

TOWN OF LECOMPTE

***ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019***



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

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January 31, 2020

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lecompte 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 from 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.



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OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

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

Such information, although not a part of the basic financial statements, is required by the 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 response 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lecompte's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and are not a required part of the basic financial statements.

- Combining Balance Sheet – Non-Major Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds
- Schedule of Per Diem Paid to Board Members
- Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

The Other Supplemental Information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such

Town of Lecompte
January 31, 2020

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 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 Other Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020 on our consideration of the Town of Lecompte'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 of Lecompte's internal control over financial reporting and compliance.

Rozier, McKay, & Willis

ROZIER, MCKAY & WILLIS
Certified Public Accountants



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

January 31, 2020

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

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

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lecompte, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Lecompte's basic financial statements, and have issued our report thereon dated January 31, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with our engagement to audit the financial statements, we considered the Town of Lecompte'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 of Lecompte's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify two deficiencies that we consider to be significant deficiencies (2019-9 and 2019-10).

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Town of Lecompte's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed eight instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2019-1 through 2019-8.



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TOWN OF LECOMPTE'S RESPONSE TO FINDINGS

The Town of Lecompte's response to the findings identified in our audit is described in the accompanying managements' corrective action plan described in the table of contents. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rozier, McKay & Willis

ROZIER, MCKAY & WILLIS
Certified Public Accountants

Town of Lecompte

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

This section of the Town of Lecompte's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2019.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 1980) and all of the Town's liabilities (including long-term debt).

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

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

Fund Financial Statements

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

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

Town of Lecompte

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Financial Analysis of the Town as a Whole

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

Net Position

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

	<u>For the Year Ended June 30, 2019</u>			<u>For the Year Ended June 30, 2018</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
<u>Assets:</u>				
Current and Other Assets	\$ 151,713	\$ 324,049	\$ 475,762	\$ 519,221
Internal Balances	(255,028)	255,028	----	----
Capital Assets	1,532,120	3,393,881	4,926,001	5,452,255
Total Assets	1,428,805	3,972,958	5,401,763	5,971,476
Deferred Outflow of Resources	84,140	----	84,140	200,774
<u>Liabilities:</u>				
Current and Other Liabilities	299,264	6,108	305,372	248,379
Long-term Liabilities	352,955	746,128	1,099,083	1,222,847
Total Liabilities	652,219	752,236	1,404,455	1,471,226
Deferred Inflow of Resources	126,834	----	126,834	77,774
<u>Net Position:</u>				
Invested in Capital Assets (Net)	1,417,370	2,647,753	4,065,123	4,555,787
Restricted	26,881	572,969	599,850	585,134
Unrestricted	(710,359)	----	(710,359)	(517,671)
Total Net Position	\$ 733,892	\$ 3,220,722	\$ 3,954,614	\$ 4,623,250

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

The Town's remaining net position is composed of assets restricted to the operation, maintenance, and improvement of the Town's sewer facility. Recognizing long-term liabilities associated with providing retirement benefits to the Town's employees has eliminated the Town's remaining unrestricted net position. Despite the absence of unrestricted net position, the Town has sufficient resources to meet these obligations for the foreseeable future.

Town of Lecompte

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Changes in Net Position

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

	For the Year Ended June 30, 2019			For the
	Gov- ern- men- tal Acti- vities	Busi- ness- Type Acti- vities	Total	Year Ended June 30, 2018
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 165,966	\$ 216,814	\$ 382,780	\$ 343,147
Operating Grants and Contributions	14,500	----	14,500	260,099
Capital Grants and Contributions	----	----	----	13,520
General Revenue:				
Property Taxes	35,436	----	35,436	36,215
Sales Taxes	483,466	----	483,466	462,853
Franchise Fees	70,002	----	70,002	69,448
Occupational Licenses	73,398	----	73,398	60,133
Intergovernmental	----	----	----	----
Other	21,812	268	22,080	93,622
Total Revenue	864,580	217,082	1,081,662	1,339,037
<u>Program Expenses:</u>				
General Government	328,046	----	328,046	488,461
Sanitation	95,508	----	95,508	----
Public Safety	350,083	----	350,083	334,714
Public Works	222,460	----	222,460	202,156
Culture and Recreation	92,135	----	92,135	150,185
Utility Service	----	214,013	214,013	241,940
Other	4,931	16,013	20,944	35,813
Total Expenses	1,093,163	230,026	1,323,189	1,453,269
Increase in Net Position Before				
Transfers	(228,583)	(12,944)	(241,527)	(114,232)
Special Items	(385,423)	----	(385,423)	----
Transfers	(1,643)	1,643	----	----
Changes in Net Position	(615,649)	(11,301)	(626,950)	(114,232)
Net Position Beginning – As Originally Reported	1,391,227	3,232,023	4,623,250	
Prior Period Adjustment	(41,686)	----	(41,686)	----
Net Position Beginning	1,349,541	3,232,023	4,581,564	4,737,482
Net Position Ending	733,892	3,220,722	3,954,614	4,623,250

Governmental activities decreased the Town's net position by \$615,649. The decrease is related to transferring responsibility for fire protection to an agency organized by Rapides Parish.

Town of Lecompte

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Business-type activities decreased the Town's net position by \$11,301, due primarily to an increase in expenses related to sewer operations.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

- The Town's governmental funds reported a combined fund deficit of \$ 402,014 which represents a decrease of \$115,700 in comparison to the previous balance. The decrease is primarily due to the increase of expenditures across several general fund departments.
- The Town's general fund, which is available for spending at the Town's discretion, reported a fund balance of \$(301,232). The general fund balance decreased by \$158,729 due to an increase in expenditures across departments.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The Town's general fund and sales tax funds are required to adopt an annual budget and the budgets are amended as necessary. Some revisions to the original budgets were made to address revenues and related expenditures that were not anticipated when the original budget was prepared.

CAPITAL ASSET ADMINISTRATION

The Town did not make any purchases that required capitalization in the current year.

DEBT ADMINISTRATION

The Town continued payments on the Town's Series 2010 bonds, the Town's Sewer Revenue Bonds, and a municipal lease.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

At the present time, no events or conditions have been identified that are expected to have a significant influence on future operations.

Town of Lecompte

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 78,268	\$ -	\$ 78,268
Receivables (net)	73,445	33,146	106,591
Restricted asset			
Cash	-	290,903	290,903
Internal balances	(255,028)	255,028	-
Capital assets			
Depreciable capital assets, net	1,532,120	3,393,881	4,926,001
Total assets	1,428,805	3,972,958	5,401,763
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension funding deferrals	84,140	-	84,140
<u>LIABILITIES</u>			
Accounts and other payables	298,701	6,108	304,809
Accrued interest	563	-	563
Long-term liabilities			
Net Pension Liability	192,470	-	192,470
Long-term Debt			
Compensated Absences	45,735	-	45,735
Due within one year	23,013	13,920	36,933
Due in more than one year	91,737	732,208	823,945
Total liabilities	652,219	752,236	1,404,455
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension funding deferrals	126,834	-	126,834
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,417,370	2,647,753	4,065,123
Restricted:			
Capital projects and equipment acquisition	1,730	-	1,730
Sewer System Operations	-	572,969	572,969
Other purposes	25,151	-	25,151
Unrestricted	(710,359)	-	(710,359)
Total net position	\$ 733,892	\$ 3,220,722	\$ 3,954,614

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

Town of Lecompte

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants & Contributions</u>	
<u>Governmental Activities:</u>					
General Government	\$ 328,046	\$ -	\$ -	\$ -	\$ (328,046)
Sanitation	95,508	60,793	-	-	(34,715)
Police Department	332,071	97,823	14,500	-	(219,748)
Fire Department	18,012	-	-	-	(18,012)
Public Works	222,460	7,350	-	-	(215,110)
Culture & Recreation	92,135	-	-	-	(92,135)
Other Expenditures	34	-	-	-	(34)
Interest on Long-Term Debt	<u>4,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,897)</u>
Total Governmental Activities	<u>1,093,163</u>	<u>165,966</u>	<u>14,500</u>	<u>-</u>	<u>(912,697)</u>
<u>Business-Type Activities:</u>					
Sewer Sytem	214,013	216,814	-	-	2,801
Interest On Long-Term Debt	<u>16,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,013)</u>
Total Business-Type Activities	<u>230,026</u>	<u>216,814</u>	<u>-</u>	<u>-</u>	<u>(13,212)</u>
Total	<u>\$ 1,323,189</u>	<u>\$ 382,780</u>	<u>\$ 14,500</u>	<u>\$ -</u>	<u>\$ (925,909)</u>

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

Town of Lecompte

STATEMENT OF ACTIVITIES (Continued)

Year Ended June 30, 2019

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (912,697)	\$ (13,212)	\$ (925,909)
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	35,436	-	35,436
Sales	483,466	-	483,466
Licenses & Permits			
Franchise Fees	70,002	-	70,002
Occupational Licenses	73,398	-	73,398
Other	21,812	268	22,080
Special Items	(385,423)		(385,423)
Transfers	(1,643)	1,643	-
Total General Revenues, Special Items and Transfers	<u>297,048</u>	<u>1,911</u>	<u>298,959</u>
Change in Net Position	(615,649)	(11,301)	(626,950)
Net Position Beginning - As Originally Reported	<u>1,391,227</u>	<u>3,232,023</u>	<u>4,623,250</u>
Prior Period Adjustment	(41,686)	-	(41,686)
Net Position Beginning - As Restated	1,349,541	3,232,023	4,581,564
Net Position Ending	<u>\$ 733,892</u>	<u>\$ 3,220,722</u>	<u>\$ 3,954,614</u>

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

Town of Lecompte

Balance Sheet Governmental Funds - June 30, 2019

	General Fund	One Cent Sales Tax	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 11,673	\$ 30,743	\$ 35,852	\$ 78,268
Receivables (net)	51,500	14,631	7,314	73,445
Interfund Receivables	-	-	43,898	43,898
Total assets	\$ 63,173	\$ 45,374	\$ 87,064	\$ 195,611
Liabilities and Fund Balance				
<u>Liabilities</u>				
Accounts Payable	287,751	1,641	9,309	298,701
Interfund Payables	76,655	155,835	66,434	298,924
Total liabilities	364,406	157,476	75,743	597,625
<u>Fund Balance</u>				
Restricted For:				
Other Special Purposes	-	(112,102)	11,321	(100,781)
Unassigned	(301,233)	-	-	(301,233)
Total Fund Balances	(301,233)	(112,102)	11,321	(402,014)
Total Liabilities and Fund Balance	\$ 63,173	\$ 45,374	\$ 87,064	\$ 195,611

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

Town of Lecompte

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

Year Ended June 30, 2019

Total Fund Balances - Governmental Funds	\$ (402,014)
Amounts reported for governmental activities in the statement of net position are different because:	
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(353,518)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(126,834)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,532,120
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	<u>84,138</u>
Net Position of Governmental Activities	<u>\$ 733,892</u>

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

Town of Lecompte

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2019

	General Fund	One Cent Sales Tax	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes:				
Ad Valorem	\$ 35,436	\$ -	\$ -	\$ 35,436
Sales	256,971	151,016	75,479	483,466
Licenses & Permits:				
Franchise Fees	70,002	-	-	70,002
Occupational Licenses	72,243	-	-	72,243
Intergovernmental	14,500	-	-	14,500
Sanitation	60,793	-	-	60,793
Fines and Forfeitures	97,823	-	-	97,823
Operating Grants	-	-	-	-
Other	15,405	10,786	4,127	30,318
Total Revenues	623,173	161,802	79,606	864,581
<u>Expenditures:</u>				
Current:				
General Government				
General and Administrative	284,750	-	-	284,750
Sanitaion	-	95,508	-	95,508
Public Safety				
Police Department	294,011	10,511	-	304,522
Fire Department	-	13,068	-	13,068
Public Works				
Street Maintenance	168,948	-	-	168,948
Recreation Department	18,432	-	65,985	84,417
Other Expenditures	-	-	34	34
Capital Expenditures	-	-	-	-
Debt Service	14,512	-	12,880	27,392
Total Expenditures	780,653	119,087	78,899	978,639
Excess (Deficiency) of Revenues Over Expenditures	(157,480)	42,715	707	(114,058)

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

Town of Lecompte

Continued

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2019

	General Fund	One Cent Sales Tax	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(157,480)	42,715	707	(114,058)
<u>Other Financing Sources (Uses):</u>				
Proceeds From Long-Term Debt	-	-	-	-
Operating Transfers In	-	-	11,880	11,880
Operating Transfers Out	<u>(1,249)</u>	<u>(12,273)</u>	<u>-</u>	<u>(13,522)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(158,729)</u>	<u>30,442</u>	<u>12,587</u>	<u>(115,700)</u>
Fund Balance (Deficit) Beginning	<u>(142,503)</u>	<u>(142,544)</u>	<u>(1,266)</u>	<u>(286,313)</u>
Fund Balance (Deficit) - End of Year	<u>\$ (301,232)</u>	<u>\$ (112,102)</u>	<u>\$ 11,321</u>	<u>\$ (402,013)</u>

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

Town of Lecompte

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

Year Ended June 30, 2019

Net change in fund balances of Governmental Funds	\$ (115,700)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. The effect of capital expenditures, depreciation, and loss on disposals are presented as follows:	
Capital Expenditures	-
Depreciation	(101,186)
Loss on disposals	(385,423)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds.	(3,517)
Governmental funds report pension expense based on contributions required for the current year; however, pension expense reported on the government wide basis is influenced by actuarial considerations.	(31,785)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>21,962</u>
Change in net position of governmental activities	<u>\$ (615,649)</u>

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

Town of Lecompte

Statement of Net Position

Proprietary Funds - June 30, 2019

	<u>Sewer System</u>
<u>ASSETS:</u>	
Current Assets:	
Receivables (net)	\$ 33,146
Interfund receivables	<u>255,028</u>
Total current assets	288,174
Restricted Assets:	
Cash and cash equivalents	290,903
Noncurrent Assets:	
Construction in process	-
Depreciable capital assets, net	<u>3,393,881</u>
Total assets	<u><u>3,972,958</u></u>
 <u>LIABILITIES:</u>	
Current Liabilities:	
Accounts and other payables	6,108
Current portion of long-term debt	<u>13,920</u>
Noncurrent Liabilities:	
Long-term debt	<u>732,208</u>
Total liabilities	<u><u>752,236</u></u>
 <u>NET POSITION:</u>	
Invested in capital assets, net of related debt	2,647,753
Restricted for Sewer Operations	<u>572,969</u>
Total net position	<u><u>\$ 3,220,722</u></u>

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

Town of Lecompte

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - June 30, 2019

	Sewer System
<u>Operating Revenues:</u>	
Service Fees	\$ 216,814
Total Operating Revenues	<u>216,814</u>
<u>Operating Expenses:</u>	
Legal and Professional	17,447
Repairs & Maintenance	94,718
Supplies & Chemicals	10,702
Utilities	51,501
Depreciation	39,645
Total Operating Expenses	<u>214,013</u>
Operating Income (Loss)	2,801
<u>Nonoperating Revenues (Expenses):</u>	
Interest Revenue	268
Interest Expense	<u>(16,013)</u>
Change in Net Position Before Contributions and Transfers	(12,944)
<u>Contributions and Transfers:</u>	
Operating Transfers In	<u>1,643</u>
Change in Net Position	(11,301)
Total Net Position Beginning	<u>3,232,023</u>
Total Net Position - Ending	<u>\$ 3,220,722</u>

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

Town of Lecompte

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2019

	<u>Sewer System</u>
<u>Cash flow from operating activities:</u>	
Cash received from customers	\$ 201,883
Cash payments to suppliers of goods and services	(190,607)
Cash payments to employees for services	<u>-</u>
Net cash provided (used) by operating activities	<u>11,276</u>
<u>Cash flows from non-capital financing activities:</u>	
Change in interfund balances	(12,438)
Transfers	<u>1,643</u>
Net cash provided (used) by non-capital financing activities	<u>(10,795)</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital expenditures	-
Principle paid on revenue bonds	(13,628)
Interest paid on debt instruments	<u>(16,013)</u>
Net cash provided (used) by capital and related financing activities	<u>(29,641)</u>
<u>Cash flows from investing activities:</u>	
Interest and other income	<u>268</u>
Net cash provided (used) by investing activities	<u>268</u>
Net increase (decrease) in cash	(28,892)
Beginning cash balance	<u>319,795</u>
Ending cash balance	290,903
Restricted cash and cash equivalents	<u>290,903</u>
Cash and cash equivalents	<u>\$ -</u>

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

Town of Lecompte

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2019

	<u>Sewer System</u>
<u>Reconciliation of operating income (loss)</u>	
<u>to net cash provided (used) by operating</u>	
<u>activities</u>	
Operating income (loss)	\$ 2,801
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	39,645
(Increase) decrease in accounts receivable	(14,931)
(Decrease) increase in accounts and other payables	<u>(16,239)</u>
Net cash provided (used) by operating activities	<u>\$ 11,276</u>

Supplemental disclosures of cash flow information:

During the year ended June 30, 2019 there were no operating, financing, or investing activities during the year that did not result in cash receipts.

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

Town of Lecompte

Notes to Financial Statements

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

Governmental Accounting Standards establish criteria for determining which component units should be considered part of the Town of Lecompte for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

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

Based on the criteria presented above, the Town has no component units.

Basic Financial Statements

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

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

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

Town of Lecompte

Notes to Financial Statements

June 30, 2019

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Governmental Funds

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

One Cent Sales Tax Fund – The One Cent Sales Tax is a special revenue fund designed to receive a portion of sales tax in order to fund the expenses of the fire department and pay for garbage disposal.

Major Business-Type Funds

Sewer Maintenance Fund – The Sewer Maintenance Fund is used to account for the operation of the Town's sewer system, which is supported by user charges.

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

Basis of Accounting and Measurement Focus

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

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	No Measurement Focus

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

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60

Town of Lecompte

Notes to Financial Statements

June 30, 2019

days of year end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure of funds. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other-financing source and repayment of long-term debt is reported as an expenditure of funds.

Use of Estimates

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

Restricted Assets:

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

Budget Practices:

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

Capital Assets

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

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 3 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

Cash and Cash Equivalents:

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

Internal Activity:

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

Town of Lecompte

Notes to Financial Statements

June 30, 2019

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

Compensated Absences

Full time and regular part-time employees earn vacation at rates that vary depending on length of service. Unused vacation that employees are allowed to carry forward is reported as a liability. The portion of the liability for compensated absences attributable to governmental funds and activities is typically liquidated by the general fund.

Fund Balance Classification:

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable for the year ended June 30, 2019 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ 9,547	\$ 33,146	\$ 42,693
Franchise Taxes	14,183	----	14,183
Other	----	----	----
Total Accounts Receivable	23,730	33,146	56,876
<u>Due From Other Governmental Units</u>			
Grant Reimbursements	----	----	----
Sales Taxes and OLT	27,770	----	27,770
Total Due From Other Governments	27,770	----	27,770
Total Receivables	51,500	33,146	84,646
Allowance for Doubtful Accounts	----	----	----
Receivables (Net)	\$ 51,500	\$ 33,146	\$ 84,646

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2019, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash Deposited in Banks	\$ 78,068	\$ 290,903	\$ 368,971
Petty Cash	200	----	200
Total Cash	78,268	290,903	369,171
Restricted Cash	----	290,903	290,903
Cash and Cash Equivalents	\$ 78,268	\$ ----	\$ 78,268

Town of Lecompte

Notes to Financial Statements

June 30, 2019

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2019, the Town had \$ 368,971 in deposits (\$390,204 collected bank balance). These deposits are secured from risk by \$321,727 of federal deposit insurance and \$762,351 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Bank overdrafts are presented as current liabilities on the balance sheet.

NOTE 4 - LONG-TERM DEBT

Debt attributable to the acquisition of the Town's utility system and the operation of the utility system is reported as an obligation of the Town's business-type enterprise funds. Remaining debts are reported as governmental activities. The Town's debts are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Certificates of Indebtedness	\$ 100,988	\$ ----	\$ 100,988
Capital Leases	13,762	----	13,762
Revenue Bonds	----	746,128	746,128
Total Obligations	114,750	759,756	860,878
Due Within One Year	23,013	13,920	36,933
Due in More Than One Year	\$ 91,737	\$ 732,208	\$ 823,945

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Certificates of Indebtedness	\$ 109,899	\$ ----	\$ 8,911	\$ 100,988
Installment Purchase Agreement	26,813	----	13,051	13,762
Total Governmental Activities	136,712	----	21,962	114,750
<u>Business-Type Activities</u>				
Revenue Bonds	759,756	----	13,627	746,128
Total Business-Type Activities	759,756	----	13,627	746,128
Total Long-term Debts	\$ 896,468	\$ ----	\$ 35,589	\$ 860,878

Town of Lecompte

Notes to Financial Statements

June 30, 2019

Certificates of Indebtedness

The Town has issued certificates which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the Town. Certificates of indebtedness outstanding at June 30, 2019 are described as follows:

\$181,000 Certificates of Indebtedness, Series 2010 bearing interest at a rate of 3.75%.
Principle is payable in monthly installments of \$1,073, with the final installment due
December 21, 2030.

\$ 100,988

Capital Leases

The Town executed a capital lease agreement to finance the acquisition of two police vehicles. Terms of the agreement are described as follows:

\$53,701 Capital Lease Agreement payable in 4 yearly installments of \$14,512
including interest based on a rate of 5.45%, with the final installment due March 8,
2020.

\$ 13,762

Year Ended June 30	
2020	14,512
Total Minimum Payments	14,512
Amounts Representing Interest	750
Present Value of Future Minimum Lease Payments	<u>\$ 13,762</u>

Revenue Bonds

The Town has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at June 30, 2019 are described as follows:

\$784,000 Sewer Revenue Bonds Series 2013; payable over 40 years and bears
interest at a rate of 2.125%. The first payment, due August 11, 2016 was interest only,
and the Town began paying monthly installments of interest and principle of \$2,470
until August 11, 2055.

\$ 746,128

Town of Lecompte

Notes to Financial Statements

June 30, 2019

Maturity of Long-term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended June 30th</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal Installments</u>	<u>Interest</u>	<u>Principal Installments</u>	<u>Interest</u>
2020	9,251	3,629	13,920	15,720
2021	9,604	3,276	14,219	15,421
2022	9,970	2,910	14,524	15,116
2023	10,351	2,529	14,835	14,805
2024	10,745	2,135	15,154	14,486
2025 – 2029	51,067	4,307	80,787	67,413
2030 - 2034	-	-	89,835	58,365
2035 - 2039	-	-	99,896	48,304
2040 - 2044	-	-	111,084	37,116
2045 - 2049	-	-	123,525	24,675
2050 - 2054	-	-	137,360	30,989
2055	-	-	30,989	378
Total Governmental	\$ 100,988	\$ 18,786	\$ 746,128	\$ 342,788

NOTE 5 – AD VALOREM TAXES

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended June 30, 2019, the Town has levied ad valorem taxes as follows:

<u>Description</u>	<u>Mills Levied</u>
Levied for general alimony as permitted by State Law. Revenue from taxes levied for general alimony is reported by the general fund.	7.29

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

NOTE 6 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Depreciable Capital Assets				
General Fixed Assets	\$ 2,555,380	\$ ----	\$ ----	\$ 2,555,380
Sanitation Assets	20,627	----	----	20,627
Recreation and Community Center	367,909	----	----	367,909
Fire	1,035,842	----	(830,286)	205,556
Streets and Highways	1,922,844	----	----	1,922,844
Police	316,453	----	----	316,453
Accumulated Depreciation	(4,200,326)	(101,186)	444,863	(3,856,649)
Total Governmental Activities	\$ 2,018,729	\$ (101,186)	\$ (385,423)	\$ 1,532,120

Town of Leconte

Notes to Financial Statements

June 30, 2019

Business-Type Activities

Non Depreciable Capital Assets								
Sewer Construction in Process	\$	----	\$	----	\$	----	\$	----
Total Construction in Process		----		----		----		----
Depreciable Capital Assets								
Sewer System		3,899,541		----		----		3,899,541
Accumulated Depreciation		(466,015)		(39,645)		----		(505,660)
Total		3,433,526		(39,645)		----		3,393,881
Total Business-Type Activities	\$	3,433,526	\$	(39,645)		----	\$	3,393,881

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General and Administrative	\$ 6,145	\$ ----	\$ 6,145
Police Department	13,190	----	13,190
Fire Department	4,944	----	4,944
Street Maintenance	68,785	----	68,785
Recreation Department	8,122	----	8,122
Sewer System	----	39,645	39,645
Total Depreciation Expense	\$ 101,186	\$ 39,645	\$ 140,831

NOTE 7 – ACCOUNTS AND OTHER PAYABLES

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

	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>One Cent Sales Tax Fund</u>	<u>Non-Majors</u>	
Payable to Vendors	\$ 80,759	\$ 1,641	\$ 9,309	\$ 91,709
Construction Contract Retainage	----	----	----	----
Payroll Taxes and Withholding	206,992	----	----	206,992
Total	\$ 287,751	\$ 1,641	\$ 9,309	\$ 298,701

The Sewer System Maintenance Fund had \$6,108 of payables to vendors as of the year ended June 30, 2019. The Sewer System Maintenance Fund did not have any other accounts payable outstanding.

Town of Lecompte

Notes to Financial Statements

June 30, 2019

NOTE 8- RISK MANAGEMENT

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

NOTE 9 - RESTRICTED RESOURCES

The Town's net position is subject to restrictions described as follows:

- Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.
- Certain sales taxes proceeds are available only for certain expenditures.
- The Town's sewer revenue collections are restricted to the operation and maintenance of the Town's sewer system.

NOTE 10 – PENSION PLANS:

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

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 131,415	\$ 58,367	\$ 60,732
Municipal Police Employees' Retirement System of Louisiana	<u>61,055</u>	<u>25,772</u>	<u>66,102</u>
Total	192,470	84,139	126,834
Portion Applicable to Business Type Activities	<u>---</u>	<u>---</u>	<u>---</u>
Portion Applicable to Government Type Activities	<u>\$ 192,470</u>	<u>\$ 84,139</u>	<u>\$ 126,834</u>

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

Municipal Employees' Retirement System of Louisiana:

Plan Description -The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town participating in the retirement system 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, 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 percent 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 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent 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

Town of Lecompte

Notes to Financial Statements

June 30, 2019

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 by state statute.

Funding Policy - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by State law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the system were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 84,583,179
Town's Proportionate Share (Percentage)	.15537 %
Town's Proportionate Share (Amount)	<u>\$ 131,415</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2018 are provided as follows:

Beginning Net Pension Liability	\$ 235,521
Employer Contributions	(15,346)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	27,551
Changes in Proportion	(17,805)
Employee Contributions	<u>(3,901)</u>
Change in Deferred Outflows of Resources	(44,198)
Change in Deferred Inflows of Resources	<u>(50,407)</u>
Ending Net Pension Liability	<u>\$ 131,415</u>

There were no changes between June 30, 2019 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

Town of Lecompte

Notes to Financial Statements

June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 352	\$ 5,919	\$ (5,567)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	4,918	----	4,918
Changes of Assumptions	21,358	----	21,358
Changes in Proportion	7,725	54,812	(47,087)
Employer Contributions Made After the Measurement Date	24,014	-----	24,014
Total Deferrals	58,367	60,732	(2,364)
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	24,014	----	24,014
Deferrals Subject to Amortization	<u>\$ 34,353</u>	<u>\$ 60,732</u>	<u>\$ (26,378)</u>

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

<u>For the Year Ending:</u>	
June 30, 2019	\$ (7,812)
June 30, 2020	(21,165)
June 30, 2021	1,937
June 30, 2022	<u>662</u>
Total	<u>\$ (26,378)</u>

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.275%
Projected Salary Increases	5.00% (2.60% Inflation, 2.40% Merit)
Mortality Rates	RP-2000 Healthy Annuitant Sex Distinct Table set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. RP-2000 Healthy Annuitant Sex Distinct Table for healthy annuitants (set forward 2 years for males and 2 year for females.) RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)
Expected Remaining Service Lives	3 years

Town of Lecompte

Notes to Financial Statements

June 30, 2019

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.

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

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

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 approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.275% Discount Rate	Current Discount Rate 7.275%	1% Increase 8.275 % Discount
Net Pension Liability	\$ 172,466	\$ 131,415	\$ 96,518

Municipal Police Employees' Retirement System of Louisiana

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy - Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of

Town of Lecompte

Notes to Financial Statements

June 30, 2019

the valuation for the prior fiscal year. The Town's contributions to the plan were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report available on the internet at www.mersla.com. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 845,406,112
Town's Proportionate Share (Percentage)	.00722%
Town's Proportionate Share (Amount)	<u>\$ 61,055</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2018 are provided as follows:

Beginning Net Pension Liability	\$ 90,858
Employer Contributions	(6,561)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	13,706
Amortization	9,092
Employee Contributions	(1,425)
Change in Deferred Outflows of Resources	(45,962)
Change in Deferred Inflows of Resources	<u>1,347</u>
Ending Net Pension Liability	<u>\$ 61,055</u>

There were no changes between June 30, 2019 and the Plan's measurement date that are expected to have a significant effect on the Town's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 275	\$ 3,120	\$ (2,845)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	2,927	----	2,927
Changes of Assumptions	3,990	----	3,990
Changes in Proportion	18,580	62,982	(44,402)
Employer Contributions Made After the Measurement Date	----	----	----
Total Deferrals	<u>25,772</u>	<u>66,102</u>	<u>(40,330)</u>
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	----	----	----
Deferrals Subject to Amortization	<u>\$ 25,772</u>	<u>\$ 66,102</u>	<u>\$ (40,330)</u>

Town of Lecompte

Notes to Financial Statements

June 30, 2019

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

<u>For the Year Ending:</u>	
June 30, 2019	\$ (6,271)
June 30, 2020	(26,343)
June 30, 2021	(7,823)
June 30, 2022	107
	<hr/>
Total	\$ (40,330)

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

Valuation Date	June 30, 2018	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.20% per annum	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.60% per annum	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 - 2	9.75%
	3 - 23	4.75%
	23 & Over	4.25%

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

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

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

Town of Lecompte

Notes to Financial Statements **June 30, 2019**

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

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

	1% Decrease 6.2% Discount Rate	Current Discount Rate 7.2%	1% Increase 8.2 % Discount
Net Pension Liability	\$ 85,799	\$ 61,055	\$ 40,296

NOTE 11 – CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2019 are described as follows:

Litigation:

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with the Town Attorney, the ultimate outcome of litigation that is pending or anticipated cannot be estimated at the present time.

During the current fiscal year, a dispute arose over the payment of compensatory and unused vacation time to a former Town of Lecompte employee. The employee has requested payment for a significant amount of accrued compensatory time, as well as unused vacation time that accumulated over the course of many years. The Town maintains that policies in place limited the amount of time the employee could carry over from one year to the next. Upon consultation with the Town Attorney, it is unknown whether this matter will require litigation. In addition, the likelihood of an eventual payment being made cannot be determined, and the amount potentially owed by the Town cannot be determined at this time.

Grant Compliance:

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 12: FUND DEFICIT

As of June 30, 2019, the funds listed below had deficit balances. It is management's policy to cover shortfalls in non-major funds with monies from the Town's General Fund.

<u>Fund</u>	<u>Deficit</u>
General Fund	301,233
One Cent Sales Tax Fund	112,102
Park Fund	7,836
Pie Festival Fund	1,602
Millage	23,637
Street Improvement	4,423

Town of Lecompte

Notes to Financial Statements June 30, 2019

NOTE 13 – INTERNAL BALANCES

Details related to internal balances are presented as follows:

<u>Governmental Activities</u>	<u>Receivable (Payable)</u>	<u>Purpose</u>
General	\$ (76,655)	The Town routinely lends money between funds to cover necessary expenses. This results in interfund receivables and payables.
1% Dedicated Sales Tax	(155,835)	
Non-major Governmental Funds	(22,538)	
	<u>\$ (255,028)</u>	

<u>Business-Type Activities</u>	<u>Receivable (Payable)</u>	<u>Purpose</u>
Sewer System	\$ 255,028	The Town routinely lends money between funds to cover necessary expenses. This results in interfund receivables and payables.

NOTE 14 - TRANSFERS

During the current year, The Town of Lecompte made the following operating transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 930	\$ 2,179
Sewer Maintenance	1,643	----
Sewer Construction	----	1,643
Public Equipment Sinking Fund	12,273	----
Red River Grant	2,179	----
Park Fund	----	930
One Cent Fund	----	12,273
Totals	<u>\$ 17,025</u>	<u>\$ 17,025</u>

NOTE 15 – PRIOR PERIOD ADJUSTMENT

In previous years, management did not compute compensated absences owed by the Town. This oversight has been corrected by recording a prior period adjustment. As the only account affected was the balance in the compensated absence account, no adjustment to the Town's fund accounting is required. The effect of the prior period adjustment on previous net assets and changes in net assets are presented as follows:

	<u>Governmental Activities</u>	
	<u>Net Position</u>	<u>Change In Net Position</u>
As Originally Reported	\$ 1,391,227	\$ (77,046)
Prior Period Adjustment	(41,686)	----
As Restated	<u>\$ 1,349,541</u>	<u>\$ (77,046)</u>

Town of Lecompte

Notes to Financial Statements

June 30, 2019

NOTE 16 – ON BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that met certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are \$14,500.

NOTE 17 – FIRE DEPARTMENT COOPERATIVE ENDEAVOR

The Town of Lecompte is included within the boundaries of Fire Protection District No. 18 of Rapides Parish (The Fire District). The Fire District was recently organized, funded, and equipped to provide Fire Protection to the entire area encompassed by its boundaries. In order to enhance efficiencies and avoid duplication of effort, the Town has entered into a cooperative endeavor with the Fire District. In consideration for the services provided by the Fire District, the Town was agreed to transfer ownership of all its firefighting equipment to the Fire District, excepting one Fire Truck purchased in 2010 which is secured by debt with the USDA. In addition, the Town has donated its Fire Stations and facilities to the District. The equipment and property transferred to the Fire District had an original cost of \$ 830,286, and accumulated depreciation of \$ 444,863. The remaining book value of \$385,423 is reported in the accompanying statement of activities as a special item.

Town of Lecompte

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2019

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<u>Revenues:</u>				
Taxes:				
Ad Valorem	\$ 33,000	\$ 27,000	\$ 35,436	\$ 8,436
Sales	230,000	375,000	256,971	(118,029)
Licenses & Permits:				
Franchise Fees	60,000	80,000	70,002	(9,998)
Occupational Licenses	10,000	2,500	72,243	69,743
Other	500	6,500	-	(6,500)
Intergovernmental	1,000	1,000	14,500	13,500
Sanitation	28,000	42,000	60,793	18,793
Fines and Forfeitures	60,000	82,000	97,823	15,823
Other	52,000	31,600	15,405	(16,195)
Total revenues	<u>474,500</u>	<u>647,600</u>	<u>623,173</u>	<u>(24,427)</u>
<u>General Government:</u>				
General Government	391,000	297,250	284,750	12,500
Police Department	178,585	323,300	294,011	29,289
Street Maintenance	93,700	173,550	168,948	4,602
Recreation Department	45,800	17,875	18,432	(557)
Capital Expenditures	-	-	-	-
Debt Service	-	-	14,512	(14,512)
Total expenditures	<u>709,085</u>	<u>811,975</u>	<u>780,653</u>	<u>31,322</u>

Town of Lecompte

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Budget and Actual - Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Excess (Deficiency) of				
Revenues Over Expenditures	(234,585)	(164,375)	(157,480)	6,895
<u>Other Financing Sources (Uses):</u>				
Proceeds from Financing		-	-	-
Operating Transfers In	240,585	318,997	-	(318,997)
Operating Transfers Out	<u>(6,000)</u>	<u>(110,510)</u>	<u>(1,249)</u>	<u>109,261</u>
Excess (Deficiency) of				
Revenues and Other Sources				
Over Expenditures and Other				
Uses	-	44,112	(158,729)	(202,841)
Fund Balance (Deficit) -				
Beginning of Year	<u>-</u>	<u>10,888</u>	<u>(142,503)</u>	<u>(153,391)</u>
Fund Balance (Deficit) -				
End of Year	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ (301,232)</u>	<u>\$ (356,232)</u>

Town of Lecompte

One Cent Sales Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Revenues:</u>				
Sales Taxes	\$ 140,000	\$ 140,000	\$ 151,016	\$ 11,016
Other	-	-	10,786	10,786
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>161,802</u>	<u>21,802</u>
<u>General Government:</u>				
Sanitation	78,000	90,000	95,508	(5,508)
Police	15,000	1,500	10,511	(9,011)
Fire	35,000	20,000	13,068	6,932
Other Expenses	12,000	48,244	-	48,244
Capital Expenditures	-	-	-	-
Total expenditures	<u>140,000</u>	<u>159,744</u>	<u>119,087</u>	<u>40,657</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(19,744)	42,715	62,459
<u>Other Financing Sources (Uses):</u>				
Operating Transfers (Net)	-	(7,000)	(12,273)	(5,273)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	(26,744)	30,442	57,186
Fund Balance (Deficit) - Beginning of Year	-	26,744	(142,544)	-
Fund Balance (Deficit) - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (112,102)</u>	<u>\$ 57,186</u>

Town of Lecompte

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Net Pension Liability				
	Percent	Amount			
Municipal Employees' Retirement System					
June 30, 2014	0.22622%	99,470	144,091	69.0%	76.9%
June 30, 2015	0.21866%	153,752	156,926	98.0%	68.7%
June 30, 2016	0.28399%	235,405	208,653	112.8%	63.3%
June 30, 2017	0.27221%	235,521	234,589	100.4%	63.5%
June 30, 2018	0.15537%	131,415	161,537	81.4%	65.6%
Municipal Police Employees' Retirement System					
June 30, 2014	0.00000%	-	-	0.0%	75.1%
June 30, 2015	0.01211%	94,760	32,381	292.6%	70.7%
June 30, 2016	0.02208%	206,952	61,915	334.3%	66.0%
June 30, 2017	0.01041%	90,858	31,090	292.2%	70.1%
June 30, 2018	0.00722%	61,055	21,333	286.2%	71.9%

Notes to Schedule:

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

Town of Lecompte

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2014	14,115	12,608	1,507	144,091	8.75%
June 30, 2015	14,912	14,908	4	156,926	9.50%
June 30, 2016	19,822	19,822	-	208,653	9.50%
June 30, 2017	22,225	22,286	(61)	234,589	9.50%
June 30, 2018	15,256	15,346	(90)	161,537	9.50%
Municipal Police Employees' Retirement System					
June 30, 2014	-	-	-	-	0.00%
June 30, 2015	10,192	10,200	(8)	32,381	31.50%
June 30, 2016	18,246	18,265	(19)	61,915	29.50%
June 30, 2017	9,864	9,871	(7)	31,090	31.75%
June 30, 2018	6,554	6,560	(6)	21,333	30.75%

Notes to Schedule:

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

Town of Lecompte

Combining Balance Sheet Non Major Governmental Funds June 30, 2019

	Public Equipment Sinking & Reserve	Park	Half-Cent Sales Tax	Pie Festival	Millage	Street Improvement	LCDBG	Sewer Const. Fund	Red River Delta	Total Non Major Funds
Assets										
Cash and Cash Equivalents	\$ 8,973	\$ 936	\$ 9,666	\$ 1,442	\$ -	\$ 14,835	\$ -		\$ -	\$ 35,852
Receivables (net)	-	-	7,314	-	-	-	-		-	7,314
Interfund Receivables	-	-	28,677	-	6,300	1,110	7,811	-	-	43,898
Total assets	<u>\$ 8,973</u>	<u>\$ 936</u>	<u>\$ 45,657</u>	<u>\$ 1,442</u>	<u>\$ 6,300</u>	<u>\$ 15,945</u>	<u>\$ 7,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,064</u>
Liabilities and Fund Balance										
Liabilities										
Accounts payable	\$ -	\$ -	\$ 1,523	\$ 51	\$ -	\$ -	\$ 7,735	\$ -	\$ -	9,309
Interfund Payables	4,364	8,772	-	2,993	29,937	20,368	-	-	-	66,434
Total liabilities	<u>4,364</u>	<u>8,772</u>	<u>1,523</u>	<u>3,044</u>	<u>29,937</u>	<u>20,368</u>	<u>7,735</u>	<u>-</u>	<u>-</u>	<u>75,743</u>
Fund Balance										
Restricted For:										
Other Special Purposes	4,609	(7,836)	44,134	(1,602)	(23,637)	(4,423)	76		-	11,321
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>4,609</u>	<u>(7,836)</u>	<u>44,134</u>	<u>(1,602)</u>	<u>(23,637)</u>	<u>(4,423)</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>11,321</u>
Total Liabilities and Fund Balance	<u>\$ 8,973</u>	<u>\$ 936</u>	<u>\$ 45,657</u>	<u>\$ 1,442</u>	<u>\$ 6,300</u>	<u>\$ 15,945</u>	<u>\$ 7,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,064</u>

Town of Lecompte

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non Major Governmental Funds - Year Ended June 30, 2019

	Public Equipment Sinking	Park	Half-Cent Sales Tax	Pic Festival	Millage	Street Improvement	LCDBG	Sewer Const. Fund	Red River Delta	Total Non Major Funds
Revenues:										
Sales Taxes	\$ -	\$ -	\$ 75,479	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 75,479
Intergovernmental	-	-	-	-	-	-	-		-	-
Other	-	1,865	-	2,262	-	-	-	-	-	4,127
Total Revenues	-	1,865	75,479	2,262	-	-	-	-	-	79,606
Expenditures:										
Current:										
Recreation/Beautification	-	-	61,865	4,120	-	-	-		-	65,985
Capital Expenditures	-	-	-	-	-	-	-		-	-
Other	34	-	-	-	-	-	-		-	34
Debt Service	12,880	-	-	-	-	-	-	-	-	12,880
Total Expenditures	12,914	-	61,865	4,120	-	-	-	-	-	78,899
Excess (Deficiency) of Revenues Over Expenditures	(12,914)	1,865	13,614	(1,858)	-	-	-	-	-	707
Other Financing Sources (Uses):										
Operating Transfers In/Out	12,273	(930)	-	-	-	-	-	(1,643)	2,180	11,880
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(641)	935	13,614	(1,858)	-	-	-	(1,643)	2,180	12,587
Fund Balance (Deficit)										
Beginning of Year	5,250	(8,771)	30,520	256	(23,637)	(4,423)	76	1,643	(2,180)	(1,266)
End of Year	\$ 4,609	\$ (7,836)	\$ 44,134	\$ (1,602)	\$ (23,637)	\$ (4,423)	\$ 76	\$ -	\$ -	\$ 11,321

Town of Lecompte

Schedule of Compensation Paid to Board Members For the year ended June 30, 2019

Robert Baxter	7,200
Craig Phillips	7,200
Virginia Bailey	3,000
Alex Baker	3,000
Ashton Washington	3,000
Patrick Baker	6,000
George Clark	6,000
Lonnell Clark	6,000
Tamara Williams	<u>3,000</u>
Total Compensation	<u>\$ 44,400</u>

Town of Lecompte

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the year ended June 30, 2019

	Agency Head	
	Robert Baxter	Craig Phillips
Purpose:		
Compensation	7,200	7,200
<u>Benefits:</u>		
Payroll Taxes	551	551
Retirement	1,008	-
<u>Reimbursements:</u>	835	-
	<u>9,594</u>	<u>7,751</u>

TOWN OF LECOMPTTE

Summary of Findings

June 30, 2019

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the financial statements for the Town of Lecompte as of June 30, 2019 and for the year then ended reported an unmodified opinion.
- Two deficiencies in Internal Control were reported in connection with the audit, as listed below.
- Eight acts of noncompliance material to the financial statements of the Town of Lecompte were disclosed during the audit as listed below.

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

2019-1: LATE SUBMISSION OF REPORT

Louisiana State Law requires that an annual audit be submitted to the Legislative Auditor within six months after the close of the fiscal year. The Town did not submit the annual audit report within the required time frame.

2019-2: DEBT COVENANTS

Prior to accepting a loan from the USDA, the Town agreed to make monthly transfers of \$2,034 into a short-lived assets account. The Town has not made any transfers into this account in the current year.

2019-3: NON-PAYMENT OF PAYROLL TAXES AND RETIREMENT

Federal law requires employers to remit payment for employment taxes, as well as federal taxes withheld from the payroll checks of employees. The Town did not make all required payments. In addition, the Town participates in a cost-sharing retirement system. All required payments were not made to the retirement system, and forms were not submitted when due.

2019-4: TECHNICAL BUDGET VIOLATION

In the current year, the revenues in the General Fund were less than budgeted amounts by more than 5%, which is a violation of the Louisiana Budget Law.

2019-5: NON-REMITTANCE OF CERTAIN COSTS COLLECTED ON BEHALF OF OTHER ENTITIES

LA Revised Statutes requires the Town to remit certain fees, fines, and court costs to various agencies whenever fines are collected by the Town. The Town did not remit all required amounts collected on behalf of these various agencies, as required.

2019-6: OPEN MEETINGS LAW

LA Revised Statutes requires municipalities to keep minutes of public meetings. The minutes must require the date, time, and place of the meeting, the attendance of the Town's elected officials, and a substance of all matters decided or votes taken. In the current year, the Town did not keep minutes for one council meeting.

2019-7: SUPPLEMENTAL PAY

Public Safety employees who have met certain requirements receive Supplemental Pay from the state. While these payments are made directly to the employee, each municipality is required to withhold and match payroll taxes owed on these amounts. In the current year, the Town did not hold out payroll taxes for public safety officials who received Supplemental Pay.

TOWN OF LECOMPTE

Summary of Findings

June 30, 2019

2019-8: RETENTION OF RECORDS

LA Revised Statutes require municipalities to maintain accounting records in such a manner as to provide evidence of legal compliance. In the current year, the Town was unable to provide auditors with all requested invoices, requiring alternative procedures to be used.

2019-9: TICKET SEQUENCE

To maintain effective internal controls, the Town's police department must be able to account for each ticket written. During our audit procedures, we found that ticket books were not being properly accounted for.

2019-10: PIE FESTIVAL ACTIVITIES

In connection with facilitating culture and recreation activities for its citizens, the Town hosts the Annual Pie Festival each year. Volunteer members of a committee deal with the operations of the Festival, while the Town maintains the accounting records. Since these operations are conducted in remote locations, the transactions are not subjected to the centralized accounting policies and procedures that apply to the Town's typical financial activities.

TOWN OF LECOMPTE

Management's Corrective Action Plan

June 30, 2019

SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2019-1: LATE SUBMISSION OF REPORT</u> Louisiana State Law requires that an annual audit be submitted to the Legislative Auditor within six months after the close of the fiscal year. The Town did not submit the annual audit report within the required time frame.</p>	<p><u>2019-1: LATE SUBMISSION OF REPORT</u> We will insure that in the future our audit report is submitted in a timely fashion as required by Louisiana Law.</p>
<p><u>2019-2: DEBT COVENANTS</u> Prior to accepting a loan from the USDA, the Town agreed to make monthly transfers of \$2,034 into an account dedicated to the replacement of short-lived assets. The Town has not made any transfers into this account in the current year.</p>	<p><u>2019-2: DEBT COVENANTS</u> We will begin making all required transfers monthly, and develop a tickler system so that we can ensure compliance in the future.</p>
<p><u>2019-3: NON-PAYMENT OF PAYROLL TAXES AND RETIREMENT</u> Federal law requires employers to remit payment for employment taxes, as well as federal taxes withheld from the payroll checks of employees. The Town did not make all required payments. In addition, the Town participates in a cost-sharing retirement system. All required payments were not made to the retirement system, and forms were not submitted when due.</p>	<p><u>2019-3: NON-PAYMENT OF PAYROLL TAXES AND RETIREMENT</u> We will develop an internal tickler system so that we can ensure compliance in the future, and pay amounts due such authorities in a timely manner. The Town is committed to paying all monies owed to these agencies in the future.</p>
<p><u>2019-4: TECHNICAL BUDGET VIOLATION</u> In the current year, the revenues in the General Fund were less than budgeted amounts by more than 5%, which is a violation of the Louisiana Budget Law.</p>	<p><u>2019-4: TECHNICAL BUDGET VIOLATION</u> We have examined our budgeting process, and will take corrective action so that we can better predict our revenues and expenditures in future years.</p>
<p><u>2019-5: NON-REMITTANCE OF CERTAIN COSTS COLLECTED ON BEHALF OF OTHER ENTITIES</u> LA Revised Statutes requires the Town to remit certain fees, fines, and court costs to various agencies whenever fines are collected by the Town. The Town did not remit all required amounts collected on behalf of these various agencies, as required.</p>	<p><u>2019-5: NON-REMITTANCE OF CERTAIN COSTS</u> We discovered the issue at the end of the calendar year, and are working to file all required reports and remit all required fees to the proper agencies.</p>
<p><u>2019-6: OPEN MEETINGS LAW</u> LA Revised Statutes requires municipalities to keep minutes of public meetings. The minutes must require the date, time, and place of the meeting, the attendance of the Town's elected officials, and a substance of all matters decided or votes taken. In the current year, the Town did not keep minutes for one council meeting.</p>	<p><u>2019-6: OPEN MEETINGS LAW</u> We are aware of this issue, and have implemented corrective action. All meetings will have proper minutes recorded and published in the future.</p>

TOWN OF LECOMPTTE

Management's Corrective Action Plan

June 30, 2019

<p><u>2019-7: SUPPLEMENTAL PAY</u> Public Safety employees who have met certain requirements receive Supplemental Pay from the state. While these payments are made directly to the employee, each municipality is required to withhold and match payroll taxes owed on these amounts. In the current year, the Town did not hold out payroll taxes for the Public Safety employees who received Supplemental Pay.</p> <p><u>2019-8: RETENTION OF RECORDS</u> LA Revised Statutes require municipalities to maintain accounting records in such a manner as to provide evidence of legal compliance. In the current year, the Town was unable to provide auditors with all requested invoices, requiring alternative procedures to be used.</p> <p><u>2019-9: TICKET SEQUENCE</u> To maintain effective internal controls, the Town's police department must be able to account for each ticket written. During our audit procedures, we found that ticket books were not being properly accounted for.</p> <p><u>2019-10: PIE FESTIVAL ACTIVITIES</u> In connection with facilitation culture and recreation activities, the Town hosts the Annual Pie Festival each year. Volunteer members of a committee deal with the operations of the Festival, while the Town maintains the accounting records. Since these operations are conducted in remote locations, the transactions are not subjected to the centralized accounting policies and procedures that apply to the Town's typical financial activities.</p>	<p><u>2019-7: SUPPLEMENTAL PAY</u> We will immediately begin withholding the proper amounts, and paying the correct amounts to taxing authorities as required.</p> <p><u>2019-8: RETENTION OF RECORDS</u> This issue arose because of the previous clerk, who is no longer employed by the Town. All invoices are being properly filed and retained by the current Town Clerk.</p> <p><u>2019-9: TICKET SEQUENCE</u> We will ensure that the Police Department completes a proper accounting for each ticket written, and maintains such records in the future.</p> <p><u>2019-10: PIE FESTIVAL ACTIVITIES</u> We will examine our options, including adopting proper controls or privatizing the festival activities, and resolve the issue in the current year.</p>
<p>SECTION II MANAGEMENT LETTER</p>	
<p><u>FINDINGS</u></p> <p><u>ML-1-2019, Compensated Absences:</u> During our work on the Town's compensated absences, we noted that the compensated absence balance has grown into a large dollar amount. We recommend management look at the policies in place to determine if changes need to be made in order to limit future liability.</p>	<p><u>RESPONSE</u></p> <p><u>ML-1-2019, Compensated Absences:</u> We will review our policies to determine if the policies need to be revised to limit future increases and liability.</p>

TOWN OF LECOMPTE

Prior Year Findings

June 30, 2019

SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>2018-1: MONITORING OF CLERICAL OPERATIONS</u> During the year under audit, personnel responsible for essential components of the Town's clerical and accounting operations failed to perform their duties properly. Due to the extent of the poor performance, it was not possible for auditors to express an opinion. In order to avoid future problems of this nature, the Mayor and Alderman should establish a process for monitoring clerical and accounting activities. The monitoring process should be structured in such a manner that would identify inadequate performance and permit corrective action in a timely manner.	<u>RESOLVED</u>
<u>2018-2: DISCLAIMER OF OPINION</u> Due to the condition of the Town's records, it was impossible to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. The disclaimer of opinion is considered a violation of State Law.	<u>RESOLVED</u>
<u>2018-3: LATE SUBMISSION OF REPORT</u> Louisiana State Law requires that an annual audit be submitted to the Legislative Auditor within six months after the close of the fiscal year. The Town did not submit the annual audit report within the required time frame.	<u>NOT RESOLVED: SEE AUDIT FINDING 2019-1</u>
<u>2018-4: DEBT COVENANTS</u> Prior to accepting a loan from the USDA, the Town agreed to make monthly transfers of \$2,034 into an account dedicated to the replacement of short-lived assets. The Town has not made any transfers into this account in the current year.	<u>NOT RESOLVED: SEE AUDIT FINDING 2019-2</u>
<u>2018-5: NON-PAYMENT OF PAYROLL TAXES AND RETIREMENT</u> Federal law requires employers to remit payment for employment taxes, as well as federal taxes withheld from the payroll checks of employees. The Town did not make all required payments. In addition, the Town participates in a cost-sharing retirement system. All required payments were not made to the retirement system, and forms were not submitted when due.	<u>NOT RESOLVED: SEE AUDIT FINDING 2019-3</u>

TOWN OF LECOMPTE

Prior Year Findings

June 30, 2019

<p><u>2018-6: TECHNICAL BUDGET VIOLATION</u> In the current year, the expenditures in the General Fund and One Cent Sales Tax Fund exceeded budgeted amounts by more than 5%, which is a violation of the Louisiana Budget Law.</p>	<p><u>NOT RESOLVED: SEE AUDIT FINDING 2019-4</u></p>
<p style="text-align: center;">SECTION II MANAGEMENT LETTER</p>	
<p style="text-align: center;"><u>FINDINGS</u> No Findings of this nature.</p>	<p style="text-align: center;"><u>RESPONSE</u> No response necessary</p>

APPENDIX A
Statewide Agreed-Upon Procedures



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

Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Town of Lecompte and
the Louisiana Legislative Auditor:

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

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

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

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

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

Rozier, McKay, & Willis

Rozier, McKay, & Willis
Certified Public Accountants
Alexandria, Louisiana
January 31, 2020



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Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt • Disaster Recovery/Business Continuity 	<p>The Town does not have any written procedures regarding the following functions:</p> <ul style="list-style-type: none"> ○ Budgeting ○ Purchasing ○ Disbursements ○ Receipts ○ Contracting ○ Credit Cards ○ Debt Service ○ Disaster Recovery/Business Continuity <p>The Town's written policies did not address all of the required elements of the following functions:</p> <ul style="list-style-type: none"> ○ Payroll ○ Travel and expense reimbursement ○ Ethics 	<p><i>We will examine our written procedures and the Legislative Auditor's "Best Practices" and develop written policies for the specified functions.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>RMW has reviewed the board and committee minutes for the fiscal period. Minutes for the month of August 2018 were not available for inspection.</p> <p>The governing board meet monthly with a quorum.</p> <p>Budget-to-Actual comparisons are not included as part of the Boards monthly report every month.</p>	<p><i>During the month in question, the Town had experienced turnover in the Town Clerk position. We will ensure that going forward, minutes are taken at every town meeting.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The Town Clerk started provided Budget-To-Actual comparisons during the current year. We will ensure that this practice continues in the future.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

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

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	The General Fund did have a negative unrestricted fund balance reported on the previous audit report. While discussions took place on improving the Town's financial position, there was no formal plan introduced to eliminate the negative unrestricted fund balance in the general fund.	<i>In the current year, we will adopt a formal plan to eliminate the Town's negative unrestricted fund balance.</i>

Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>RMW obtained a listing of the Town's bank accounts and selected five for testing</p> <p>Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.</p> <p>There is no evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.</p> <p>There were no items that were outstanding for more than 12 months.</p>	<p><i>The results did not contain any critical comments.</i></p> <p><i>The results did not contain any critical comments.</i></p> <p><i>In the future, reviews will be performed and documented as necessary.</i></p> <p><i>The results did not contain any critical comments.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>4 Obtain a listing of <u>deposit sites</u> 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 5 deposit sites (or all deposit sites if less than 5).</p> <p>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. 5 collection locations for 5 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:</p> <p>a) Employees that are responsible for cash collections do not share cash drawers/registerers.</p>	<p>A list of deposit sites and collection locations has been furnished and management has represented that the list is complete.</p> <p>The facility includes a single cash drawer and computer terminal.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>Due to the size of our workforce and limitations imposed by our facilities, occasional sharing is necessary.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

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

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>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.</p>	<p>The employee responsible for collecting cash is responsible for preparing and making bank deposits. The administrative staff consists of a few people. As a result, opportunities for segregation are limited.</p>	<p><i>An absence of resources prevents opportunities for segregation but the town plans to put in place procedures to mitigate exposure resulting from these limitations.</i></p>
<p>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.</p>	<p>The employee responsible for collecting cash is also responsible for posting collection entries to the general ledger. The administrative staff consists of a few people. As a result, opportunities for segregation are limited.</p>	<p><i>An absence of resources prevents opportunities for segregation but the town plans to put in place procedures to mitigate exposure resulting from these limitations.</i></p>
<p>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.</p>	<p>The employee responsible for reconciling cash collections to the general ledger is also responsible for collecting cash. The administrative staff consists of a few people. As a result, opportunities for segregation are limited.</p>	<p><i>An absence of resources prevents opportunities for segregation but the town plans to put in place procedures to mitigate exposure resulting from these limitations.</i></p>
<p>6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</p>	<p>The administrative staff is covered by an insurance policy that protects against theft.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash</p>	<p>Two deposit dates were selected at random, and source documents were obtained.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

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

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>The Town utilizes sequentially numbered receipts.</p> <p>One account did not have collection documentation that agreed to the deposit slip.</p> <p>Deposit slip total agreed to amounts on the bank statement.</p> <p>One account did not have collection documentation to enable RMW to verify collections were deposited within one day of receipt at the collection location.</p> <p>Deposits per the bank statement agreed to amounts recorded in the general ledger.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The Town will use sequentially pre-numbered receipts that agree to amounts deposited into the bank in the future for all bank accounts.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).	During the prior year, the entity did not have any exceptions in this AUP category that were not fully mitigated by compensating controls. As such, it has been excluded from testing in the current year.	<i>The results did not include findings or criticisms.</i>
9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:		
a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.	See Above	<i>The results did not include findings or criticisms.</i>
b) At least two employees are involved in processing and approving payments to vendors.	See Above	<i>The results did not include findings or criticisms.</i>
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.	See Above	<i>The results did not include findings or criticisms.</i>
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.	See Above	<i>The results did not include findings or criticisms.</i>

Town of Lecompte

Statewide Agreed-Upon Procedures

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

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p>	<p>See Above</p> <p>See Above</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Lecompte
Statewide Agreed-Upon Procedures
Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p> <p>12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</p> <p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>Management provided a listing of all active cards and card numbers, as well as the names of the persons who maintained possession of the cards.</p> <p>There is no evidence on the monthly statement that someone other than the authorized card holder reviewed the statement.</p> <p>The statements examined had finance charges or late fees assessed.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The Town will have a member of management other than the authorized card holder review the statement and document their review.</i></p> <p><i>The Town will ensure that it pays its credit card balance in full each month, to avoid unnecessary finance charges.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

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

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	There was no supporting documentation for the transactions selected for examination.	<i>The Town will have employees submit supporting documentation and written documentation of the business / public purpose of credit card purchases.</i>

Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>The Town did not incur any travel or travel-related expense reimbursements in the current year. As such, no transactions were able to be tested.</p> <p>See Above</p> <p>See Above</p> <p>See Above</p> <p>See Above</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>See Above</i></p> <p><i>See Above</i></p> <p><i>See Above</i></p> <p><i>See Above</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

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

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>During the prior year, the entity did not have any exceptions in this AUP category that were not fully mitigated by compensating controls. As such, it has been excluded from testing in the current year.</p> <p>See Above</p> <p>See Above</p> <p>See Above</p> <p>See Above</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p>	<p>Paid Salaries agreed to authorized salaries/pay rates documented in the personnel files.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:</p> <p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p> <p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p> <p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>Daily attendance was documented.</p> <p>Attendance was not properly approved.</p> <p>Leave accrued or taken during the pay period is recorded and maintained in a cumulative leave record by the Town Clerk.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The Town will have a member of management approve employee's attendance records for approval of attendance.</i></p> <p><i>The results did not include findings or criticisms.</i></p>
<p>18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records,</p>	<p>Management has represented that one termination payment was made during the year. RMW agreed the hours owed to the employee per the employee's cumulative leave records to the pay rates in the employee's personnel file, and found no exceptions.</p>	<p><i>The results did not include findings or criticisms.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

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

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files. 19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	Management has represented that payments and filings have not been completed on time.	<i>The Town will have the Town Clerk make payments and filings on time for payroll taxes and retirement contributions.</i>

Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
<p>20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:</p> <p>a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.</p> <p>b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.</p>	<p>There was no documentation to support ethics training for two of the five selected employees.</p> <p>The Town has not adopted a written ethics policy.</p>	<p><i>The Town will ensure that in the future, all employees will take all required ethic training yearly.</i></p> <p><i>Due to the size of our workforce, standards of ethical behavior can be clearly communicated without adopting written policies or requiring formal acknowledgement.</i></p>

Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	During the prior year, the entity did not have any exceptions in this AUP category that were not mitigated by compensating controls. As such, it has been excluded from testing in the current year.	<i>The results did not include findings or criticisms.</i>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	See Above	<i>The results did not include findings or criticisms.</i>

Town of Lecompte

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Other		
Agreed-Upon Procedure	Results	Managements' Response
23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	Based on management's representations, there were no misappropriations.	<i>The results did not include findings or criticisms.</i>
24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.	The poster was noticed in the lobby of town hall. The town does not have a website.	<i>The results did not include findings or criticisms.</i>