plan B
For the Year Ended July 31, 2018

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 28,697	\$ 28,697	\$ -	\$ 302,072	9.50%
2016	\$ 30,340	\$ 30,340	\$ -	\$ 318,795	9.52%
2017	\$ 35,147	\$ 35,147	\$ -	\$ 309,411	11.36%
2018	\$ 39,703	\$ 39,703	\$ -	\$ 299,586	13.25%

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

TOWN OF LAKE ARTHUR, LOUISIANA

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

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.001892%	\$ 14,822	\$ 5,060	292.9%	70.73%
2016	0.021076%	\$ 197,541	\$ 56,986	346.6%	66.04%
2017	0.019187%	\$ 167,511	\$ 57,277	292.5%	70.08%
2018	0.002787%	\$ 23,561	\$ 7,429	317.1%	71.89%

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

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

TOWN OF LAKE ARTHUR, LOUISIANA

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

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 3,470	\$ 3,470	\$ -	\$ 11,419	30.39%
2016	\$ 16,396	\$ 16,396	\$ -	\$ 55,230	29.69%
2017	\$ 18,626	\$ 18,626	\$ -	\$ 56,223	33.13%
2018	\$ 1,193	\$ 1,193	\$ -	\$ 3,881	30.74%

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

TOWN OF LAKE ARTHUR, LOUISIANA

Notes to Retirement System Schedules

(1) Retirement Systems

A. Municipal Employees' Retirement System

- 1) Changes of benefit terms – There were no changes of benefit terms for the year ended July 31, 2018.
- 2) Changes of assumptions – Changes of assumptions for the year ended July 31, 2018 were as follows for valuation date June 30, 2018:
 - a) Investment rate of return used was 7.275% per annum, a decrease from 7.40% in 2017.
 - b) Inflation rate used was 2.6% per annum, a decrease from 2.775% in 2017.

B. Municipal Police Employees' Retirement System

- 1) Changes of benefit terms – There were no changes of benefit terms for the year ended July 31, 2018.
- 2) Changes of assumptions – Changes of assumptions for the year ended July 31, 2018 were as follows for valuation date June 30, 2018:
 - a) Investment rate of return used was 7.20% per annum, a decrease from 7.325% in 2017.
 - b) Inflation rate used was 2.6% per annum, a decrease from 2.7% in 2017.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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NONMAJOR SPECIAL REVENUE FUNDS

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

Sidewalk Maintenance -

To account for monies received from sales taxes to defray costs of sidewalk repairs and replacement.

Drainage Maintenance -

To account for monies received from sales taxes allocated to maintenance of drainage.

NONMAJOR DEBT SERVICE FUNDS

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Combined Bond Fund -

To accumulate monies for the General Obligation Bonds, Series 2007 issued in the amount of \$500,000 and. Debt service is financed by specifically dedicated ad valorem tax levies.

TOWN OF LAKE ARTHUR, LOUISIANA

Nonmajor Governmental Funds
 Combining Balance Sheet
 July 31, 2018

	Special Revenue		Debt Service	
	Sidewalk Maintenance	Drainage Maintenance	Combined Bond Fund	Totals
ASSETS				
Cash and interest -bearing deposits	\$ 35,602	\$ 34,393	\$ 139,071	\$ 209,066
Taxes receivable	532	266	-	798
Total assets	<u>\$ 36,134</u>	<u>\$ 34,659</u>	<u>\$ 139,071</u>	<u>\$ 209,864</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 5,000	\$ -	\$ 5,000
Salaries payable	-	387	-	387
Total liabilities	-	5,387	-	5,387
Fund balances:				
Restricted	36,134	29,272	139,071	204,477
Total liabilities and fund balances	<u>\$ 36,134</u>	<u>\$ 34,659</u>	<u>\$ 139,071</u>	<u>\$ 209,864</u>

TOWN OF LAKE ARTHUR, LOUISIANA

Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended July 31, 2018

	Special Revenue		Debt Service	Totals
	Sidewalk Maintenance	Drainage Maintenance	Combined Bond Fund	
Revenues:				
Taxes	\$ 6,289	\$ 55,080	\$ 15,081	\$ 76,450
Interest income	-	22	408	430
Total revenues	<u>6,289</u>	<u>55,102</u>	<u>15,489</u>	<u>76,880</u>
Expenditures:				
General government	-	-	1,212	1,212
Public works	3,794	93,837	-	97,631
Debt service -				
Principal retirement	-	-	25,000	25,000
Interest and fiscal charges	-	-	11,724	11,724
Total expenditures	<u>3,794</u>	<u>93,837</u>	<u>37,936</u>	<u>135,567</u>
Excess (deficiency) of revenues over expenditures	2,495	(38,735)	(22,447)	(58,687)
Other financing sources:				
Transfers in	-	11,713	-	11,713
Net change in fund balances	2,495	(27,022)	(22,447)	(46,974)
Fund balances, beginning	<u>33,639</u>	<u>56,294</u>	<u>161,518</u>	<u>251,451</u>
Fund balances, ending	<u>\$ 36,134</u>	<u>\$ 29,272</u>	<u>\$ 139,071</u>	<u>\$ 204,477</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Sherry Crochet, Mayor
and Members of the Board of Alderman
Town of Lake Arthur, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Arthur, Louisiana, as of and for the year ended July 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of Lake Arthur, Louisiana's basic financial statements and have issued our report thereon dated February 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lake Arthur, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lake Arthur, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Lake Arthur, Louisiana'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 weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider 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 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 current and prior year audit findings and management's corrective action plan as item 2018-001 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 by those charged with governance. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2018-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lake Arthur, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2018-003 through 2018-006.

Town of Lake Arthur, Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 28, 2019

TOWN OF LAKE ARTHUR, LOUISIANA

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

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

A. Internal Control Over Financial Reporting

2018-001 Inadequate Segregation of Accounting Functions

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

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

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has provided as much segregation as possible with the resources available.

TOWN OF LAKE ARTHUR, LOUISIANA

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

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

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

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

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

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

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

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

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

TOWN OF LAKE ARTHUR, LOUISIANA

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

B. Compliance

2018-003 Budget noncompliance

CONDITION: Expenditures of the General Fund exceeded budgeted expenditures by more than 5%. Revenues of the Street and Alley Fund fell short of the budgeted revenues by more than 5%.

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

"A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures.

The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

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

(2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

(3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures."

CAUSE: The condition is a result of failure to properly monitor the revenues and expenditures of the Town.

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

TOWN OF LAKE ARTHUR, LOUISIANA

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management of the Town of Lake Arthur will make available for each board member a copy of the monthly income statement for the period ending the month prior to the board meeting. The mayor and board members will review expenses and remaining budget every six months to ensure the Town is working within the approved yearly budget.

2018-004 Budget – Public participation

CONDITION: A notice of public hearing was not published prior to public hearing taking place.

CRITERIA: LSA-RS 39:1307(B) states that "Upon completion of the proposed budget and, if applicable, its submission to the governing authority, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection. The notice shall also state that a public hearing on the proposed budget shall be held with the date, time, and place of the hearing specified in the notice. The notice shall be published at least ten days prior to the date of the first public hearing" and where applicable, shall be in the official journal of the political subdivision.

CAUSE: The Town did not publish a notice of when a public hearing on the budget would take place.

EFFECT: Members of the public were not provided information regarding public hearing on adoption of the budget in a timely manner.

RECOMMENDATION: The Town should comply with the requirements of LSA-RS 39:1307(B) and publish all required notices in accordance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management of the Town will publish a public hearing notice at least ten days prior to the date of the first public notice stating the proposed budget is available for public inspection with the date, time, and place of the hearing specified in the notice.

TOWN OF LAKE ARTHUR, LOUISIANA

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

2018-005 Open Meetings Law

CONDITION: The Town did not publish the minutes of the Town meetings for August 2017 through May 2018.

CRITERIA: R.S. 42:20B requires that the minutes for all public bodies shall be public records and be made available to the public timely. LSA-R.S. 43:144 requires the official proceedings to be published within 20 days from the date of the meeting. In addition, LSA-R.S. 42:20B states that if the public body has a website, the minutes need to be posted to the website within 10 days after publication in the official journal and should remain there for at least three months after being posted online.

CAUSE: The Town did not publish minutes in the official journal within the required time frame.

EFFECT: Members of the public were not provided information regarding the Town's activities in a timely manner.

RECOMMENATION: The Town should comply with LSA-R.S. 42:20B and 43:144 and publish all minutes in accordance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Town management will make sure they comply with the Open Meetings Law and will make sure all minutes of meetings are published timely.

2018-006 Late report issuance

CONDITION: The Town failed to submit its annual audited financial statements to the Legislative Auditors Office by the statutory due date due to GASB 68 Retirement Plan Reports not being available for timely reporting of pension plan disclosures prior to the statutory due date, January 31, 2018.

CRITERIA: LSA-RS 24:514 requires audited financial statements to be filed with the Louisiana Legislative Auditor's office within six months after the fiscal year end of government entities.

TOWN OF LAKE ARTHUR, LOUISIANA

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

CAUSE: The Town is required to report on pensions in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*. However, the June 30, 2018 Employer Plan Reports for the Municipal Employees' Retirement System and the Municipal Police Employees' Retirement System were not available prior to the statutory due date of the Town's audit report.

EFFECT: The Town is not in compliance with LSA-RS 24:514.

RECOMMENDATION: The Town's audited financial statements should be submitted to the Louisiana Legislative Auditor's Office by January 31.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Extension of time to submit the Town's audited financial statements was obtained due to the cause noted above. The Town will make its best effort to submit its audit in a timely manner in the future.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

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

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

CURRENT STATUS: Unresolved. See item 2018-001.

TOWN OF LAKE ARTHUR, LOUISIANA

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

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

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

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

CURRENT STATUS: Unresolved. See item 2018-002.

B. Compliance

2017-003 Budget noncompliance

CONDITION: Expenditures of the General Fund exceeded budgeted expenditures by more than 5%.

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

CURRENT STATUS: Unresolved. See item 2018-003.

2017-004 Budget – Public participation

CONDITION: A notice of public hearing was not published prior to public hearing taking place.

RECOMMENDATION: The Town should comply with the requirements of LSA-RS 39:1307(B) and publish all required notices in accordance with state law.

CURRENT STATUS: Unresolved. See item 2018-004.

TOWN OF LAKE ARTHUR, LOUISIANA

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

2017-005 Purchase of immovable property

CONDITION: The Town purchased a building and land in November 2016 without appraisal.

RECOMMENDATION: The Town needs to make sure there are procedures in place to ensure that an appraisal is obtained prior to purchasing immovable property.

CURRENT STATUS: Resolved.

2017-006 Late report issuance

CONDITION: The Town failed to submit its annual audited financial statements to the Legislative Auditors Office by the statutory due date due to GASB 68 Retirement Plan Reports not being available for timely reporting of pension plan disclosures prior to the statutory due date, January 31, 2018.

RECOMMENDATION: The Town's audited financial statements should be submitted to the Louisiana Legislative Auditor's Office by January 31.

CURRENT STATUS: Unresolved. See item 2018-006.

TOWN OF LAKE ARTHUR, LOUISIANA
Lake Arthur, Louisiana

Agreed-Upon Procedures Report

Year Ended July 31, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Sherry Crochet,
and Members of the Board of Alderman,
Town of Lake Arthur, and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Lake Arthur, 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 August 1, 2017 through July 31, 2018. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Board or Finance Committee

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

- c) For governmental entities, we obtained the prior year audit report and we observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, we observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

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

Collections

- 4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), we obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and we observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). Alternately, we used a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. We obtained supporting documentation for each of the 10 deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Traced the actual deposit per the bank statement to the general ledger.

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

8. We obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and we observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and we obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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

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

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

Contracts

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

Payroll and Personnel

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

Ethics

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

Debt Service

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

Other

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

Findings:

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

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

Written Policies:

The Town of Lake Arthur (Town) does not have written policies and procedures addressing budgeting.

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

The Town does not have written policies and procedures addressing receipts.

The Town does not have written policies and procedures addressing payroll processing.

The Town does not have written policies and procedures addressing contracting.

The Town does not have written policies and procedures addressing credit cards.

The Town does not have written policies and procedures addressing ethics.

The Town does not have written policies and procedures addressing debt service.

Board or Finance Committee:

The minutes did not make reference to monthly budget-to-actual comparisons for the General Fund and any additional funds identified as major funds in the Town's prior audit.

Bank Reconciliations:

Bank reconciliations did not include evidence that they were prepared within 2 months of the related statement closing date.

Bank reconciliations did not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

1 of the 5 bank reconciliations did not have documentation reflecting that management had researched reconciling items that had been outstanding for more than 12 months from the statement closing date.

Collections:

The person responsible for collecting cash, also shares the same cash drawer with another employee.

The person responsible for collecting cash, also deposits the cash in the bank.

The person responsible for collecting cash, also records the deposit.

The person responsible for collecting cash, also reconciles the bank account.

25 collections were deposited 2 days after receipt.

2 collections were deposited 3 days after receipt.

16 collections were deposited 4 days after receipt.

2 collections were deposited 8 days after receipt.

Non-Payroll Disbursements:

Job duties are not properly segregated such that the employee/official responsible for signing checks gives the signed checks to an employee who is responsible for processing payments before mailing.

The documentation tested for 5 disbursements did not include evidence of segregation of duties.

Credit Cards/Debit Cards/Fuel Cards/P-Cards:

4 of the 5 cards tested did not have evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

The Town did not have documentation of business/public purpose for 1 transaction tested.

Travel and Travel-Related Expense Reimbursements:

3 of the 5 reimbursements were not reviewed and approved in writing, by someone other than the person receiving reimbursement.

Management's Response:

Management of the Town of Lake Arthur concurs with the exceptions and are working to address the deficiencies identified.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
February 28, 2019