

TOWN OF FERRIDAY, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2019
AND FOR THE YEAR THEN ENDED
WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF FERRIDAY, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2019
With Supplementary Information Schedules

TABLE OF CONTENTS

	Statement	Page
Independent Auditor’s Report-----		1-2
Section I – Required Supplementary Information		
Management’s Discussion and Analysis -----		3-7
Section II – Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Position-----	A	8
Statement of Activities-----	B	9
Section III – Fund Financial Statements		
Governmental Funds:		
Balance Sheet-----	C	10
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position -----	D	11
Statement of Revenue, Expenditures, and Changes in Fund Balances -----	E	12-13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities -----	F	14
Proprietary Funds:		
Statement of Net Position-----	G	15
Statement of Revenue, Expenses, and Changes in Net Position-----	H	16
Statement of Cash Flows-----	I	17
Notes to the Financial Statements-----		18-37
Section IV – Additional Required Supplementary Information		
Budgetary Comparison Schedule – General Fund -----		38
Notes to the Required Supplementary Information-----		39
Schedule of the Town’s Proportionate Share of the Net Pension Liability-----		40-41
Schedule of the Town’s Contributions-----		42-43

TOWN OF FERRIDAY, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2019
With Supplementary Information Schedules

TABLE OF CONTENTS

	Statement	Page
Section V - Other Supplementary Information		
Schedule of Compensation, Benefits, and Other Payments to Agency Head---		44
Compensation of the Governing Board-----		45
Schedule of Insurance Coverage -----		46
Section VI - Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards-----		47-48
Section VII - Schedule of Findings		
Schedule of Findings -----		49
Status of Prior Year Findings-----		50
Current Year Findings, Recommendations, and Responses -----		51-52
Section VIII - Agreed-Upon Procedures		
Independent Accountant's Report on Applying Agreed-Upon Procedures----		53
Supplemental Schedule of Agreed-Upon Procedures and Findings-----		54-61
Schedule of Exceptions -----		62



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

INDEPENDENT AUDITOR'S REPORT

Mayor and the Board of Aldermen
Town of Ferriday, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Ferriday, Louisiana (the Town) as of and for the year ended June 30, 2019, 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 Town as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity 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 Management's Discussion and Analysis on pages 3 through 7 and the Budgetary Comparison Schedules, the Schedule of the Town's Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Contributions on pages 38 through 43 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head; Compensation of the Governing Board; and Schedule of Insurance Coverage are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

This report is intended for the information of the Mayor and members of the Board of Aldermen of the Town of Ferriday, Louisiana and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Natchez, Mississippi
February 27, 2020

SECTION I
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

As management of Town of Ferriday, Louisiana (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2019 and 2018, the Town's net position decreased in 2019, which resulted in ending net position (restated) of \$12,500,984, and increased in 2018 and resulted in ending net position (restated) of \$13,260,037.

1. The ending cash balance was \$844,733 as of June 30, 2019, and \$851,300 at June 30, 2018.
2. The governmental activities had \$2,471,311 in revenues in 2019 and \$2,708,984 in revenues for 2018, which primarily consisted of sales taxes, property taxes, occupational license taxes, franchise taxes, and fines. There was \$2,745,459 in governmental expenses in 2019 and \$2,747,797 in 2018.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year.

The government-wide financial statements outline functions of the Town that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 through 9 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The basic governmental fund financial statements can be found on pages 10 through 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 37 of this report.

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$12,500,984 as of June 30, 2019.

Net Position for the Periods Ending June 30, 2019 and 2018

	Governmental	Business-Type	Totals	
	Activities	Activities	2019	2018
Current assets	\$ 441,551	\$ 689,995	\$ 1,131,546	\$ 1,135,144
Noncurrent assets	4,836,586	10,462,609	15,299,195	15,976,361
Total assets	<u>\$ 5,278,137</u>	<u>\$ 11,152,604</u>	<u>\$ 16,430,741</u>	<u>\$ 17,111,505</u>
Deferred outflows of resources	\$ 321,284	\$ -	\$ 321,284	\$ 279,556
Current liabilities	\$ 124,930	\$ 485,529	\$ 610,459	\$ 387,637
Noncurrent liabilities	1,627,913	1,944,011	3,571,924	3,677,552
Total liabilities	<u>\$ 1,752,843</u>	<u>\$ 2,429,540</u>	<u>\$ 4,182,383</u>	<u>\$ 4,065,189</u>
Deferred inflows of resources	\$ 68,658	\$ -	\$ 68,658	\$ 65,835
Net position				
Investment in capital assets, net of related debt	\$ 3,696,586	\$ 8,409,865	\$ 12,106,451	\$ 12,571,793
Restricted for customer deposits	-	79,590	79,590	79,590
Restricted for debt service	219,014	197,729	416,743	388,274
Restricted for capital projects	15,392	41,389	56,781	56,532
Unrestricted (deficit)	(153,072)	(5,509)	(158,581)	163,848
Total net position	<u>\$ 3,777,920</u>	<u>\$ 8,723,064</u>	<u>\$ 12,500,984</u>	<u>\$ 13,260,037</u>

The following is a comparative summary of the statement of activities:

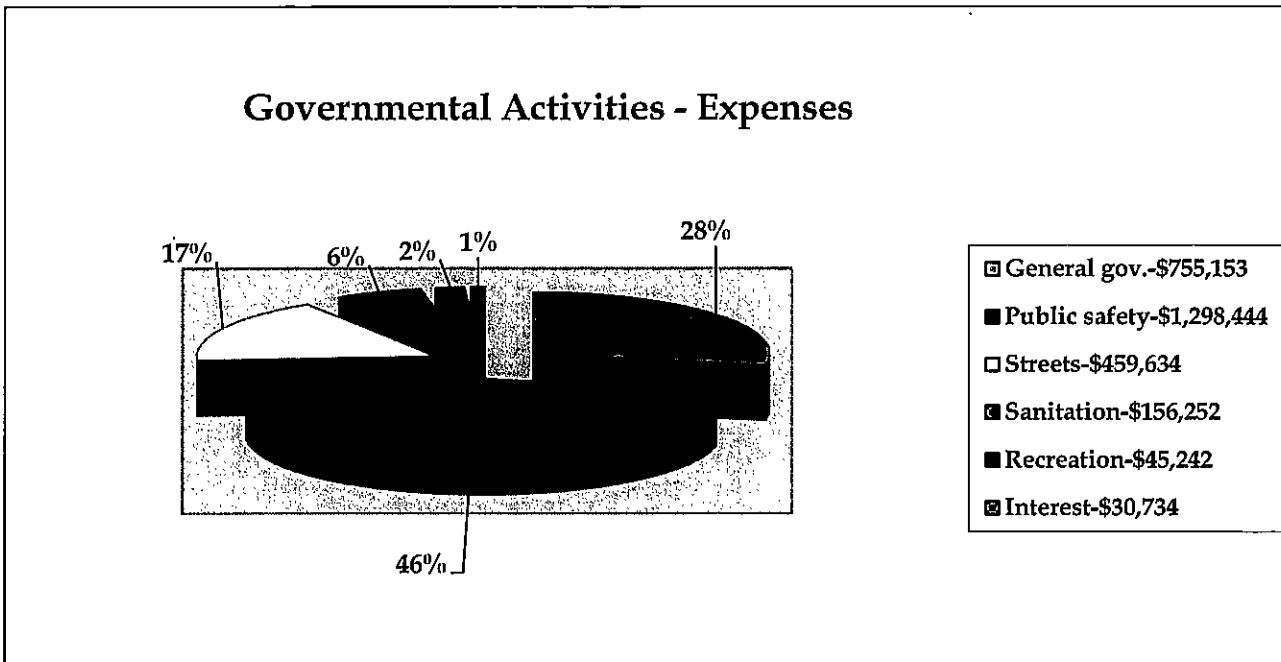
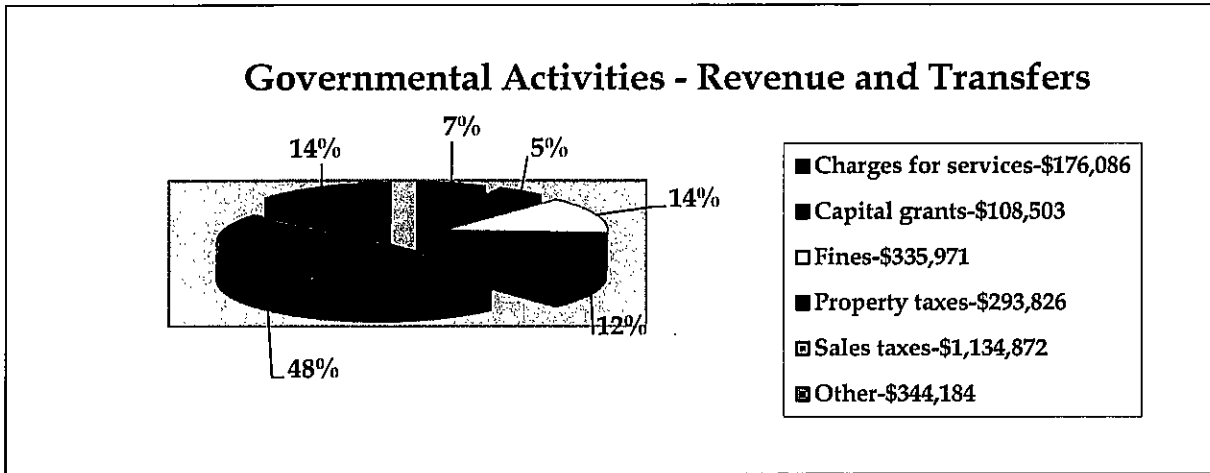
	Governmental	Business-Type	Totals	
	Activities	Activities	2019	2018
Revenue:				
Federal and state grants	\$ 108,503	\$ -	\$ 108,503	\$ 86,942
Program revenue	2,362,808	1,343,802	3,706,610	3,894,306
Capital contributions	-	-	-	519,283
Transfers	(77,869)	77,869	-	-
Total revenue and transfers	<u>\$ 2,393,442</u>	<u>\$ 1,421,671</u>	<u>\$ 3,815,113</u>	<u>\$ 4,500,531</u>
Expenses:				
General and administrative	\$ 755,153	\$ -	\$ 755,153	\$ 1,017,403
Public safety	1,298,444	-	1,298,444	1,090,855
Streets	459,634	-	459,634	421,567
Sanitation	156,252	-	156,252	142,949
Recreation	45,242	-	45,242	42,511
Interest expense	30,734	62,745	93,479	107,616
Utility operations	-	1,467,962	1,467,962	1,537,443
Total expenses	<u>\$ 2,745,459</u>	<u>\$ 1,530,707</u>	<u>\$ 4,276,166</u>	<u>\$ 4,360,344</u>
Increase (decrease) in net position	\$ (352,017)	\$ (109,036)	\$ (461,053)	\$ 140,187
Net position - beginning of year	\$ 4,129,937	\$ 9,130,100	\$ 13,260,037	\$ 13,119,850
Prior period adjustment	-	(298,000)	(298,000)	-
Net position - beginning of year (as restated)	<u>\$ 4,129,937</u>	<u>\$ 8,832,100</u>	<u>\$ 12,962,037</u>	<u>\$ 13,119,850</u>
Net position - end of year	<u>\$ 3,777,920</u>	<u>\$ 8,723,064</u>	<u>\$ 12,500,984</u>	<u>\$ 13,260,037</u>

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following are graphical representations of information presented in the statement of activities for governmental activities:



The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements.

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

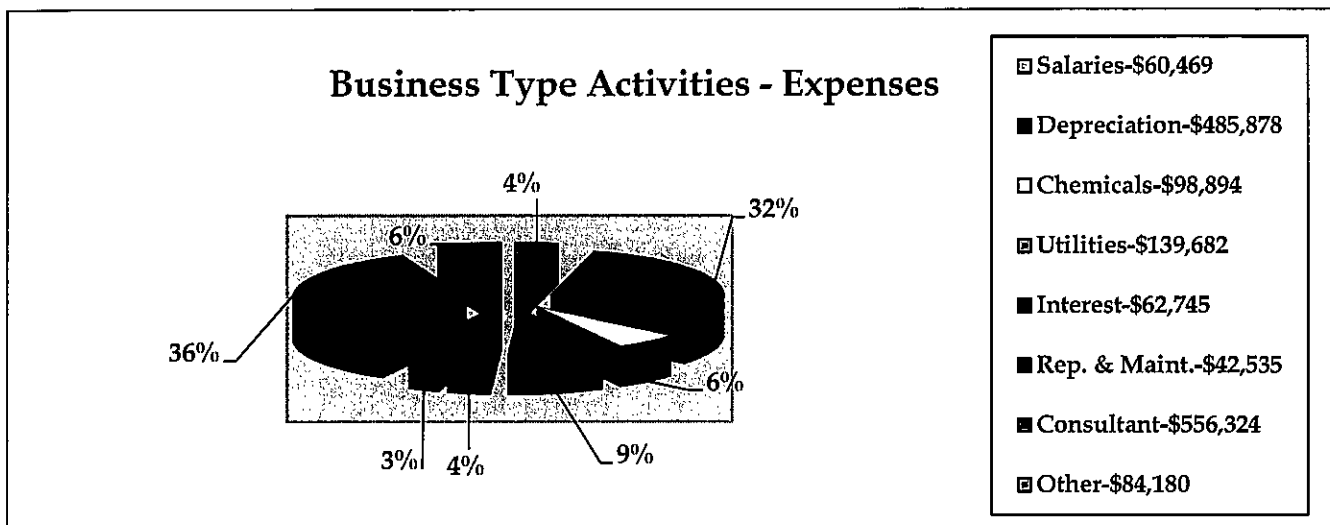
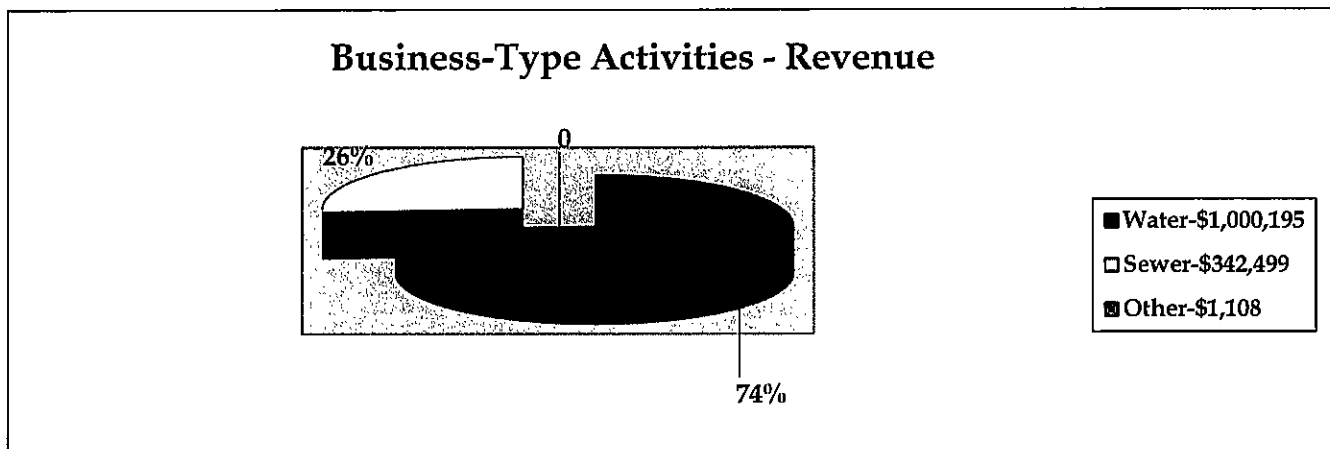
JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has two business-type activities (water and sewer), which are accounted for in enterprise funds.

The following are graphical representations of information in the statement of activities for business-type activities:



The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements.

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Comments on General Fund Budget Comparisons

The Town's budget was amended once during the last year. Expenditures were budgeted at \$2,363,055, and revenue was budgeted at \$2,324,613.

Actual expenditures were more than budgeted amounts by \$13,399, and actual revenue was \$18,194 less than the budgeted amounts.

CAPITAL ASSETS

As of June 30, 2019, the Town had a net of \$4,836,586 invested in capital assets in the governmental activities and \$10,462,609 in the business-type activities. This year, there were additions of \$47,753 in the governmental activities and \$29,955 in the business-type activities. The following capital assets were purchased in the fiscal year ended June 30, 2019:

General government additions:	
Ferriday Hall	\$ <u>47,753</u>
Total	\$ <u>47,753</u>
Proprietary fund	
Sewer plant improvements	\$ <u>29,955</u>

MANAGEMENT'S REPORT

The Town has closed fiscal year ending June 30, 2019. We are excited about the Town's new water system, which is now online. We have worked diligently in ensuring that the Town's utility billing and collection practices are accurate and that all accounts are being monitored. We feel that the Town has employed individuals in vital positions who are capable of ensuring that these procedures are carried out and can be positively reflected in the findings of the Town's audit.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Sherrie Jacobs McMahon, Mayor, 1116 Second Street, Ferriday, Louisiana 71334, (318) 757-3411.

SECTION II
BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities	Business- Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 192,079	\$ 212,004	\$ 404,083
Receivables (net of allowances for uncollectible amounts)	127,530	159,283	286,813
Restricted assets	121,942	318,708	440,650
Capital assets (net)	4,836,586	10,462,609	15,299,195
Total assets	<u>\$ 5,278,137</u>	<u>\$ 11,152,604</u>	<u>\$ 16,430,741</u>
<u>Deferred Outflows of Resources</u>	<u>\$ 321,284</u>	<u>\$ -</u>	<u>\$ 321,284</u>
<u>Liabilities</u>			
Accounts, salaries, and other payables	\$ 40,050	\$ 281,630	\$ 321,680
Customer deposits	-	86,054	86,054
Accrued interest payable	-	9,112	9,112
Accrued compensated absences	14,880	-	14,880
Long-term liabilities:			
Due within one year	70,000	108,733	178,733
Due in more than one year	1,070,000	1,944,011	3,014,011
Net pension liability	557,913	-	557,913
Total liabilities	<u>\$ 1,752,843</u>	<u>\$ 2,429,540</u>	<u>\$ 4,182,383</u>
<u>Deferred Inflows of Resources</u>	<u>\$ 68,658</u>	<u>\$ -</u>	<u>\$ 68,658</u>
<u>Net Position</u>			
Invested in capital assets, net of related debt	\$ 3,696,586	\$ 8,409,865	\$ 12,106,451
Restricted for:			
Customer deposits	-	79,590	79,590
Debt service	219,014	197,729	416,743
Capital projects	15,392	41,389	56,781
Unrestricted	<u>(153,072)</u>	<u>(5,509)</u>	<u>(158,581)</u>
Total net position	<u>\$ 3,777,920</u>	<u>\$ 8,723,064</u>	<u>\$ 12,500,984</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FERRIDAY, LOUISIANA

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<u>Governmental Activities</u>							
General government	\$ 755,153	\$ 176,086	\$ -	\$ 47,753	\$ (531,314)	\$ -	\$ (531,314)
Public safety:							
Police	1,033,553	335,971	60,750	-	(636,832)	-	(636,832)
Fire	264,891	-	-	-	(264,891)	-	(264,891)
Streets	459,634	-	-	-	(459,634)	-	(459,634)
Sanitation	156,252	-	-	-	(156,252)	-	(156,252)
Recreation	45,242	-	-	-	(45,242)	-	(45,242)
Interest on long-term debt	30,734	-	-	-	(30,734)	-	(30,734)
Total governmental activities	<u>\$ 2,745,459</u>	<u>\$ 512,057</u>	<u>\$ 60,750</u>	<u>\$ 47,753</u>	<u>\$ (2,124,899)</u>	<u>\$ -</u>	<u>\$ (2,124,899)</u>
<u>Business-Type Activities</u>							
Water	\$ 1,006,235	\$ 1,000,195	\$ -	\$ -	\$ -	\$ (6,040)	\$ (6,040)
Sewer	524,472	342,499	-	-	-	(181,973)	(181,973)
Total business-type activities	<u>\$ 1,530,707</u>	<u>\$ 1,342,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (188,013)</u>	<u>\$ (188,013)</u>
Total	<u>\$ 4,276,166</u>	<u>\$ 1,854,751</u>	<u>\$ 60,750</u>	<u>\$ 47,753</u>	<u>\$ (2,124,899)</u>	<u>\$ (188,013)</u>	<u>\$ (2,312,912)</u>
General Revenues:							
Taxes:							
Property taxes					\$ 293,826	\$ -	\$ 293,826
Sales taxes					1,134,872	-	1,134,872
Other taxes					132,426	-	132,426
Licenses and permits					101,615	-	101,615
Interest income					462	1,108	1,570
Other general revenues					187,550	-	187,550
Transfers					(77,869)	77,869	-
Total general revenues and transfers					<u>\$ 1,772,882</u>	<u>\$ 78,977</u>	<u>\$ 1,851,859</u>
Change in net position					<u>\$ (352,017)</u>	<u>\$ (109,036)</u>	<u>\$ (461,053)</u>
Net position - beginning of year					\$ 4,129,937	\$ 9,130,100	\$ 13,260,037
Prior period adjustment					-	(298,000)	(298,000)
Net position - beginning of the year, as restated					<u>\$ 4,129,937</u>	<u>\$ 8,832,100</u>	<u>\$ 12,962,037</u>
Net position - end of year					<u>\$ 3,777,920</u>	<u>\$ 8,723,064</u>	<u>\$ 12,500,984</u>

The accompanying notes are an integral part of this financial statement.

SECTION III
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF FERRIDAY, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2019

	Major Funds				Total
	General Fund	General Obligation Bond Fund	Street Construction Fund	LCDBG Water Intake Fund	
Assets					
Cash	\$ 192,079	\$ -	\$ -	\$ -	\$ 192,079
Cash - restricted	-	106,550	12,315	3,077	121,942
Accounts receivable (net of allowances for uncollectibles)	127,530	-	-	-	127,530
Due from other funds	-	112,464	-	-	112,464
Total assets	<u>\$ 319,609</u>	<u>\$ 219,014</u>	<u>\$ 12,315</u>	<u>\$ 3,077</u>	<u>\$ 554,015</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts, salaries, and other payables	\$ 40,050	\$ -	\$ -	\$ -	\$ 40,050
Due to other funds	112,464	-	-	-	112,464
Total liabilities	<u>\$ 152,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,514</u>
Fund balances:					
Restricted for:					
Debt service	\$ -	\$ 219,014	\$ -	\$ -	\$ 219,014
Capital projects	-	-	12,315	3,077	15,392
Unassigned, reported in:					
General fund	167,095	-	-	-	167,095
Total fund balances	<u>\$ 167,095</u>	<u>\$ 219,014</u>	<u>\$ 12,315</u>	<u>\$ 3,077</u>	<u>\$ 401,501</u>
Total liabilities and fund balances	<u>\$ 319,609</u>	<u>\$ 219,014</u>	<u>\$ 12,315</u>	<u>\$ 3,077</u>	<u>\$ 554,015</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FERRIDAY, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

JUNE 30, 2019

Fund Balances, Total Governmental Funds (Statement C)		\$	401,501
Amounts reported for governmental activities in the Statement of Net Position (Statement A) are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets are:			
Land, buildings, and equipment	\$	8,923,488	
Less accumulated depreciation		<u>(4,086,902)</u>	4,836,586
Deferred outflows and inflows are not financial resources or currently payable.			
Deferred outflows	\$	321,284	
Deferred inflows		<u>(68,658)</u>	252,626
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Accrued Compensated Absences			(14,880)
Long-term liabilities			(1,140,000)
Net pension liability			<u>(557,913)</u>
Net Position of Governmental Activities (Statement A)		\$	<u>3,777,920</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds				Total
	General Fund	General Obligation Bond Fund	Street Construction Fund	LCDBG Water Intake Funds	
Revenue					
Taxes	\$ 1,434,050	\$ 127,074	\$ -	\$ -	\$ 1,561,124
Licenses and permits	101,615	-	-	-	101,615
Intergovernmental:					
Federal funds	14,600	-	-	-	14,600
State funds	93,903	-	-	-	93,903
Charges for services	176,086	-	-	-	176,086
Fines	335,971	-	-	-	335,971
Interest income	84	377	-	1	462
Miscellaneous	187,550	-	-	-	187,550
Total revenue	<u>\$ 2,343,859</u>	<u>\$ 127,451</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2,471,311</u>
Expenditures					
Current:					
General government and administration	\$ 604,676	\$ -	\$ -	\$ -	\$ 604,676
Public safety:					
Police	1,004,993	-	-	-	1,004,993
Fire	258,370	-	-	-	258,370
Streets	340,702	-	-	-	340,702
Sanitation	156,252	-	-	-	156,252
Recreation	45,242	-	-	-	45,242
Capital outlay	47,753	-	-	-	47,753
Debt service:					
Principle	-	70,000	-	-	70,000
Interest	-	30,734	-	-	30,734
Total expenditures	<u>\$ 2,457,988</u>	<u>\$ 100,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,558,722</u>
Excess of revenue (expenditures)	<u>\$ (114,129)</u>	<u>\$ 26,717</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (87,411)</u>

-continued-

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds				Total
	General Fund	General Obligation Bond Fund	Street Construction Fund	LCDBG Water Intake Fund	
Excess of revenue over (under) expenditures	\$ (114,129)	\$ 26,717	\$ -	\$ 1	\$ (87,411)
<u>Other Financing Sources (Uses)</u>					
Transfers - (out)	\$ (77,869)	\$ -	\$ -	\$ -	\$ (77,869)
Total other financing sources (uses)	\$ (77,869)	\$ -	\$ -	\$ -	\$ (77,869)
Net change in fund balances	\$ (191,998)	\$ 26,717	\$ -	\$ 1	\$ (165,280)
Fund balances - beginning of year	\$ 359,093	\$ 192,297	\$ 12,315	\$ 3,076	\$ 566,781
Fund balances - end of year	\$ 167,095	\$ 219,014	\$ 12,315	\$ 3,077	\$ 401,501

The accompanying notes are an integral part of this financial statement.

TOWN OF FERRIDAY, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$	(165,280)
---	----	-----------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. Thus, the change in net position differs from the change in fund balances by which capital outlays exceeded depreciation in the period:

Capital outlay	\$	47,753	
Depreciation expense		<u>(268,996)</u>	(221,243)

Repayment of debt principal is an expenditure in the governmental funds, and borrowing is an income item, but the repayment reduces long-term liabilities in the statement of net position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments and debt issued.

Repayment of debt principal	70,000
-----------------------------	--------

Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the Statement of Activities, the net pension expense is reported according to estimates required by GASB 68:

Pension expenses paid	\$	67,459	
Pension expenses per GASB 68		<u>(133,631)</u>	(66,172)

Increase in accrued compensated absences	2,110
Net change in pension related items	<u>28,568</u>

Change in Net Position of Governmental Activities (Statement B)	<u>\$</u>	<u>(352,017)</u>
---	-----------	------------------

The accompanying notes are an integral part of this financial statement.

PROPRIETARY FUNDS

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2019

	Major Funds		Total
	Water Fund	Sewer Fund	
Assets			
Current assets:			
Cash	\$ 207,606	\$ 4,398	\$ 212,004
Accounts receivable, utility sales (net of allowance of \$11,000 and \$33,000, respectively)	134,324	24,959	159,283
Total current assets	\$ 341,930	\$ 29,357	\$ 371,287
Noncurrent assets			
Restricted assets:			
Plant construction	\$ 41,389	\$ -	\$ 41,389
Bond debt service reserve fund	38,427	108,510	146,937
Bond sinking fund	675	-	675
Depreciation fund	41,623	8,494	50,117
Consumer deposits	79,590	-	79,590
Total restricted assets	\$ 201,704	\$ 117,004	\$ 318,708
Capital assets:			
Property, plant, and equipment	\$ 13,350,242	\$ 7,862,750	\$ 21,212,992
Less accumulated depreciation	(5,173,305)	(5,577,078)	(10,750,383)
Total capital assets	\$ 8,176,937	\$ 2,285,672	\$ 10,462,609
Total assets	\$ 8,720,571	\$ 2,432,033	\$ 11,152,604
Liabilities			
Current liabilities (payable from current assets):			
Accounts, salaries, and other payables	\$ 265,232	\$ 16,398	\$ 281,630
Total current liabilities (payable from current assets)	\$ 265,232	\$ 16,398	\$ 281,630
Current liabilities (payable from restricted assets):			
Customer deposits	\$ 86,054	\$ -	\$ 86,054
Notes payable, current portion	28,384	80,349	108,733
Accrued interest payable	7,566	1,546	9,112
Total current liabilities payable from restricted assets	\$ 122,004	\$ 81,895	\$ 203,899
Long-term liabilities:			
Notes payable	\$ 1,494,384	\$ 449,627	\$ 1,944,011
Total liabilities	\$ 1,881,620	\$ 547,920	\$ 2,429,540
Net Position			
Invested in capital assets, net of related debt	\$ 6,654,169	\$ 1,755,696	\$ 8,409,865
Restricted for capital projects	41,389	-	41,389
Restricted for customer deposits	79,590	-	79,590
Restricted for debt service	80,725	117,004	197,729
Unrestricted	(16,922)	11,413	(5,509)
Total net position	\$ 6,838,951	\$ 1,884,113	\$ 8,723,064

The accompanying notes are an integral part of this financial statement.

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds		Total
	Water Fund	Sewer Fund	
<u>Operating Revenue</u>			
Utility sales	\$ 981,583	\$ 342,099	\$ 1,323,682
Other income	18,612	400	19,012
Total operating revenue	<u>\$ 1,000,195</u>	<u>\$ 342,499</u>	<u>\$ 1,342,694</u>
<u>Operating Expenses</u>			
Salaries	\$ -	\$ 60,469	\$ 60,469
Payroll taxes and retirement	-	10,093	10,093
Utilities	43,018	96,664	139,682
Chemicals and supplies	69,712	29,182	98,894
Repairs and maintenance	8,075	34,460	42,535
Consultant fees	520,231	36,093	556,324
Office expense and postage	9,404	183	9,587
Depreciation	287,451	198,427	485,878
Other operating expenses	30,946	33,554	64,500
Total operating expenses	<u>\$ 968,837</u>	<u>\$ 499,125</u>	<u>\$ 1,467,962</u>
Net income (loss) from operations	<u>\$ 31,358</u>	<u>\$ (156,626)</u>	<u>\$ (125,268)</u>
Nonoperating revenue and expenses			
Interest income	\$ -	\$ 1,108	\$ 1,108
Interest expense	(37,398)	(25,347)	(62,745)
Total nonoperating revenue and expenses	<u>\$ (37,398)</u>	<u>\$ (24,239)</u>	<u>\$ (61,637)</u>
Income (loss) before transfers	<u>\$ (6,040)</u>	<u>\$ (180,865)</u>	<u>\$ (186,905)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	\$ 14,056	\$ 63,813	\$ 77,869
Total other financing sources (uses)	<u>\$ 14,056</u>	<u>\$ 63,813</u>	<u>\$ 77,869</u>
Change in net position	<u>\$ 8,016</u>	<u>\$ (117,052)</u>	<u>\$ (109,036)</u>
Total net position - beginning of year	\$ 7,128,935	\$ 2,001,165	\$ 9,130,100
Prior period adjustment	(298,000)	-	(298,000)
Total net position - beginning of year, as restated	<u>\$ 6,830,935</u>	<u>\$ 2,001,165</u>	<u>\$ 8,832,100</u>
Total net position - end of year	<u>\$ 6,838,951</u>	<u>\$ 1,884,113</u>	<u>\$ 8,723,064</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FERRIDAY, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds		Total
	Water Fund	Sewer Fund	
<u>Cash Flows from Operating Activities</u>			
Cash received from customers	\$ 979,256	\$ 337,075	\$ 1,316,331
Cash paid to suppliers and employees	(760,549)	(285,500)	(1,046,049)
Net cash provided by operating activities	<u>\$ 218,707</u>	<u>\$ 51,575</u>	<u>\$ 270,282</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers from (to) other funds	\$ 14,056	\$ 63,813	\$ 77,869
Increase in customer deposits	(200)	-	(200)
Net cash provided by noncapital financing activities	<u>\$ 13,856</u>	<u>\$ 63,813</u>	<u>\$ 77,669</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchase of fixed assets	\$ -	\$ (29,955)	\$ (29,955)
Principal paid on notes payable	(61,979)	(79,845)	(141,824)
Interest paid on notes payable	(37,398)	(25,347)	(62,745)
Interest income	-	1,108	1,108
Net cash used for financing activities	<u>\$ (99,377)</u>	<u>\$ (134,039)</u>	<u>\$ (233,416)</u>
Net increase (decrease) in cash	\$ 133,186	\$ (18,651)	\$ 114,535
Cash at beginning of year	<u>276,124</u>	<u>140,053</u>	<u>416,177</u>
Cash at end of year	<u><u>\$ 409,310</u></u>	<u><u>\$ 121,402</u></u>	<u><u>\$ 530,712</u></u>
<u>Reconciliation of Operating Loss to Net Cash Provided by:</u>			
Operating income (loss)	<u>\$ 31,358</u>	<u>\$ (156,626)</u>	<u>\$ (125,268)</u>
<u>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</u>			
Depreciation	\$ 287,451	\$ 198,427	\$ 485,878
Change in assets and liabilities			
Increase in accounts receivable	(20,939)	(5,424)	(26,363)
Increase in accounts payable	(79,163)	15,198	(63,965)
Total adjustments	<u>\$ 187,349</u>	<u>\$ 208,201</u>	<u>\$ 395,550</u>
Net cash provided by operating activities	<u><u>\$ 218,707</u></u>	<u><u>\$ 51,575</u></u>	<u><u>\$ 270,282</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

INTRODUCTION

The Town of Ferriday, Louisiana is a municipal corporation governed by an elected mayor.

1. The Town of Ferriday, Louisiana was incorporated under provisions of the Lawrason Act as a town in 1923.
2. The purpose of a municipality is to provide utility services, public safety (police and fire), streets, sanitation, and general administrative services.
3. The Board of Aldermen consists of five elected members that are paid \$500 per month for regular meetings and \$100 for each special meeting.
4. The Town of Ferriday, Louisiana is located in the northeastern portion of Concordia Parish, Louisiana.
5. The population of Ferriday, Louisiana was 3,511 on July 1, 2010, according to 2010 census.
6. The Town of Ferriday, Louisiana had approximately 48 employees as of June 30, 2019.
7. The Town of Ferriday, Louisiana had approximately 1,500 utility customers as of June 30, 2019. The customers consisted of 1,350 residential customers and 150 commercial customers.

GASB Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The General Obligation Bond Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations created by the issuing of \$1,280,000 general obligation bonds.

The Street Construction Fund accounts for transactions relating to proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The LCDBG Water Intake Fund accounts for emergency construction of repairs to the water intake facility connected to the water treatment plant. This construction is funded by a grant under LCDBG contract No. 698535.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The municipality reports the following major proprietary funds:

The Water Fund is used to account for operations where the intent of the governing body is that costs (expenses, including depreciation) of providing water services to the general public on a continuing basis be financed (or recovered primarily) through user charges.

The Sewer Fund is used to account for operations where the intent of the governing body is that costs (expenses, including depreciation) of providing sewer services to the general public on a continuing basis be financed (or recovered primarily) through user charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government enterprise operations. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds is the sale of water and sewer services to both residential and commercial customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Deposits

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables and Revenue

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

General Fund	14.66 mills
General Obligation Bond Fund	12 mills

The Town has levied a 2 ½% sales tax on sales within the legal limits of the Town. The proceeds of the sales tax are dedicated to:

1. Payment of general operating expenses of the Town,
2. Payment of all or part of capital improvements,
3. Maintenance or operation of capital improvements, and
4. Any one or all of the aforementioned purposes.

E. Restricted Assets

At June 30, 2019, certain assets of the Town have been restricted for debt service and customers' deposits as follows:

	<u>Major Funds</u>			<u>Proprietary Funds</u>	
	<u>General Obligation Bond Fund</u>	<u>Street Construction Fund</u>	<u>LCDBG Water Intake Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Restricted for construction	\$ -	\$ 12,315	\$ 3,077	\$ 41,389	\$ -
Restricted for debt service	106,550	-	-	80,725	117,004
Restricted for customer deposits	-	-	-	79,590	-
	<u>\$ 106,550</u>	<u>\$ 12,315</u>	<u>\$ 3,077</u>	<u>\$ 201,704</u>	<u>\$ 117,004</u>

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Under the provisions of GASB Statement 34 as a Phase III government, the Town has elected not to retroactively capitalize certain infrastructure assets such as roads and streets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest incurred or capitalized during the year.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Gas lines, sewer lines, and water plant	40 years
Vehicles and equipment	3 to 10 years
Buildings	40 years
Other	5 to 20 years

G. Compensated Absences

The municipality has the following policy relating to vacation and sick leave:

Annual Leave – For the first five years of full-time employment, each employee shall be credited with 80 hours of annual leave on his or her employment anniversary date. Each employee with more than five and less than ten years of service as a full-time employee shall be credited with 96 hours of annual leave on his or her anniversary date. Each employee with ten or more years of service as a full-time employee shall be credited with 120 hours of annual leave on his or her employment anniversary date. The maximum hours accumulated can be no more than 240 hours.

Sick Leave – Each full-time employee shall earn sick leave at the rate of eight hours for each month worked. However, no employee may accumulate more than 80 hours of sick leave per year, nor accumulate more than 240 hours of sick leave overall.

GASB Statement 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Compensated Absences (continued)

GASB Statement 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

1. An accrual for earned sick leave should be made only to the extent that it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

H. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

I. Net Postion/Fund Balance

Beginning with fiscal year 2012, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Position/Fund Balance (continued)

- Unassigned fund balance – amounts that are available for any purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The Town establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Town through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

Government-Wide Financial Statements

The page labeled Statement of Net Position (Statement A) and the page labeled Statement of Activities (Statement B) display information about the Town as a whole. These statements include all the financial activities of the Town. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information - The municipality uses the following budget practices:

1. The Town prepares a proposed budget and submits it to the Mayor and Board of Aldermen no later than 15 days prior to the beginning of each fiscal year. The Town approves a budget for the general fund only.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenue exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a cash basis.

NOTE 3 - TOTAL EXPENDITURES - BUDGET AND ACTUAL

The general fund actual expenditures of \$2,376,454 were more than budgeted expenditures of \$2,363,055 by \$13,399. General fund revenues were \$18,194 less than the budget.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 4 - CASH AND CASH EQUIVALENTS

At June 30, 2019, the Town has cash and cash equivalents (book balances) as follows:

Demand deposits	\$	429,909	
Interest-bearing demand deposits		111,110	
Time deposits		<u>303,714</u>	
	\$	<u>844,733</u>	

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

At June 30, 2019, the municipality had \$854,688 in deposits (collected bank balances). These deposits are secured from risk by \$521,195 of federal deposit insurance and \$586,087 in pledged securities.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 2, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds on demand.

NOTE 5 - RECEIVABLES

The receivables of \$286,813 at June 30, 2019, are as follows:

Governmental funds			
Garbage collection fees		\$	33,712
Sales tax			98,875
Fines			15,943
Less allowance for doubtful accounts			<u>(21,000)</u>
Total governmental funds		\$	127,530
Proprietary funds			
Water billings	\$	145,324	
Less allowance for doubtful accounts		<u>(11,000)</u>	134,324
Sewer billings	\$	57,959	
Less allowance for doubtful accounts		<u>(33,000)</u>	<u>24,959</u>
Total		\$	<u>286,813</u>

An allowance for bad debts has been established which estimates the amount of uncollectible accounts receivable. The Town writes off accounts receivable by reducing accounts receivable and the allowance for bad debts as they are identified as uncollectible.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 6 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019, are as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 213,544	\$ -	\$ -	\$ 213,544
Total capital assets not being depreciated	<u>\$ 213,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,544</u>
Capital assets being depreciated				
Construction in progress	\$ 843,832	\$ 47,753	\$ (891,585)	\$ -
Buildings	3,750,370	891,585	-	4,641,955
Machinery and equipment	1,719,201	-	-	1,719,201
Streets	2,348,788	-	-	2,348,788
Total capital assets being depreciated	<u>\$ 8,662,191</u>	<u>\$ 939,338</u>	<u>\$ (891,585)</u>	<u>\$ 8,709,944</u>
Less accumulated depreciation for				
Buildings	\$ (1,453,372)	\$ (114,983)	\$ -	\$ (1,568,355)
Machinery and equipment	(1,565,908)	(35,081)	-	(1,600,989)
Streets	(798,626)	(118,932)	-	(917,558)
Total accumulated depreciation	<u>\$ (3,817,906)</u>	<u>\$ (268,996)</u>	<u>\$ -</u>	<u>\$ (4,086,902)</u>
Total capital assets being depreciated, net	<u>\$ 4,844,285</u>	<u>\$ 670,342</u>	<u>\$ (891,585)</u>	<u>\$ 4,623,042</u>
Governmental activities capital assets, net	<u>\$ 5,057,829</u>	<u>\$ 670,342</u>	<u>\$ (891,585)</u>	<u>\$ 4,836,586</u>
Business-type activities:				
Capital assets being depreciated				
Construction in progress	\$ 56,628	\$ -	\$ -	\$ 56,628
Water systems lines and equipment	13,293,614	-	-	13,293,614
Sewer systems lines and equipment	7,832,795	29,955	-	7,862,750
Total capital assets being depreciated	<u>\$ 21,183,037</u>	<u>\$ 29,955</u>	<u>\$ -</u>	<u>\$ 21,212,992</u>
Less accumulated depreciation:				
Water systems lines and equipment	\$ (4,885,854)	\$ (287,451)	\$ -	\$ (5,173,305)
Sewer systems lines and equipment	(5,378,651)	(198,427)	-	(5,577,078)
Total accumulated depreciation	<u>\$ (10,264,505)</u>	<u>\$ (485,878)</u>	<u>\$ -</u>	<u>\$ (10,750,383)</u>
Business-type activities capital assets, net	<u>\$ 10,918,532</u>	<u>\$ (455,923)</u>	<u>\$ -</u>	<u>\$ 10,462,609</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 114,983
Police	28,560
Fire	6,521
Streets	118,932
Total depreciation	<u>\$ 268,996</u>

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 7 - INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund transfers at June 30, 2019:

<u>Transfers Out</u>	<u>Transfers In</u>		
General Fund	Sewer Fund	\$	63,813
General Fund	Water Fund	\$	14,056

NOTE 8 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries, and other payables at June 30, 2019, are as follows:

	<u>Proprietary Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	
Accounts	\$ 40,050	\$ 265,232	\$ 16,398	\$ 321,680
Total	<u>\$ 40,050</u>	<u>\$ 265,232</u>	<u>\$ 16,398</u>	<u>\$ 321,680</u>

NOTE 9 - LONG-TERM LIABILITIES

The following is a summary of changes in governmental activities long-term liabilities in the statement of net position for the year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$ 1,210,000	\$ -	\$ 70,000	\$ 1,140,000	\$ 70,000
Compensated absences	16,990	-	2,110	14,880	-
Total	<u>\$ 1,226,990</u>	<u>\$ -</u>	<u>\$ 72,110</u>	<u>\$ 1,154,880</u>	<u>\$ 70,000</u>

Long-term liabilities at June 30, 2019, are comprised of the following:

General Obligation Bonds - \$1,280,000 in General Obligation Bonds due in annual installments of \$70,000 to \$115,000 through March 1, 2031, bearing interest at a rate of 2.54%.	<u>\$ 1,140,000</u>
	<u>\$ 1,140,000</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2019, are as follows:

<u>Year</u> <u>Ended</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 80,000	\$ 28,956	\$ 108,956
2021	80,000	26,924	106,924
2022	85,000	24,892	109,892
2023	85,000	22,733	107,733
2024	90,000	20,574	110,574
2025-2029	495,000	67,310	562,310
2030-2031	225,000	8,636	233,636
	<u>\$ 1,140,000</u>	<u>\$ 200,025</u>	<u>\$ 1,340,025</u>

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM LIABILITIES (continued)

The following is a summary of the business-type activities long-term liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Water	\$ 1,584,747	\$ -	\$ (61,979)	\$ 1,522,768	\$ 28,384
Sewer	609,821	-	(79,845)	529,976	80,349
Total	<u>\$ 2,194,568</u>	<u>\$ -</u>	<u>\$ (141,824)</u>	<u>\$ 2,052,744</u>	<u>\$ 108,733</u>

Bonds payable at June 30, 2019, are comprised of the following:

USDA Series 2016 (R-1):

Water Revenue Bonds - \$1,384,000 in revenue bonds due in monthly installments of \$4,540, beginning April 17, 2017 through 2054, bearing interest at a rate of 2.365%

\$ 1,287,507

USDA Series 2016 (R-2):

Water Revenue Bonds - \$252,000 in revenue bonds due in monthly installments of \$862, beginning April 17, 2017 through 2054, bearing interest at a rate of 2.625%

235,261

USDA Series 1993:

Sewer Revenue Bonds - \$1,800,000 in revenue bonds due in monthly installments totaling \$105,192 annually through June 14, 2033, bearing interest at a rate of 5%.

529,976

Total

\$ 2,052,744

Annual debt service requirements to maturity for the following debt reported in the business-type activities are as follows:

Year Ended	Series 2016 (R-1) \$1,384,000		Series 2016 (R-2) \$252,000		Series 1993 \$1,800,000	
	Water Revenue Bonds		Water Revenue Bonds		Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 24,165	\$ 30,315	\$ 4,219	\$ 6,125	\$ 80,349	\$ 24,843
2021	24,745	29,735	4,331	6,013	84,460	20,732
2022	25,339	29,141	4,446	5,898	88,781	16,411
2023	25,947	28,533	4,564	5,780	93,324	11,868
2024	26,570	27,910	4,686	5,658	98,098	7,094
2025-2029	142,734	129,666	25,361	26,359	84,964	1,727
2030-2034	161,010	111,390	28,916	22,804	-	-
2035-2039	180,660	91,740	32,966	18,754	-	-
2040-2044	203,740	68,660	37,586	14,134	-	-
2045-2049	229,411	42,989	42,850	8,870	-	-
2050-2054	243,186	14,588	45,336	2,920	-	-
2055-2056	-	-	-	-	-	-
	<u>\$ 1,287,507</u>	<u>\$ 604,667</u>	<u>\$ 235,261</u>	<u>\$ 123,315</u>	<u>\$ 529,976</u>	<u>\$ 82,675</u>

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM LIABILITIES (continued)

The Town of Ferriday's proprietary fund bonds are governed by the terms of an indenture agreement, under the following terms:

WATER FUND BONDS

"Operation and Maintenance Reserve Fund"

1. The Town shall maintain an "Operation and Maintenance Reserve Fund" equal to 25% of the annual operation and maintenance cost estimated to be \$709,440, which equals \$177,360. This \$177,360 balance must be created over a 60-month period by depositing \$2,935 per month.

"Depreciation Reserve Fund"

2. The Town shall maintain a "Depreciation Reserve Fund" by depositing \$3,434 monthly in addition to the debt service reserve.

At June 30, 2019, the Town had reserves of the following:

Water Reserve Fund	\$	5,377
WW Contingency Fund		41,623
WW Sinking Fund		675
Water Reserve CD		<u>33,050</u>
	<u>\$</u>	<u>80,724</u>

These reserve requirements begin when the loan is complete.

The Town of Ferriday is in compliance with these covenants.

SEWER FUND BONDS

1. The Town shall maintain a "Reserve Fund" into which monthly payments of \$439 to \$475 shall be deposited until a balance of \$105,192 has been accumulated. The reserve fund balance was \$108,510 as of June 30, 2019. At June 30, 2019, the Town was in compliance with this covenant.
2. The Town shall maintain a "Contingency Fund" into which monthly payments of \$441 shall be deposited. The contingency fund balance was \$8,494 as of June 30, 2019. At June 30, 2019, the Town was in compliance with this covenant.
3. The Town had a requirement to maintain a "Sinking Fund" into which \$8,766 shall be deposited monthly. The Town now pays the note on a monthly basis; therefore, no sinking fund is required.

NOTE 10 - RETIREMENT SYSTEM

Substantially all employees of the Town of Ferriday are members of the Municipal Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a board of trustees. Pertinent information relative to the plan follows.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT SYSTEM

Municipal Employees Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week, who are not covered by another pension plan and are paid wholly or in part from municipal funds, and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service in this plan or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless they have at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary.

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary, and the Town of Ferriday is required to contribute at an actuarially determined rate. The current rate is 11% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each Plan. The contribution requirements of Plan members of the Town of Ferriday are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Ferriday's contributions to the System under Plan B for the year ending June 30, 2018, were \$52,819, equal to the required contribution for those years.

Municipal Police Employees' Retirement System of Louisiana (MPERS)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 10 - RETIREMENT SYSTEM (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The rate for the fiscal year ended June 30, 2018, was 30.75% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the year ending June 30, 2019, was \$14,640, equal to the required contributions for those years.

NOTE 11 - PLAN DESCRIPTION AND BENEFITS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (MERS)

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

At June 30, 2019, the Town reported a liability of \$438,203 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 towns, actuarially determined. At June 30, 2018, the Town's proportion was .5180%.

For the year ended June 30, 2019, the Town recognized pension expense of \$91,868, less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$3,453. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,174	\$ 19,737
Changes of assumptions	16,398	-
Net difference between projected and actual earnings on pension plan investments	71,222	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	68,763	42,804
Town contributions subsequent to the measurement date	<u>52,819</u>	<u>-</u>
Total	<u>\$ 210,376</u>	<u>\$ 62,541</u>

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - PLAN DESCRIPTION AND BENEFITS - MERS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$52,819 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Year ended June 30:		
2020	\$	39,575
2021		46,775
2022		6,458
2023		2,209

Actuarial assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal Cost
Expected remaining service lives	3 years
Investment rate of return	7.275%
Inflation rate	2.6%
Salary increases, including inflation and merit	5.000%
Annuitant and beneficiary mortality	RP - 2000 Healthy Annuitant Sex Distinct Mortality Tables set forward two years for males and set forward one year for females projected to 2028 using scale AA.
Employee mortality	RP - 2000 Disabled Lives Mortality Table set back two years for both males and females
Disabled lives mortality	RP - 2000 Disabled Lives Mortality Table set back five years for males and set back three years for females.

The long-term expected real 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 were 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 Town's target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50%	2.2%
Public fixed income	35%	1.5%
Alternatives	15%	0.6%
Totals	100%	4.3%
Inflation		2.7%
Expected arithmetic nominal return		7.0%

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - PLAN DESCRIPTION AND BENEFITS - MERS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount Rate. 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 PRSAC. 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 Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.275%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.275%) or one percentage point higher (8.275%) than the current rate:

	Changes in Discount Rate 2018		
	1% Decrease	Current Discount Rate	1% Increase
	6.275%	7.275%	8.275%
Net Pension Liability	\$ 575,087	\$ 438,203	\$ 321,839

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (MPERS)

At June 30, 2019, the Town reported a liability of \$119,710 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 towns, actuarially determined. At June 30, 2018, the Town's proportion was .01416%.

For the year ended June 30, 2019, the Town recognized pension expense of \$17,827, plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$27,389. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 540	\$ 6,117
Changes of assumptions	7,823	-
Net difference between projected and actual earnings on pension plan investments	5,739	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	82,166	-
Town contributions subsequent to the measurement date	14,640	-
Total	\$ 110,908	\$ 6,117

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - PLAN DESCRIPTION AND BENEFITS - MPERS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$14,640 reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Year ended June 30:	
2020	\$ 34,368
2021	31,444
2022	24,130
2023	209

Actuarial assumptions. The total pension liability as of June 30, 2018, is based on actuarial valuations and assumptions as follows:

Valuation date	June 30, 2018	
Actuarial cost method	Entry Age Normal Cost	
Investment rate of return	7.20%, net of investment expense	
Expected remaining service lives	2018 - four years	
	2017 - four years	
	2016 - four years	
	2015 - four years	
Inflation rate	2.60%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	23 and over	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex-Distinct Tables, projected to 2029 by Scale AA (set back one year for females) for healthy annuitants and beneficiaries. RP-2000 Employee Table, set back four years for males and three 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.	

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 11 - PLAN DESCRIPTION AND BENEFITS - MPERS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on Plan data for the period July 2, 2009 through June 30, 2014, and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables:

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	52.00%	3.58%
Fixed income	22.00%	0.46%
Alternatives	20.00%	1.07%
Other	6.00%	0.17%
Totals	<u>100.00%</u>	<u>5.28%</u>
Inflation		<u>2.75%</u>
Expected arithmetic nominal return		<u>8.03%</u>

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.20%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (8.20%) than the current rate:

	<u>Changes in Discount Rate 2018</u>		
	<u>1% Decrease 6.20%</u>	<u>Current Discount Rate 7.20%</u>	<u>1% Increase 8.20%</u>
Net Pension Liability	\$ 168,225	\$ 119,710	\$ 79,007

TOWN OF FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 12 - CONTINGENT LIABILITIES

Federal Grants - The Town has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Town.

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 14 - ON-BEHALF PAYMENTS

The State of Louisiana paid the Town's policemen \$60,750 of supplemental pay during the year ended June 30, 2019. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

During the years 2012 and 2013, the Town accumulated various invoices from JCP management that they were unable to pay. With the rate increase during the current year, the water department is now able to sustain itself. The Town and JCP have come to a verbal agreement on paying the fees owed JCP.

The effect of the recording of the accounts payable on the financial statements is as follows at June 30, 2019:

Proprietary (Water) Fund

	As Previously Stated	As Restated	Effect of Correction
Statement of Net Position			
Accounts payable	\$ 46,395	\$ 344,395	\$ 298,000
Total net position	\$ 7,128,935	\$ 6,838,951	\$ (298,000)

SECTION IV
ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FERRIDAY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019 Budget Note 1		Actual Amounts (Budget Basis) Actual	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<u>Revenue</u>				
Taxes	\$ 1,521,500	\$ 1,437,574	\$ 1,433,635	\$ (3,939)
Licenses and permits	76,800	72,403	101,615	29,212
Intergovernmental:				
Federal funds	87,000	14,600	14,600	-
State funds	-	33,153	33,153	-
Charges for services	200,000	184,996	172,822	(12,174)
Fines	500,000	410,755	363,044	(47,711)
Miscellaneous	365,825	171,132	187,550	16,418
Total revenue	<u>\$ 2,751,125</u>	<u>\$ 2,324,613</u>	<u>\$ 2,306,419</u>	<u>\$ (18,194)</u>
<u>Expenditures</u>				
Current:				
General government and administration	\$ 747,214	\$ 612,235	\$ 598,441	\$ 13,794
Public safety:				
Police	938,000	922,299	935,306	(13,007)
Fire	250,000	250,000	255,460	(5,460)
Streets	303,000	330,000	338,000	(8,000)
Sanitation	171,000	155,768	156,252	(484)
Recreation	370	45,000	45,242	(242)
Capital outlay	180,000	47,753	47,753	-
Total expenditures	<u>\$ 2,589,584</u>	<u>\$ 2,363,055</u>	<u>\$ 2,376,454</u>	<u>\$ (13,399)</u>
<u>Excess (deficiency) of revenue over expenditures</u>	<u>\$ 161,541</u>	<u>\$ (38,442)</u>	<u>\$ (70,035)</u>	<u>\$ (31,593)</u>
<u>Other financing sources (uses)</u>				
Interest income	\$ 100	\$ 110	\$ 84	\$ (26)
Transfers	-	-	(77,869)	(77,869)
Total other financing sources (uses)	<u>\$ 100</u>	<u>\$ 110</u>	<u>\$ (77,785)</u>	<u>\$ (77,895)</u>
Net change in fund balances	\$ 161,641	\$ (38,332)	\$ (147,820)	\$ (109,488)
Fund balances - beginning of year	<u>339,899</u>	<u>339,899</u>	<u>339,899</u>	<u>-</u>
Fund balances - end of year	<u>\$ 501,540</u>	<u>\$ 301,567</u>	<u>\$ 192,079</u>	<u>\$ (109,488)</u>

See Independent Auditor's Report.

TOWN OF FERRIDAY, LOUISIANA
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2019

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the cash basis, and variances between the final budget and the actual data.

2. Budget Adoption and Amendments

Preliminary budgets for the ensuing year are prepared by the Town Clerk prior to June 30 of each year. The availability of the proposed budget for public inspection and the date of the public hearing on the proposed budgets are advertised in the official journal. During its June meeting, the Town holds a public hearing on the proposed budgets in order to receive comments from residents of the Town. Changes are made to the proposed budgets based on the public hearing and the desires of the Board of Aldermen. The budgets are then adopted during the Town's regular June meeting.

The Town Clerk presents necessary budget amendments to the Board of Aldermen during the year when, in her judgment, actual operations are differing materially from those anticipated in the original budget. During a regular meeting, the Town reviews the proposed amendments, makes changes as it deems necessary, and formally adopts the amendments. The adoption of the amendments is included in the Town's minutes published in the official journal.

The Town exercises budgetary control at the functional level. Within functions, the Town Clerk has the discretion to make changes as she deems necessary for proper control. Unexpended appropriations lapse at year-end and must be reappropriated in the next year's budget to be expended.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budgets must be approved by the Board and the grantor agencies.

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

Net change in fund balance - budget basis	\$ (147,820)
Increase (decrease)	
Net adjustments for revenue accruals	(23,394)
Net adjustments for expenditure accruals	(20,784)
Net change in fund balance - GAAP basis	<u>\$ (191,998)</u>

See Independent Auditor's Report.

TOWN OF FERRIDAY, LOUISIANA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LOUISIANA MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	.5180%	.5564%	.3231%	.5173%	.5437%
Town's proportionate share of the net pension liability (asset)	\$ 438,208	\$ 481,404	\$ 267,850	\$ 351,613	\$ 255,275
Town's covered-employee payroll	\$ 386,898	\$ 412,990	\$ 237,395	\$ 358,971	\$ 197,543
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	113.26%	116.57%	88.63%	97.95%	129.23%
Plan fiduciary net position as a percentage of the total pension liability	65.60%	63.49%	63.34%	68.71%	76.94%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

TOWN OF FERRIDAY, LOUISIANA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LOUISIANA MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

	<u>2019</u>
Town's proportion of the net pension liability (asset)	.01416%
Town's proportionate share of the net pension liability (asset)	\$ 119,710
Town's covered-employee payroll	\$ 40,231
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	297.56%
Plan fiduciary net position as a percentage of the total pension liability	71.89%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF FERRIDAY, LOUISIANA

SCHEDULE OF THE TOWN'S CONTRIBUTIONS

LOUISIANA MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 52,819	\$ 51,264	\$ 45,428	\$ 22,553	\$ 33,861
Contributions in relation to the contractually required contribution	(52,819)	(51,264)	(45,428)	(22,553)	(33,861)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 377,281	\$ 386,898	\$ 412,990	\$ 237,395	\$ 358,971
Contributions as a percentage of covered-employee payroll	14.00%	13.25%	11.00%	9.50%	9.43%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

TOWN OF FERRIDAY, LOUISIANA
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
LOUISIANA MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

	2019
Contractually required contribution	\$ 14,640
Contributions in relation to the contractually required contribution	(14,640)
Contribution deficiency (excess)	\$ -
Town's covered-employee payroll	\$ 45,312
Contributions as a percentage of covered-employee payroll	32.31%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

SECTION V
OTHER SUPPLEMENTARY INFORMATION

TOWN OF FERRIDAY, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Agency Head Name: Honorable Sherrie Jacobs McMahon, Mayor

Salary	\$	44,000
Benefits - retirement		6,499
Benefits - other (mayor's expense)		2,422
Dues		671
Per diem		445
Reimbursements		87
Travel		<u>669</u>
 Total	 \$	 <u>54,793</u>

See Independent Auditor's Report.

TOWN OF FERRIDAY, LOUISIANA
COMPENSATION OF THE GOVERNING BOARD
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Aldermen:

Chryl Smith-Lee	\$	6,100
Glenn Henderson		6,100
Sandra G. Pryor		6,100
Gloria Lloyd		6,100
Andre J. Keys		<u>6,100</u>
		<u>\$ 30,500</u>

See Independent Auditor's Report.

TOWN OF FERRIDAY, LOUISIANA
 SCHEDULE OF INSURANCE COVERAGE
 FOR THE YEAR ENDED JUNE 30, 2019

Below is a listing of insurance policies in force as of December 31, 2018:

	<u>Policy Type</u>	<u>Number</u>	<u>Company</u>	<u>Coverage</u>	<u>Expiration</u>
1.	General liability	ZLP15P4231815PB	Travelers		7-10-2019
	General aggregate			\$ 1,000,000	
	Each occurrence limit			1,000,000	
	Personal injury			1,000,000	
	Damages to premises rented			50,000	
	Products - comp/op			1,000,000	
2.	Crime - directors	ZLP15P4231815PB	Travelers		7-10-2019
	Employee theft			\$ 500,000	
3.	Workmen's compensation	143254-S	LWCC		12-31-2019
	Each accident			\$ 100,000	
	Disease - each employee			100,000	
	Disease - policy limit			500,000	
4.	Property insurance	W15F20160201	Beazley, USA	\$ 10,374,000	7-1-2019
5.	Auto liability	73ABPB001270	National Liability		3-12-2019
	Combined limit		& Fire Ins	\$ 500,000	

See Independent Auditor's Report.

SECTION VI
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

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

Mayor and Members of the Board of Aldermen
Town of Ferriday, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Ferriday, Louisiana (the Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 27, 2020.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, recommendations, and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings, recommendations, and responses to be material weaknesses. Those deficiencies are described as 2019-1 and 2019-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*: 2019-2 and 2019-4.

Town of Ferriday, Louisiana's Response to Findings

The Town of Ferriday, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings, recommendations, and responses. We did not audit the Town of Ferriday, Louisiana's response and, accordingly, we express no opinion on it.

Purpose of This Report

This report is intended for the information and use of management, the Board of Aldermen, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
February 27, 2020

**SECTION VII
SCHEDULE OF FINDINGS**

TOWN OF FERRIDAY, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

- | | |
|--|-------------|
| 1. Type of auditor's report issued on the financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 3. Noncompliance material to the financial statements? | Yes |

TOWN OF FERRIDAY, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance Material to the Financial Statements:				
2018-1	6-30-2006	<u>Maintenance of Utility Subsidiary Ledgers</u> The Town's subsidiary ledgers contain many accounts that are either uncollectible or do not exist. This causes the subsidiary ledgers to not reflect a true accounts receivable.	No	This finding continues in 2019 as Finding 2019-1.
2018-2	6-30-2017	<u>Financial Statement (Compliance Finding)</u> The Town's financial statements were not completed and submitted to the Louisiana Legislative Auditor by the statutory date of December 31, 2018.	No	This finding continues in 2019 as Finding 2019-2.
2018-3	6-30-2018	<u>Compliance with Bond Covenants (Compliance)</u> The Town did not make monthly deposits of \$441 into the Contingency Fund as required by the bond indenture agreement.	Yes	The Town made monthly deposits of \$441 during the year.
2018-4	6-30-2018	<u>Safe Drinking Water Fees</u> The Town did not remit Safe Drinking Water Fee payments from the years 2002 to 2012.	Partially	The Town is in the process of setting up a payment plan with OPH. This finding continues in 2019 as Finding 2019-4.

TOWN OF FERRIDAY, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

Section I – Internal Control and Compliance Material to the Financial Statements:

2019-1 Maintenance of Utility Subsidiary Ledgers

Condition

The accounts receivable listing includes many old uncollectible accounts, causing the subsidiary ledgers to reflect a number much larger than the true receivable amount.

Criteria

Maintenance of subsidiary ledgers is a key component of an adequate system of internal control.

Effect

Material Weakness in internal controls.

Cause

Several years ago, the Town entered into a contract with a private water company which required the water company to operate all of the water system. Their requirements under this contract include the production of water, delivery of water, reading of meters, billing for water consumption, collection of water fees, and maintenance of customer billings. The Town accounts for the transactions in the general ledger, which is maintained by a private external CPA.

Recommendation

We recommend that the Town and the private contractor review, on a monthly basis, the subsidiary ledger to determine those accounts that need to be purged from the system. The uncollectable accounts should be removed by the contractor and, at the same time, the Town should make entries on the general ledger.

Response

Management will work to correct this issue.

2019-2 Financial Statement (Compliance Finding)

Condition

The Town's audited financial statements were not completed and submitted to the Louisiana Legislative Auditor's office by the statutory date of December 31, 2019.

Criteria

To be in good standing with the Legislative Auditor, the audited financial statements should be completed and submitted to their office by December 31.

Effect

Material noncompliance relating to the financial statements.

Cause of Condition

Management was unable to have a complete set of books available in time for the external auditor to complete the audit by its due date.

Recommendation

We recommend that management have all necessary books and records available as soon as possible after year-end.

Response

Management will work closely with the external auditors to ensure that the audited financial statements are submitted to the Legislative Auditor by the statutory due date.

TOWN OF FERRIDAY, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

Section I – Internal Control and Compliance Material to the Financial Statements: (continued)

2019-3 Customer Deposit Cash (Internal Control Finding)

Condition

The customer deposit liability exceeds the amount of cash available. Customer deposits per the general and subsidiary ledgers are \$86,054. The related available cash for these deposits was \$79,590, which leaves an underfunded amount of \$6,464

Criteria

There should be sufficient cash to cover customer deposits.

Effect

Material weakness in internal controls.

Cause

The customer deposit assets and liability accounts are not being reviewed and reconciled appropriately.

Recommendation

We recommend that all customer deposit-related accounts be reviewed and reconciled appropriately.

Response

Management will work to correct this issue.

2019-4 Safe Drinking Water Fees

Condition

The Town did not remit Safe Drinking Water Fee payments from the years 2002 to 2012.

Criteria

For this period, the Town should have remitted \$2.88 per service connection annually to the State.

Effect

The Town is not in compliance with the Safe Drinking Water Program under OPH.

Cause

The Town was not aware of the fees or the need for them to be remitted to the state.

Recommendation

We recommend that the Town pay the fees owed of approximately \$45,000.

Response

Management will work to correct this issue.

Section II – Internal Control and Compliance Material to Federal Awards:

None.

Section III – Management Letter:

None.

**SECTION VIII
AGREED-UPON PROCEDURES**



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Town of Ferriday, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures in the attached supplement, which were agreed to by the Town of Ferriday (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Town's management is responsible for those control and compliance 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.

Our procedures and findings are included in the supplement to this report.

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 control and compliance 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 control and compliance 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.

Silas Simmons, LLP

Natchez, Mississippi
February 27, 2020

TOWN OF FERRIDAY, LOUISIANA
 SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2019

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe 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.
 - k) *Disaster Recovery/Business Continuity*, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The above procedures were not performed in the current year due to no exceptions in prior year testing.

Board or Finance Committee

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

Findings: We obtained a copy of the Town's minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons. We obtained a copy of the prior year audit report and observed the unrestricted fund balance in general fund as being positive.

During our review, we noted that the Town did not have monthly budget-to-actual comparisons or monthly financial statements.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - 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.

Findings: We obtained a list of bank accounts from the list management gave for bank confirmations and had management identify the main operating bank account. We selected the main operating bank account and randomly selected four bank accounts. We obtained the related bank statements and randomly selected one month from the fiscal period to review whether bank reconciliations had been prepared within two months of the related statement closing date, included evidence of a member of management unrelated to the cash collection/disbursement processes had reviewed each bank reconciliation, and included documentation that management had researched reconciling items that have been outstanding for more than 12 months from that statement closing date.

During our review, we noted that there is no evidence of review by management on the bank statements or bank reconciliations.

Collections

4. Obtain 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 select five deposit sites (or all deposit sites if less than five).

The above procedures were not performed in the current year due to no exceptions in prior year testing.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect 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 observe 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.

The above procedures were not performed in the current year due to no exceptions in prior year testing.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The above procedures were not performed in the current year due to no exceptions in prior year testing.

7. Randomly select two deposit dates for each of the five bank accounts selected for Procedure 3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

The above procedures were not performed in the current year due to no exceptions in prior year testing.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

The above procedures were not performed in the current year due to no exceptions in prior year testing.

9. For each location selected under Procedure 8, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- 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.

The above procedures were not performed in the current year due to no exceptions in prior year testing.

10. For each location selected under Procedure 8, obtain the entity's nonpayroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under Procedure 9, as applicable.

The above procedures were not performed in the current year due to no exceptions in prior year testing.

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

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

Findings: We obtained a listing of all active cards from management and management's representation that the listing was complete. The Town has two accounts for cards.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: We selected the monthly statements for the two accounts for one month randomly selected and observed that the statements were reviewed and approved.

During our review, we noted evidence of review but could not determine from the statement if the review was performed by a member of management.

13. Using the monthly statements or combined statements selected under Procedure 12, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings: For one of the statements, 10 transactions (or all transactions if less than 10) were selected and supporting documentation was obtained. Each transaction was supported by an original itemized receipt that identified what was purchased, written documentation of the business/public purpose, and documentation of individuals in meals for meal charges. One statement was excluded due to being for the Town's fuel cards.

No exceptions were noted for the above procedures.

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

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

Findings: We obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and obtained management's representation that the listing is complete. We randomly selected five reimbursements and obtained the supporting documentation to observe how the reimbursement was determined, what the purpose was, and if the reimbursement was approved appropriately.

No exceptions were noted for the above procedures.

Contracts

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

The above procedures were not performed in the current year due to no exceptions in prior year testing.

Payroll and Personnel

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

Findings: We obtained a listing of employees and elected officials (employees) employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees from the list and obtained the related documents to agree salaries and pay rates.

No exceptions were noted for the above procedure.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under Procedure 16, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Findings: We randomly selected one pay period during the fiscal period. In the selected pay period, for the five employees selected in Procedure 16, we observed that the five employees documented their daily attendance and leave, had their attendance and leave approved by the appropriate person, and had their leave appropriately reflected in the entity's cumulative leave records.

During testing, we noted that not all departments have supervisors to sign off on the time cards for employees and that supervisor signatures were not present on the time cards, but the mayor signs off on all vacation and leave requests.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Findings: We obtained a listing of employees that received termination payments during the fiscal period and management's representation that the list is complete. The Town did not pay termination payments during the fiscal period.

No exceptions were noted for the above procedure.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Findings: We obtained documentation to observe that employer and employee portions were paid and associated forms had been filed and obtained management's representation about the information.

No exceptions were noted for the above procedure.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Findings: For the five employees selected from Procedure 16, we observed documentation that demonstrates each employee completed one hour of ethics training during the fiscal period and documentation that demonstrates each employee attested through signature verification that he or she has read the entity's policy during the fiscal period.

During our review, we noted that two employees did not have their ethics training certificate and none of the selected employees had signed to verify they had read the Town's ethics policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Findings: We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete.

No exceptions were noted for the above procedure.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Findings: 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 inspected the debt covenants and obtained confirmations in the course of the audit on the Town.

No exceptions were noted for the above procedures.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The above procedure was not performed in the current year due to no exceptions in prior year testing.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The above procedure was not performed in the current year due to no exceptions in prior year testing.

TOWN OF FERRIDAY, LOUISIANA
SCHEDULE OF EXCEPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Reference No.</u>	<u>Description of Exception</u>
<u>Board or Finance Committee</u>	
Procedure 2-b	There were not monthly budget-to-actual comparisons nor monthly financial statements.
<u>Bank Reconciliations</u>	
Procedure 3-b	Bank reconciliations did not contain evidence of management review.
<u>Credit Cards/Debit Cards/Fuel Cards/P-Cards</u>	
Procedure 12-a	Monthly statements did contain evidence of review, but it could not be determined from the statement if the review was performed by a member of management.
<u>Payroll and Personnel</u>	
Procedure 17-b	Not all departments have supervisors to sign off on the time cards for employees and that supervisor signatures were not present on the time cards, but the mayor signs off on all vacation and leave requests.
<u>Ethics</u>	
Procedure 20	Two employees did not have their ethics training certificate and none of the selected employees had signed to verify they had read the Town's ethics policy.

Management Response

We have reviewed the Supplemental Schedule of Agreed-Upon Procedures and Findings for the year ended June 30, 2019, and agree to the exceptions noted. It is our intent to correct the exceptions in order to be in compliance with the LLA's guidelines proposed in the report.