

TOWN OF LAKE PROVIDENCE

LAKE PROVIDENCE, LOUISIANA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018



**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Robert N. Amacker, Jr., Mayor,
and Members of the Board of Aldermen
Town of Lake Providence, State of Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lake Providence, State of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Lake Providence, State of Louisiana'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor. Those standards and the Guide 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.

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, and each major fund of the Town of Lake Providence, State of Louisiana, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Town of Lake Providence
Independent Auditor's Report
June 30, 2018**

Substantial Doubt about the Town's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Town of Lake Providence, State of Louisiana, will continue as a going concern. As discussed in Note 13 to the financial statements, the Town has experienced deficits averaging more than \$300,000 per year in the General Fund. The deficits have thus far been eliminated by transferring funds from the Utility Fund. The Town may not be able to sustain such transfers while also operating and maintaining the Town's water and sewer systems. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6, budgetary comparison information on page 37, schedule of employer's proportionate share of net pension liability on page 38, and schedule of employer's contributions on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lake Providence, State of Louisiana's basic financial statements. The Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Agency Head; the Schedule of Compensation Paid Aldermen; and the Schedule of Utility Activities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Aldermen and the Schedule of Count of Utility Customers have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The schedules listed in the previous paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the previous paragraph are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Town of Lake Providence
Independent Auditor's Report
June 30, 2018**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2018, on our consideration of the Town of Lake Providence, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Lake Providence, State of Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lake Providence, State of Louisiana's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Ruston, Louisiana
December 24, 2018

TOWN OF LAKE PROVIDENCE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2018

Our discussion and analysis of the Town of Lake Providence, Louisiana (the Town) provides an overview of the Town's activities for the year ended June 30, 2018. Please read it in conjunction with the Town's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole.

Reporting the Town as a Whole The Statement of Net Position and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's net position and changes in them. The Town's net position (i.e., the difference between assets and liabilities) is a measure of the Town's financial position. The increases or decreases in the Town's net position are an indicator of whether its financial position is improving or deteriorating.

THE TOWN AS A WHOLE

At June 30, 2018, net position was as follows:

NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 670,494	\$ 657,313	\$ 786,751	\$ 857,608	\$ 1,457,245	\$ 1,514,921
Capital assets, net	<u>3,100,902</u>	3,272,643	<u>6,634,388</u>	6,834,852	<u>9,735,290</u>	10,107,495
Total assets	<u>3,771,396</u>	<u>3,929,956</u>	<u>7,421,139</u>	<u>7,692,460</u>	<u>11,192,535</u>	<u>11,622,416</u>
Deferred outflows - pension related	<u>34,822</u>	27,675	<u>130,962</u>	138,439	<u>165,784</u>	166,114
Liabilities:						
Current	56,581	72,855	222,262	208,917	278,843	281,772
Long-term	<u>427,647</u>	412,741	<u>3,033,526</u>	3,111,699	<u>3,461,173</u>	3,524,440
Total liabilities	<u>484,228</u>	<u>485,596</u>	<u>3,255,788</u>	<u>3,320,616</u>	<u>3,740,016</u>	<u>3,806,212</u>
Deferred inflows - pension related	<u>7,564</u>	9,391	<u>28,449</u>	46,519	<u>36,013</u>	55,910
Net position:						
Net investment in capital assets	2,781,476	2,948,416	3,963,292	4,105,811	6,744,768	7,054,227
Restricted	494,210	432,513	466,736	369,941	960,946	802,454
Unrestricted	<u>38,740</u>	81,715	<u>(162,164)</u>	(11,988)	<u>(123,424)</u>	69,727
Total net position	<u>\$ 3,314,426</u>	<u>\$ 3,462,644</u>	<u>\$ 4,267,864</u>	<u>\$ 4,463,764</u>	<u>\$ 7,582,290</u>	<u>\$ 7,926,408</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2018

Net position of the Town's governmental activities increased three percent during the year ended June 30, 2018. Unrestricted net position, the part that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, changed from \$81,715 to \$38,740. The increase is due to changes in property taxes and transfers in from the Utility Fund. Ordinary expenses did not change significantly.

Net position of the business-type activities decreased from \$4,463,764 to \$4,267,864. The decrease is primarily due to changes in operating grants and contributions. Ordinary expenses did not change significantly.

For the year ended June 30, 2018, net position changed as follows:

	CHANGE IN NET POSITION					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 312,996	\$ 358,793	\$ 1,222,695	\$ 1,223,969	\$ 1,535,691	\$ 1,582,762
Operating grants and contributions	43,413	42,722	126,149	65,316	169,562	108,038
Capital grants and contributions	12,814	247,405	-	-	12,814	247,405
General revenues:						
Property taxes	203,174	197,588	-	-	203,174	197,588
Sales and use taxes	252,042	254,008	252,079	255,994	504,121	510,002
Other taxes	92,725	91,385	-	-	92,725	91,385
Earnings on investments	499	771	1,196	1,440	1,695	2,211
Other	71,671	108,889	36,767	37,961	108,438	146,850
Total revenues	<u>989,334</u>	<u>1,301,561</u>	<u>1,638,886</u>	<u>1,584,680</u>	<u>2,628,220</u>	<u>2,886,241</u>
Governmental activities:						
General government	403,612	410,414	-	-	403,612	410,414
Public safety	677,663	640,803	-	-	677,663	640,803
Highways and streets	392,274	372,245	-	-	392,274	372,245
Health and welfare	3,950	7,250	-	-	3,950	7,250
Culture and recreation	71,554	76,518	-	-	71,554	76,518
Interest expense	13,687	13,886	114,879	117,286	128,566	131,172
Business-type activities:						
Utilities	-	-	1,294,720	1,320,374	1,294,720	1,320,374
Total expenses	<u>1,562,740</u>	<u>1,521,116</u>	<u>1,409,599</u>	<u>1,437,660</u>	<u>2,972,339</u>	<u>2,958,776</u>
Increase (decrease) in net position before transfers	<u>(573,406)</u>	<u>(219,555)</u>	<u>229,287</u>	<u>147,020</u>	<u>(344,119)</u>	<u>(72,535)</u>
Transfers	425,188	310,000	(425,188)	(310,000)	-	-
Change in net position of year	<u>(148,218)</u>	<u>90,445</u>	<u>(195,901)</u>	<u>(162,980)</u>	<u>(344,119)</u>	<u>(72,535)</u>
Net position at beginning	<u>3,462,644</u>	<u>3,372,199</u>	<u>4,463,765</u>	<u>4,626,744</u>	<u>7,926,409</u>	<u>7,998,943</u>
Net position at end of year	<u>\$ 3,314,426</u>	<u>\$ 3,462,644</u>	<u>\$ 4,267,864</u>	<u>\$ 4,463,764</u>	<u>\$ 7,582,290</u>	<u>\$ 7,926,408</u>

As of June 30, 2018, none of the Town's funds have a deficit balance. The General Fund has a fund balance of \$611,038 which is an increase of approximately five percent from prior year. Fund balance is equal to approximately five months of expenditures.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2018

BUDGETARY HIGHLIGHTS

During the year, in the General Fund, there was a \$118,184 decrease in anticipated revenues. It was due primarily to decreases in intergovernmental revenues and fines. Anticipated expenditures increased by \$19,435 primarily due to increases in public safety, and highways and streets offset by a decrease in general government, and culture and recreation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the Town's investment in capital assets for its governmental and business-type activities amounts to \$9,735,290 (net of accumulated depreciation). This investment includes the water and sewer systems, land, buildings and improvements, streets, vehicles, machinery, and equipment.

This year's additions of \$204,498 include a lawn mower, tractor, trailer, and water system improvements. During the year, the Town also disposed of one vehicle. Deletions totaled \$2,860. Depreciation expense for governmental and business-type activities was \$182,905 and \$328,482, respectively.

Debt

At year end, the Town had a total of \$319,426 in general obligation bonds and \$2,671,096 in revenue bonds outstanding. The bonds bear interest between 4.125%, 2.34% and 4.25%. There is one issue of general obligation bonds and one issue of revenue bonds. The bonds are due to mature in 2049 and 2043, respectively. The funds were used to finance the cost of the construction of extensions, improvements, and additions to the existing waterworks and sewer systems of the Town.

In addition, the Town had other long-term obligations:

- Net pension liability - \$446,265
- Compensated absences payable - \$24,386

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Our elected and appointed officials consider many factors when setting the Town's budget and tax rates. One of the most important factors affecting the budget is our franchise, ad valorem, sales and other tax collections. Approximately 50% of total revenues in the General Fund are taxes. We have budgeted very little change in taxes for the year ending June 30, 2019.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Mayor at Town Hall, 201 Sparrow Street, Lake Providence, Louisiana 71263, telephone number 318-559-2288.

BASIC FINANCIAL STATEMENTS

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 133,929	\$ 112,538	\$ 246,467
Cash and cash equivalents - restricted	491,335	466,736	958,071
Receivables, net of allowance for uncollectibles	45,230	207,477	252,707
Capital assets not being depreciated	218,340	61,545	279,885
Capital assets, net of accumulated depreciation	2,882,562	6,572,843	9,455,405
TOTAL ASSETS	3,771,396	7,421,139	11,192,535
DEFERRED OUTFLOWS			
Pension related	34,822	130,962	165,784
LIABILITIES			
Accounts payable	27,997	64,207	92,204
Retainages payable	-	16,905	16,905
Payroll and related liabilities	28,484	6,073	34,557
Accrued liabilities	100	-	100
Customer deposits payable	-	135,077	135,077
Noncurrent liabilities:			
Due within one year	19,496	60,456	79,952
Due in more than one year	314,415	2,620,541	2,934,956
Net pension liability	93,736	352,529	446,265
TOTAL LIABILITIES	484,228	3,255,788	3,740,016
DEFERRED INFLOWS			
Pension related	7,564	28,449	36,013
NET POSITION			
Net investment in capital assets	2,781,476	3,963,292	6,744,768
Restricted net position	494,210	466,736	960,946
Unrestricted net position	38,740	(162,164)	(123,424)
TOTAL NET POSITION	\$ 3,314,426	\$ 4,267,864	\$ 7,582,290

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

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental activities:							
General government	\$ 403,612	\$ 153,146	\$ 500	\$ -	\$ (249,966)		\$ (249,966)
Public safety	677,663	159,850	42,913	-	(474,900)		(474,900)
Highways and streets	392,274	-	-	12,814	(379,460)		(379,460)
Health and welfare	3,950	-	-	-	(3,950)		(3,950)
Culture and recreation	71,554	-	-	-	(71,554)		(71,554)
Interest expense	13,687	-	-	-	(13,687)		(13,687)
Total governmental activities	<u>1,562,740</u>	<u>312,996</u>	<u>43,413</u>	<u>12,814</u>	<u>(1,193,517)</u>		<u>(1,193,517)</u>
Business-type activities:							
Utilities	1,294,720	1,222,695	126,149	-		\$ 54,124	54,124
Interest expense	114,879	-	-	-		(114,879)	(114,879)
Total business-type activities	<u>1,409,599</u>	<u>1,222,695</u>	<u>126,149</u>	<u>-</u>		<u>(60,755)</u>	<u>(60,755)</u>
Total primary government	<u>\$ 2,972,339</u>	<u>\$ 1,535,691</u>	<u>\$ 169,562</u>	<u>\$ 12,814</u>	<u>(1,193,517)</u>	<u>(60,755)</u>	<u>(1,254,272)</u>
General revenues:							
Property taxes					203,174	-	203,174
Sales and use taxes					252,042	252,079	504,121
Franchise taxes					91,242	-	91,242
Other taxes, penalties and interest					1,483	-	1,483
Unrestricted investment earnings					499	1,196	1,695
Gain (loss) on sale of capital assets					5,000	2,000	7,000
Other					66,671	34,767	101,438
Transfers					425,188	(425,188)	-
Total general revenues and transfers					<u>1,045,299</u>	<u>(135,146)</u>	<u>910,153</u>
Change in net position					<u>(148,218)</u>	<u>(195,901)</u>	<u>(344,119)</u>
Net position at beginning of year					3,462,644	4,463,765	7,926,409
Net position at end of year					<u>\$ 3,314,426</u>	<u>\$ 4,267,864</u>	<u>\$ 7,582,290</u>

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

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

ASSETS	General	Capital Projects	Total Governmental Funds
Cash and cash equivalents	\$ 131,054	\$ 2,875	\$ 133,929
Cash and cash equivalents - restricted	491,335	-	491,335
Receivables, net	45,230	-	45,230
TOTAL ASSETS	\$ 667,619	\$ 2,875	\$ 670,494
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 27,997	\$ -	\$ 27,997
Payroll and related liabilities	28,484	-	28,484
Accrued liabilities	100	-	100
Total liabilities	<u>56,581</u>	<u>-</u>	<u>56,581</u>
Fund balances:			
Restricted fund balances	491,335	2,875	494,210
Unassigned fund balances	119,703	-	119,703
Total fund balances	<u>611,038</u>	<u>2,875</u>	<u>613,913</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 667,619	\$ 2,875	\$ 670,494

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

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

**Amounts reported for governmental activities
in the statement of net assets are different because:**

Total fund balances	\$ 613,913
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	3,100,902
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Deferred outflows - pension related	34,822
Deferred inflows - pension related	(7,564)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(319,426)
Compensated absences payable	(14,485)
Net pension liability	(93,736)
Net assets of governmental activities	<u><u>\$ 3,314,426</u></u>

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

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	General	Capital Projects	Total Governmental Funds
Revenues:			
Taxes:			
Ad valorem	\$ 203,174	\$ -	\$ 203,174
Sales and use	252,042	-	252,042
Franchise	91,242	-	91,242
Other taxes, penalties and interest	1,483	-	1,483
Licenses and permits	122,884	-	122,884
Intergovernmental:			
State funds:			
Supplemental pay	30,300	-	30,300
Fire insurance rebate	12,613	-	12,613
Local government assistance program	12,814	-	12,814
Charges for services	500	-	500
Fines	159,850	-	159,850
Lease income	30,262	-	30,262
Interest earned	497	2	499
Other revenues	63,974	-	63,974
Total revenues	<u>981,635</u>	<u>2</u>	<u>981,637</u>
Expenditures:			
Current:			
General government	346,855	15,188	362,043
Public safety:			
Police Department	507,733	-	507,733
Fire Department	157,441	-	157,441
Animal Control	1,792	-	1,792
Highways and streets	269,465	-	269,465
Health and welfare	3,950	-	3,950
Culture and recreation	50,294	-	50,294
Debt service:			
Principal	4,801	-	4,801
Interest and others	13,687	-	13,687
Capital outlay	11,164	-	11,164
Total expenditures	<u>1,367,182</u>	<u>15,188</u>	<u>1,382,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(385,547)</u>	<u>(15,186)</u>	<u>(400,733)</u>
Other financing sources (uses):			
Transfers in	410,000	15,188	425,188
Sale of capital assets	5,000	-	5,000
Total other financing sources and uses	<u>415,000</u>	<u>15,188</u>	<u>430,188</u>
Net change in fund balances	<u>29,453</u>	<u>2</u>	<u>29,455</u>
Fund balances at beginning of year (restated)	581,585	2,873	584,458
Fund balances at end of year	<u>\$ 611,038</u>	<u>\$ 2,875</u>	<u>\$ 613,913</u>

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

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS' STATEMENT OF REVENUES,
EXENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities
in the statement of net assets are different because:

Net change in fund balances - total governmental funds \$ 29,455

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay	11,164
Depreciation expense	(182,905)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Payments on debt	4,801
Pension expense	(13,430)
Nonemployer contributions to pension plan	2,697

Change in net assets of governmental activities \$ (148,218)

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

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

PROPRIETARY FUND - UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 112,538
Receivables, net	207,477
Total current assets	<u>320,015</u>

Noncurrent assets:

Cash and cash equivalents - restricted	466,736
Capital assets, net	6,634,388
Total noncurrent assets	<u>7,101,124</u>

TOTAL ASSETS

7,421,139

DEFERRED OUTFLOWS

Pension related	<u>130,962</u>
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LIABILITIES

Current liabilities:

Accounts payable	64,207
Retainages payable	16,905
Payroll and related liabilities	6,073
Customer deposits payable	135,077
Total current liabilities	<u>282,718</u>

Noncurrent liabilities:

Compensated absences payable	9,901
Revenue bonds payable	2,610,640
Net pension liability	352,529
Total noncurrent liabilities	<u>2,973,070</u>

TOTAL LIABILITIES

3,255,788

DEFERRED INFLOWS

Pension related	<u>28,449</u>
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NET POSITION

Net investment in capital assets	3,963,292
Restricted net position	466,736
Unrestricted net position	(162,164)
TOTAL NET POSITION	<u>\$ 4,267,864</u>

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

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**PROPRIETARY FUND - UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

Operating revenues:	
Charges for sales and services:	
Water charges	\$ 581,381
Sewer charges	256,547
Lakeside Sewer District Fees	75,531
Garbage charges	187,670
Street light charges	64,768
Penalties charged on utility accounts	56,798
Other revenues	34,767
Total operating revenues	<u>1,257,462</u>
Operating expenses:	
General and administrative:	
Salaries and related benefits	50,065
Materials and supplies	2,824
Operating costs	49,236
Professional services	19,901
Water department:	
Water salaries and related benefits	71,825
Water materials and supplies	63,099
Water operating costs	128,137
Water professional services	72,000
Water depreciation	214,842
Sewer department:	
Sewer salaries and related benefits	71,485
Sewer materials and supplies	38,780
Sewer operating costs	142,254
Sewer professional services	72,000
Sewer depreciation	113,640
Sanitation department:	
Sanitation salaries and related benefits	56,039
Sanitation materials and supplies	8,855
Sanitation operating costs	46,885
Street lighting expense	72,853
Total operating expenses	<u>1,294,720</u>
Operating income (loss)	<u>(37,258)</u>
Nonoperating revenues (expenses):	
Sales and use taxes	252,079
Intergovernmental revenues	126,149
Interest earned	1,196
Interest expense	(114,879)
Gain (loss) on sale of capital assets	2,000
Total nonoperating revenue (expenses)	<u>266,545</u>
Income (loss) before transfers	229,287
Transfers out	<u>(425,188)</u>
Change in net assets	<u>(195,901)</u>
Net position at beginning of year (restated)	4,463,765
Net position at end of year	<u>\$ 4,267,864</u>

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

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA
PROPRIETARY FUND - UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

Cash flows from operating activities:	
Receipts from customers and users	\$ 1,252,480
Payments to suppliers	(840,368)
Payments to employees	(153,977)
Net cash provided by operating activities	<u>258,135</u>
Cash flows from noncapital financing activities:	
Transfer to other funds	(425,188)
Sales tax receipts	250,628
Net cash provided by noncapital and related financing activities	<u>(174,560)</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(146,453)
Principal paid on capital debt	(57,945)
Interest paid on capital debt	(114,879)
Proceeds from sales of capital assets	2,000
Subsidy from grants	145,035
Net cash used by capital and related financing activities	<u>(172,242)</u>
Cash flows from investing activities:	
Interest received	1,196
Net cash provided by investing activities	<u>1,196</u>
Net increase (decrease) in cash and cash equivalents	(87,471)
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	<u>666,745</u>
Cash and cash equivalents, end of year (including amounts in restricted accounts)	<u>\$ 579,274</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	<u>\$ (37,258)</u>
Adjustments to reconcile operating loss to cash provided by operating activities:	
Bad debt expense	(252)
Depreciation expense	328,482
Pension related	(30,821)
(Increase) decrease in accounts receivable	(4,178)
Increase (decrease) in accounts payable	(7,178)
Increase (decrease) in customer deposits	9,340
Total adjustments	<u>295,393</u>
Net cash provided by operating activities	<u>\$ 258,135</u>
Noncash investing, capital, and financing activities:	
None	

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

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lake Providence, Louisiana, (the Town) was incorporated in 1848. In 1904, the Town began operating under the provisions of the “Lawrason Act” (Louisiana Revised Statutes (R.S.) 33:321-481) of the constitution of the State of Louisiana. The Town is located in the parish of East Carroll and, as of 2010, had a population of 5,104. The Town operates under a “Board of Aldermen-Mayor” form of government and, as permitted under the act, provides police protection, fire protection, roads, streets and sidewalks; sponsorship of federal and state supported programs, water and sewer utilities and other necessary public services.

The accompanying basic financial statements of the Town of Lake Providence have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position and results of operations of the various funds by the Town and the cash flows of the proprietary funds as of and for the year ended June 30, 2018.

Reporting Entity

The Town reporting entity consists of the various departments and activities that are within the control and authority of the Mayor and the Board of Aldermen.

As required by GASB Statement No. 14, *The Financial Reporting Entity*, as amended, a legally separate entity is considered a component unit of the Town if at least one of the following criteria is met:

- The Town appoints a voting majority of the organization’s governing body and is either able to impose its will on the organization or there is a potential financial benefit/burden to the Town.
- The entity is fiscally dependent on the Town.
- The nature and significance of the relationship between the Town and the entity is such that exclusion would cause the financial statements of the Town to be misleading or incomplete.

Under provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The Town has no component units.

Basis of Presentation

The financial report consists of Management’s Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and required supplementary information other than the MD&A. The MD&A provides an overview of the financial activities of the Town. The basic financial statements include the government-wide financial statements, fund financial statements, and the notes to the basic financial statements.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Major revenues such as ad valorem taxes and sales taxes are assessed, collected and susceptible to accrual. Assets, liabilities, revenues, and expenses of the government are reported in the financial statements. The statements distinguish between the governmental and business-type activities of the Town by reporting each in a separate column.

All capital (long-lived) assets, receivables, and long-term obligations are reported in the Statement of Net Position. The Statement of Activities reports revenues and expenses in a format that allows the reader to focus on the net cost of each function of the Town. Both the gross and net cost per function, which is otherwise being supported by general government revenues, is compared to the revenues generated directly by the function. In the Statement of Activities, gross expenses, including depreciation, are reduced by related program revenues, which are comprised of charges for services, operating grants, and capital grants. Direct and indirect expenses are reported as program expenses for individual functions and activities. The program revenues must be directly associated with the function or a business-type activity. The types of transactions included in program revenues are licenses and permits, fines, lease income, court costs, charges for mowing, and charges for gravesites. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The fund financial statements report the Town as a collection of major and nonmajor funds presented on separate schedules by fund category – governmental, proprietary, and fiduciary funds.

- The governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances, with one column for the general fund, one for each of the other major funds, and one column combining all the nonmajor governmental funds. The Town does not have any nonmajor governmental funds. The statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period, generally considered sixty days after the end of the fiscal year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest payments on general long-term liabilities which are recognized when due.
- The proprietary fund statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. Each statement has a column for each major enterprise fund. The Town does not have any nonmajor proprietary funds or internal service funds. The proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting in order to make a determination of net income, financial position, and cash flows.

Although the financial statements presented in each of these three schedules contain “total” columns, they merely combine rather than consolidate the funds. Hence, interfund transactions that generate receivables and payables or transfers from one fund to another are not eliminated.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Major funds are those whose revenues, expenditures/expenses, assets and deferred outflows, or liabilities and deferred inflows are at least ten percent of the total for their fund category or type (governmental or enterprise) and at least five percent of the corresponding element total for all governmental and enterprise funds combined.

The data on the face of the three sets of financial statements must be accompanied by certain disclosures to ensure accurate information is presented in the form of a single set of notes to the basic financial statements.

The major governmental funds of the Town are the General Fund and the Capital Projects Fund.

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

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The Town reports one major enterprise fund, the Utility Enterprise Fund which accounts for the activities of the water, sewer, sanitation and street lighting departments.

Assets, Liabilities, and Net Position, Equity, or Net Fund Balances

Cash and Investments

The Town Clerk pools those cash resources for which she is responsible and invests them accordingly. For purposes of the financial statements, including the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Cash and investment earnings are recorded in the Fund that holds the investment.

Receivables and Payables

Activity between funds that is outstanding at the end the fiscal year is referred to as either “due to or from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All internal balances are eliminated in the total primary government column. Receivables include all amounts susceptible to accrual that have not been collected at June 30, but will be collected soon enough after the end of the year to pay liabilities of that year. They include all amounts earned, but not collected at June 30. Receivables (net of any uncollectible amounts) and payables are reported on separate lines.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, Equity, or Net Fund Balances

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Town in September or October, are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. The Town bills and collects its own property taxes using the assessed value determined by the assessor of East Carroll Parish and approved by the State of Louisiana Tax Commission. However, taxes that are received after more than 60 days after year end, will be recorded as deferred revenue at year end as they are not available. For the year ended June 30, 2018, taxes of 17.4 mills were levied on property with assessed valuations totaling \$11,334,122, as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	11.50	11.50	Indefinite
Fire	3.26	3.28	2027
Police	2.61	2.62	2027

The following are the principal taxpayers and related property tax revenue for the Town:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Delta Bank	\$ 646,143	6%	\$ 11,243
Entergy Louisiana, Inc.	458,990	4%	7,986
Crop Production Services, Inc.	372,235	3%	6,477
Capital One, N.A.	357,983	3%	6,229
Lansing Louisiana, LLC	352,419	3%	6,132
Atmos Energy Corporation	275,257	2%	4,789
Jongs, Inc.	186,060	2%	3,237
Bell South Telecommunications	156,936	1%	2,731
Carroll Oil, Inc.	78,652	1%	1,369
Providence Foods, LLC	78,188	1%	1,360
Totals	<u>\$ 2,962,863</u>	<u>26%</u>	<u>\$ 51,553</u>

Voters of the Town authorized a one percent sales and use tax at a special election held November 3, 1998. On July 19, 2008, the tax was approved for an additional ten years from January 1, 2009. On April 28, 2018, the tax was approved for an additional ten years from January 1, 2019. The tax is to be used for the purpose of constructing, acquiring, improving, extending, operating, and/or maintaining the Town's sewer system and water works facilities and improvements. An additional one percent sales and use tax was approved by the voters on January 15, 2005 for a period of ten years. On November 4, 2014, voters renewed the tax for an additional ten years commencing March 31, 2015. The tax is to be used for the purpose of improvement, maintenance, and/or repair of public streets within the corporate limits of the Town. Sales taxes are recognized when the underlying exchange transaction occurs, and the resources are available.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventories consisting of office supplies and water and sewer plant supplies held for consumption are valued using the average cost method. The consumption method is used for financial reporting. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, Equity, or Net Fund Balances (Continued)

Restricted Assets

Restricted assets represent primarily cash and investments held separately and restricted according to bond indenture agreements. Cash held for water customer meter deposits is also reported as restricted.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported capital in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded as expenditures in each fund and capitalized at the government-wide level; assets of enterprise funds are reported in the fund. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. The capitalization threshold is \$1,000. For reporting purposes, the Town defines capital assets as follows:

- Land is an inexhaustible asset with no capitalization threshold and an unlimited useful life; therefore, it is not depreciated.
- Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee to leased property. They are depreciated principally using the straight-line method with an estimated useful life typically of 50 years for structures and improvements and 20 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the term of the lease. Construction-in-progress is not depreciated.
- Movable property (furniture, equipment, and vehicles) consists of assets that are not fixed or stationary in nature. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.
- Infrastructure assets include tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure is depreciated using the straight-line method with an estimated useful life of 20 to 40 years.
- Purchased computer software is depreciated using the straight-line method over an estimated useful life of 3 years.
- Donated capital assets are recorded at their estimated fair value at the date of donation.

Compensated absences

An employee must have been in the service of the Town for at least one year to be eligible for annual leave. Employees' vacations are determined by length of service with the Town. Employees with up to three years of service earn one week of vacation. Employees with more than three years of service earn two weeks of vacation. Employees are not paid for accumulated vacation leave upon separation, termination, retirement, or death.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, Equity, or Net Fund Balances (Continued)

Each employee earns sick leave at the rate of one and one-quarter day for each month worked up to a maximum of fifteen days. If no sick leave is used during a year, the employee may carry forward six days to the next year. If any sick leave is used during the year, the employee may carry forward half of the leave earned for the year. The total accumulated balance cannot exceed sixty days. At separation, termination, retirement, or death, an employee may only be paid for the amount earned during the current year.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. In the fund financial statements, proprietary fund long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Individual funds have been used to liquidate other long-term liabilities such as compensated absences, claims and litigation payable, etc. Prior to the implementation of GASB Statement No. 65, bond premiums and discounts, as well as issuance costs, were deferred and amortized over the life of the bonds. Subsequently, the costs are expensed as incurred.

Fund Balance Classifications and Net Position

Fund balances are reported under the following fund balance classifications:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or are legally or contractually required to be maintained intact.
Restricted	Includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Includes amounts that can only be used for specific purposes pursuant to constraints that are internally imposed by the government through formal action of the Town Council and does not lapse at year-end.
Assigned	Includes amounts that are constrained by the Council's intent to be used for specific purposes that are neither considered restricted or committed.
Unassigned	Includes amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund. Negative fund balances in other governmental funds can also be classified as unassigned.

The Town has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of the Town is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications and Net Position (Continued)

The difference between assets and liabilities is “net position” on the government-wide, proprietary, and fiduciary fund statements. Net position is segregated into three categories on the government-wide statement of net position:

Net investment in capital assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations. The Town first uses restricted net position for expenses incurred when both restricted and unrestricted net position are available for use. The use of restricted net position may be deferred based on a review of the specific transaction.

Unrestricted net position – The balance of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation of the government-wide statements to the governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the current financial resources measurement focus and modified accrual basis of accounting to the economic measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, inventories and prepaids, long-term debt, accrued interest, long-term liabilities, and deferred revenue, which are shown on the government-wide but not the governmental fund statements.

Budgets

The Town of Lake Providence (Mayor and Council) uses the following budget practices:

Prior to June 30, the Town Clerk submits to the Mayor and Board Members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.

Public hearings are conducted to obtain taxpayer comment.

During the month of June, the budget is legally enacted through passage of an ordinance.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

Budgets are adopted on the modified accrual basis.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

Appropriations lapse at the end of each fiscal year.

The Mayor and Board may authorize supplemental appropriations during the year.

Use of estimates

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

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. The policy is not a formal written policy. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand.

At June 30, 2018, the Town has cash and cash equivalents (book balances) totaling \$1,204,538 as follows:

Cash and cash equivalents:	
Demand deposits	\$ 212,982
Time deposits	33,061
Other	424
Total	<u>246,467</u>
Cash and cash equivalents – restricted:	
Demand deposits	381,396
Time deposits	576,675
Total	<u>958,071</u>
Total	<u><u>\$1,204,538</u></u>

These deposits are stated at cost which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

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. As of June 30, 2018, \$261,241 of the Town's bank balances of \$1,222,541 was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 961,300
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Town's name	261,241
Total balances exposed to custodial credit risk	261,241
Total bank balances	\$ 1,222,541

NOTE 3 – RECEIVABLES

The following is a summary of receivables at June 30, 2018:

	<u>General</u>	<u>Utility Enterprise</u>	<u>Total</u>
Receivables:			
Taxes:			
Sales and use taxes	\$ 22,552	\$ 22,552	\$ 45,104
Franchise taxes	20,753	-	20,753
Intergovernmental	1,029	17,668	18,697
Accounts	-	477,453	477,453
Other	896	4,032	4,928
Gross receivables	45,230	521,705	566,935
Less allowance for uncollectibles	-	(314,228)	(314,228)
Net total receivables	\$ 45,230	\$ 207,477	\$ 252,707

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018, follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 218,340	\$ -	\$ -	\$ 218,340
Total capital assets not being depreciated	<u>218,340</u>	<u>-</u>	<u>-</u>	<u>218,340</u>
Capital assets being depreciated:				
Infrastructure	3,976,388	-	-	3,976,388
Buildings	778,257	-	-	778,257
Building improvements	792,411	-	-	792,411
Furniture and equipment	343,158	11,164	-	354,322
Vehicles	728,419	-	-	728,419
Total capital assets being depreciated	<u>6,618,633</u>	<u>11,164</u>	<u>-</u>	<u>6,629,797</u>
Less accumulated depreciation for:				
Infrastructure	2,007,303	18,345	-	2,025,648
Buildings	266,749	32,369	-	299,118
Building improvements	312,684	105,125	-	417,809
Furniture and equipment	301,926	14,308	-	316,234
Vehicles	675,668	12,758	-	688,426
Total accumulated depreciation	<u>3,564,330</u>	<u>182,905</u>	<u>-</u>	<u>3,747,235</u>
Total capital assets being depreciated	<u>3,054,303</u>	<u>(171,741)</u>	<u>-</u>	<u>2,882,562</u>
Governmental activities, capital assets, net	<u>\$ 3,272,643</u>	<u>\$ (171,741)</u>	<u>\$ -</u>	<u>\$ 3,100,902</u>

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 61,545	\$ -	\$ -	\$ 61,545
Construction in progress	65,316	111,836	(177,152)	-
Total capital assets not being depreciated	<u>126,859</u>	<u>111,836</u>	<u>(177,152)</u>	<u>61,543</u>
Capital assets being depreciated:				
Infrastructure	11,317,759	177,152	-	11,494,911
Buildings	148,905	-	-	148,905
Building improvements	23,689	-	-	23,689
Furniture and equipment	284,168	16,182	-	300,350
Vehicles	363,153	-	(2,860)	360,293
Total capital assets being depreciated	<u>12,137,674</u>	<u>193,334</u>	<u>(2,860)</u>	<u>12,328,148</u>
Less accumulated depreciation for:				
Infrastructure	4,706,107	315,777	-	5,021,884
Buildings	77,871	3,028	-	80,899
Building improvements	23,497	35	-	23,532
Furniture and equipment	269,121	5,232	-	274,353
Vehicles	353,085	4,410	(2,860)	354,635
Total accumulated depreciation	<u>5,429,681</u>	<u>328,482</u>	<u>(2,860)</u>	<u>5,755,303</u>
Total capital assets being depreciated	<u>6,707,993</u>	<u>(135,148)</u>	<u>-</u>	<u>6,572,845</u>
Business-type activities - capital assets, net	<u>\$6,834,852</u>	<u>\$ (23,312)</u>	<u>\$ (177,152)</u>	<u>\$ 6,634,388</u>

Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 28,139
Public safety	10,697
Highways and streets	122,809
Culture and recreation	21,260
Total	<u>\$ 182,905</u>
Business-type activities:	
Water	\$ 214,842
Sewer	113,640
Total	<u>\$ 328,482</u>

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 – INTERFUND TRANSFERS

During the year ended June 30, 2018, the Utility Fund transferred \$410,000 to the General Fund to subsidize operations. The Utility Fund transferred \$15,188 to the Capital Projects Fund to pay an invoice for an LCDBG sewer project.

Transfers are used to move funds to finance various programs that the Town must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 6 – LONG-TERM OBLIGATIONS

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The Town also issues bonds where the Town pledges income derived from the acquired or constructed asset to pay debt service.

Bonds payable at June 30, 2018, are comprised of the following issues:

Governmental activities:

USDA Community Center Project Bond:

\$355,000 Public Improvement Bonds, Series 2008, dated October 23, 2009, payable in monthly installments of \$1,541 commencing November 23, 2009, through October 23, 2049; interest payable at a rate of 4.25%. The General Fund services this debt. **\$ 319,426**

Utility Revenue Bonds:

\$3,288,000 Utility Revenue Bond, Series 2003, dated September 11, 2003, payable in monthly installments of \$14,402 beginning October 11, 2004, and ending September 11, 2043, including interest at 4.25%. The Utility Enterprise Fund services this debt. **2,671,096**

Total reporting entity \$ 2,990,522

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 324,227	\$ -	\$ (4,801)	\$ 319,426	\$ 5,009
Compensated absences	14,485	-	-	14,485	-
Net Pension Liability - MERS	74,029	224,969	-	298,998	-
Governmental activity long-term liabilities	\$ 412,741	\$ 224,969	\$ (4,801)	\$ 632,909	\$ 5,009
	<u>Ending Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds payable	\$ 2,729,041	\$ -	\$ (57,945)	\$ 2,671,096	\$ 60,456
Compensated absences	9,901	-	-	9,901	-
Net Pension Liability - MERS	372,757	-	(225,490)	147,267	-
Business-type activity long-term liabilities	\$ 3,111,699	\$ -	\$ (283,435)	\$ 2,828,264	\$ 60,456

Annual debt service requirements to maturity for bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>USDA Community Center Project Bond</u>		<u>Utility Revenue Bond</u>		<u>Principal</u>	<u>Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2019	\$ 5,009	\$ 13,479	\$ 60,456	\$ 112,368	\$ 65,465	\$ 125,847
2020	5,226	13,262	63,076	109,748	68,302	123,010
2021	5,453	13,036	65,809	107,014	71,262	120,050
2022	5,689	12,800	68,661	104,163	74,350	116,963
2023	5,935	12,553	71,637	101,187	77,572	113,740
2024-2028	33,766	58,676	407,532	456,586	441,298	515,262
2029-2033	41,745	50,697	503,835	360,285	545,580	410,982
2034-2038	51,609	40,833	622,891	241,229	674,500	282,062
2039-2043	63,805	28,637	807,199	90,488	871,004	119,125
2044-2048	78,882	13,560	-	-	78,882	13,560
2049	22,307	634	-	-	22,307	634
Totals	<u>\$ 319,426</u>	<u>\$ 258,167</u>	<u>\$ 2,671,096</u>	<u>\$ 1,683,068</u>	<u>\$ 2,990,522</u>	<u>\$ 1,941,235</u>

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions.

Interest expense for governmental activities and business-type activities for the year ended June 30, 2018, totaled \$13,687 and \$114,879, respectively.

NOTE 7 – RETIREMENT SYSTEMS

Municipal Employees' Retirement System of Louisiana (System)

Plan Description

The Town of Lake Providence contributes to the Municipal Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Any member of Plan B who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

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

Eligibility for retirement for Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven or more years of creditable service.
2. Age 62 with ten or more years of creditable service.
3. Age 55 with thirty or more years of creditable service.
4. Any age with twenty-five years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement shall consist of an amount equal to 2% of the employee's final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended June 30, 2018, the Town of Lake Providence's total payroll for all employees was \$882,371. Total covered payroll was \$374,847. Covered payroll refers to all compensation paid by the Town of Lake Providence to active employees covered by the Plan.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2018, the actual employer contribution rate was 13.25% for Plan B, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Lake Providence to the System monthly. The Town of Lake Providence's contributions to the System under Plan B for the year ending June 30, 2018 were \$49,771.

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

At June 30, 2018, the Town reported a liability of \$446,265 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Lake Providence's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.515774%, which was a decrease of 0.023231% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town of Lake Providence recognized pension expense of \$90,908 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, and current year contributions, which was (\$98,155). Total pension expense for the Town of Lake Providence for the year ended June 30, 2018 was (\$7,247).

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$2,337	\$9,688
Changes in assumptions	19,649	-
Net difference between projected and actual earnings on pension plan	94,026	-
Changes in employer's proportion of beginning net pension liability	-	26,326
Differences between employer and proportionate share of contributions	2	(1)
Subsequent measurement contributions	49,771	-
Total	\$165,784	\$36,013

The \$49,771 reported as deferred outflows of resources related to pensions resulting from the Town of Lake Providence's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$32,443
2020	32,443
2021	32,443
2022	32,443

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.400%
Inflation rate	2.775%
Salary increases, including inflation and merit increases	5.000%
Annuitant and beneficiary mortality	For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee mortality	For employees, the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females.
Disabled lives mortality	For disabled annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.
Expected remaining service lives	4 years for Plan B

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50%	2.3%
Public fixed income	35%	1.6%
Alternatives	15%	0.7%
Totals	100%	4.6%
Inflation		2.6%
Expected arithmetic nominal return		7.2%

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.40% for the years ended June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2017 is 4 years for Plan B.

Sensitivity of the Town of Lake Providence's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town of Lake Providence's proportionate share of the net pension liability calculated using the discount rate of 7.4%, as well as what the Town of Lake Providence's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.4%) or one percentage-point higher (8.4%) than the current rate:

	1.0% Decrease (6.4%)	Current Discount Rate (7.4%)	1.0% Increase (8.4%)
Employer's proportionate share of net pension liability	\$577,416	\$446,265	\$334,345

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Audit Report at www.mersla.com.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 – ON-BEHALF PAYMENTS

Certain employees in the Town's police and fire departments receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$30,300. The related expenditures of \$30,300 are included in public safety expenditures in the General Fund.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Town operates water and sewer treatment plants. These operations pose a high risk for environmental liabilities. The Town is required to have EPA permits for wastewater. The Town relies on the EPA for periodic testing and inspections to help identify environmental liabilities or contingencies. The Town contracts with a professional wastewater management company to ensure compliance with the EPA regulations.

On March 17, 2016, the Board approved a cooperative endeavor agreement with the East Carroll Parish Police Jury which provides for cooperation relative to cleaning up debris, trash, limbs, roads, condemned property, and other ruins in the Town and relative to the maintenance of roads, ditches and drainage within the Town.

The Town is involved in one lawsuit at June 30, 2018. Legal counsel was unable to estimate what, if any, liability there will be. The Town's insurance company may be handling claims at this time with potential liability that management cannot estimate. However, management expects insurance to cover any such claims.

NOTE 10 – RISK MANAGEMENT

The Town is exposed to various risks of loss relating to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 24, 2018, the date on which the financial statements were available to be released.

NOTE 12 – ADOPTION OF NEW ACCOUNTING STANDARDS

GASB has issued the following statements:

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. This statement has been implemented.

Statement No. 77, Tax Abatement Disclosures - The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. This statement does not affect these financial statements.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* - The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. There were no significant effects on these financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. There were no significant effects on these financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements* - The requirements of this Statement are effective for periods beginning after December 15, 2016. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. This statement has been implemented.

Statement No. 83, *Certain Asset Retirement Obligations* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 84, *Fiduciary Activities* - The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 85, *Omnibus 2017* - The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 86, *Certain Debt Extinguishment Issues* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 87, *Leases* - For reporting periods beginning after December 15, 2019. This statement does not affect these financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* - The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 – ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* - The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

The Town has not yet evaluated the statements that have not been implemented to determine how the statements will affect reporting of the entity's financial position and results of operation.

NOTE 13 – UNCERTAINTY ABOUT GOING CONCERN

During the year ended June 30, 2018, the General Fund's expenditures exceeded its revenues by \$385,547 or 39%. The Town transferred \$410,000 from the Town's Utility Fund to supplement the General Fund. That transfer represents 30% of total General Fund expenditures, 33% of Utility Fund revenues, and 32% of Utility Fund expenditures. For the past five years including fiscal year 2018, the General Fund's expenditures have exceeded revenues by an average of over \$300,000.

The General Fund's equity balance at June 30, 2018 was \$611,038. If revenues and expenditures remained the same for 2018-2019 and 2019-2020 as they were in 2017-2018 and were not financed in part by the Utility Fund, the financial statements would present a fund balance of \$225,491 in 2019 and a fund deficit of \$160,056 in 2020.

During the past five years, the Town has transferred \$1,646,000 from the Utility Fund to the General Fund. During the past ten years, transfers totaled \$3,063,867. As a result of the transfers, as of June 30, 2018, the Utility Fund has an unrestricted deficit net position of \$162,164. This means that the equity position that the Town could use to fund operations and future costs is in a negative position. If the transfers continue, the deficit will likely grow and reach a point where the Utility Fund can no longer sustain the General Fund and utility systems. Further, the Town may not have funds available if major repairs to the water and sewer systems become necessary. As of June 30, 2018, the Utility Fund has only \$112,538 in cash that could be used to fund such repairs.

It is unclear whether discontinuance of certain operations will be necessary to eliminate the uncertainty.

There are no solid plans to eliminate the uncertainty. Although management has raised concerns about the practice of using Utility Fund transfers to supplement the General Fund in lieu of raising revenues or reducing expenditures, the Board continues to adopt budgets that include transfers from the Utility Fund to balance the General Fund budget. The 2018-2019 General Fund budget does include a budgeted increase in fines revenues, a decrease in police department expenditures including salaries, and a decrease in transfers from the Utility Fund. However, to implement the budget, action would have to be taken within the police department.

The financial statements do not include any adjustments that might be necessary if the Town is unable to continue as a going concern.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues:				
Taxes	\$ 538,650	\$ 544,960	\$ 547,941	\$ 2,981
Intergovernmental revenues	104,435	65,083	55,727	(9,356)
Licenses and permits	86,300	92,017	122,884	30,867
Charges for services	2,200	325	500	175
Fines	245,250	160,000	159,850	(150)
Lease income	26,700	33,437	30,262	(3,175)
Interest earned	650	500	497	(3)
Other revenues	71,800	61,479	63,974	2,495
Total revenues	<u>1,075,985</u>	<u>957,801</u>	<u>981,635</u>	<u>23,834</u>
Expenditures:				
Current:				
General government	370,440	351,149	346,855	4,294
Public safety	632,160	676,935	666,966	9,969
Highways and streets	256,746	265,884	269,465	(3,581)
Health and welfare	-	3,950	3,950	-
Culture and recreation	71,263	52,425	50,294	2,131
Debt service	18,488	18,489	18,488	1
Capital outlay	400	100	11,164	(11,064)
Total expenditures	<u>1,349,497</u>	<u>1,368,932</u>	<u>1,367,182</u>	<u>1,750</u>
Excess (deficiency) of revenues over expenditures	<u>(273,512)</u>	<u>(411,131)</u>	<u>(385,547)</u>	<u>25,584</u>
Other financing sources (uses):				
Transfers in	320,000	410,000	410,000	-
Transfers out	(43,000)	-	-	-
Proceeds from sale of capital assets	2,500	5,000	5,000	-
Total other financing sources (uses)	<u>279,500</u>	<u>415,000</u>	<u>415,000</u>	<u>-</u>
Net change in fund balances	5,988	3,869	29,453	25,584
Fund balances at beginning of year	588,465	581,585	581,585	-
Fund balances at end of year	<u>\$ 594,453</u>	<u>\$ 585,454</u>	<u>\$ 611,038</u>	<u>\$ 25,584</u>

Note: This schedule is prepared on the modified accrual basis.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE , LOUISIANA

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

	2018*	2017*	2016*	2015*
Employer's proportion of the net pension liability	0.515774%	0.539005%	0.576966%	0.622103%
Employer's proportionate share of the net pension liability	\$ 446,265	\$ 446,786	\$ 392,133	\$ 292,075
Employer's covered employee payroll	\$ 382,990	\$ 396,007	\$ 400,327	\$ 427,403
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	116.52%	112.82%	97.95%	68.34%
Plan fiduciary net position as a percentage of the total pension liability	63.49%	63.34%	66.18%	73.99%

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

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

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE , LOUISIANA

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
Contractually required contribution	\$ 49,771	\$ 42,129	\$ 37,621	\$ 38,032
Contributions in relation to contractually required contribution	<u>(49,771)</u>	<u>(42,129)</u>	<u>(37,621)</u>	<u>(38,032)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 374,847	\$ 382,990	\$ 396,007	\$ 400,327
Contributions as a percentage of covered employee payroll	13.28%	11.00%	9.50%	9.50%

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

OTHER SUPPLEMENTARY SCHEDULES

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS, REIMBURSEMENTS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018**

Robert Amacker, Jr., Mayor

Salary	\$ 46,585
Benefits - retirement	<u>2,329</u>
	<u>\$ 48,914</u>

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF COMPENSATION PAID ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2018

Nathaniel Madere, Mayor Pro-tem	\$ 10,800
Jason Condrey	9,600
Barbara McDaniel	9,600
Karl Magee	9,600
Donald B. Meadows	9,600
Total	<u>\$ 49,200</u>

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2018**

Name	Address	Phone
Jason Condrey	468 N. Hood St., Lake Providence, LA 71254	318-282-8957
Barbara McDaniel	269 Keene St., Lake Providence, LA 71254	318 418-1870
Nathaniel Madere, Mayor Pro-tem	503 Charles Jones Blvd., Lake Providence, LA 71254	318 282-8561
Karl Magee	310 Davis St., Lake Providence, LA 71245	318 282-1373
Donald B. Meadows	1604 Lake St., Lake Providence, LA 71245	318 282-8847

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF COUNT OF UTILITY CUSTOMERS
FOR THE YEAR ENDED JUNE 30, 2018

Category	Average Number of Customers
Commercial	111
Residential	1,656
Total	<u>1,767</u>

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF UTILITY ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>G&A</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Street Lighting</u>	<u>Total</u>
Operating Revenues						
Charges for services	\$ 56,798	\$ 581,381	\$ 332,078	\$ 187,670	\$ 64,768	\$ 1,222,695
Other revenues	34,767	-	-	-	-	34,767
Total operating revenues	<u>91,565</u>	<u>581,381</u>	<u>332,078</u>	<u>187,670</u>	<u>64,768</u>	<u>1,257,462</u>
Operating Expenses						
Salaries and benefits	50,065	71,825	71,485	56,039	-	249,414
Materials and supplies	2,824	63,099	38,780	8,855	-	113,558
Operating costs	49,236	128,137	142,254	46,885	72,853	439,365
Professional services	19,901	72,000	72,000	-	-	163,901
Depreciation	-	214,842	113,640	-	-	328,482
Total operating expenses	<u>122,026</u>	<u>549,903</u>	<u>438,159</u>	<u>111,779</u>	<u>72,853</u>	<u>1,294,720</u>
Operating income (loss)	<u>(30,461)</u>	<u>31,478</u>	<u>(106,081)</u>	<u>75,891</u>	<u>(8,085)</u>	<u>(37,258)</u>
Nonoperating revenues (expenses)						
Sales and use	252,079	-	-	-	-	252,079
Intergovernmental revenues:						
Federal funds	14,313	-	-	-	-	14,313
Community water enrichment funds	111,836	-	-	-	-	111,836
Interest earned	1,196	-	-	-	-	1,196
Interest and others	(114,879)	-	-	-	-	(114,879)
Gain (loss) on sale of capital assets	2,000	-	-	-	-	2,000
Total nonoperating revenues (expenses)	<u>266,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,545</u>
Income (loss) before transfers	236,084	31,478	(106,081)	75,891	(8,085)	229,287
Operating transfers out	<u>(425,188)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,188)</u>
Change in net position	<u>\$ (189,104)</u>	<u>\$ 31,478</u>	<u>\$ (106,081)</u>	<u>\$ 75,891</u>	<u>\$ (8,085)</u>	<u>\$ (195,901)</u>

Note: This schedule is prepared to satisfy a requirement by USDA that activities be accounted for separately. Some line items such as interest and transfers out cannot be absolutely attributed to a particular activity(s). This breakdown is an estimate.

OTHER REPORTS



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 Robert N. Amacker, Jr., Mayor
and Members of the Board of Aldermen
Town of Lake Providence, State of Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lake Providence, State of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Lake Providence, State of Louisiana's basic financial statements and have issued our report thereon dated December 24, 2018.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2018-002 and 2018-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings as items 2018-001 and 2018-004 to be significant deficiencies.

**Town of Lake Providence
Lake Providence, Louisiana
GAGAS Report
June 30, 2018**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lake Providence, State of Louisiana'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2018-003.

Town of Lake Providence, State of Louisiana's Response to Findings

Town of Lake Providence, State of Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. Town of Lake Providence, State of Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BOSCH & STATHAM, LLC



Ruston, Louisiana
December 24, 2018

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Town of Lake Providence.
2. Two significant deficiencies and two material weaknesses are reported in the 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*.
3. One instance of noncompliance material to the financial statements which is required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.
4. A management letter was issued.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Current Year

2018-001 Police Department Evidence Room

Year First Reported

2017

Type

Significant Deficiency

Criteria

The Louisiana Legislative Auditor's Best Practices publications, includes the following:

"Failure of a police department to maintain control over confiscated weapons, drugs, money, and other items relevant to criminal cases increases the risk that these items will be stolen, lost, or disposed of improperly. Items such as guns and drugs could be easily converted to cash. The following are some suggestions for proper controls for an evidence room:

- Adopt formal policies and procedures for recording, maintaining, inventorying, and disposing of confiscated items.
- Limit access to the evidence room to authorized personnel only.
- Maintain a log that provides the name, date, time, and reason for entering the evidence room.
- Install a motion security camera in the evidence room that is impervious to power outages.
- Install two locks on the evidence room door which requires two individuals with two separate keys to enter.
- Store evidence by category. For example, have areas of the evidence room allotted for guns, knives, drugs, money, rape kits, and other items as deemed appropriate. This setup will make it easier to take a physical inventory of the evidence room.
- Maintain current inventory records that include the date confiscated, tag number, description of the item, name of the individual from whom confiscated, reference to the arrest report, and final disposition. Consider using a bar code inventory system (computerized system for tracking and accessing evidence). If manual inventory records are maintained, store the records in a fireproof/locked filing cabinet with access limited to only authorized personnel.
- Conduct a physical inventory of the evidence room periodically (certain types of inventory should be inventoried more frequently than others, e.g., money).

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

- Perform unannounced inspections of the evidence room and inventory records by police officers or other personnel independent (have no responsibilities for evidence or the evidence room) of the evidence room.
- Use translucent tear-resistant plastic bags instead of manila evidence envelopes so that evidence can be seen.
- Maintain adequate documentation of the final disposition of evidence. If evidence is released, a completed property release form should be maintained. If evidence is destroyed, the documentation should, at a minimum, include (1) a destruction order appropriately signed by the magistrate/district attorney and (2) a document from the law enforcement agency that destroyed the evidence to include the date, location, items destroyed, and signature of the persons destroying and witnessing the destruction (the Town's police officers should be prohibited from destroying evidence)."

Condition

During fiscal year 2018, the Police Department did draft formal policies and procedures for the evidence room. However, the written policies and procedures include elements that are obviously not applicable to a department of its size. Additionally, the policies and procedures do not appear to have been implemented. We inspected an evidence locker that was clean and orderly, and an evidence closet that was in disarray. We also observed what appeared to be evidence that was stored in the Chief's office but not in a secure or orderly manner. The officer in charge of the locker was not aware of the policy.

Cause

The cause of the condition is unknown.

Effect

The items in the evidence room may be stolen, lost, or improperly disposed of.

Recommendation

We recommend the Police Chief evaluate the current written policies and revise it to fit his department's size and operations. We further recommend that the Chief implement the revised policies and procedures to ensure that items in the evidence room are properly maintained and secured.

Management's Response

See management's corrective action plan.

2018-002 Doubt about Going Concern

Year First Reported

2018

Type

Material Weakness

Criteria

Financial statements are prepared under the assumption that the Town will continue to be able to operate and meet its obligations in a timely manner. Operating at a deficit, failing to meet obligations when they are due, and using funds intended for other activities or functions are indicators that there is some doubt as to whether the Town can continue as a going concern.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

In Louisiana, laws and regulations are designed to encourage local government entities to operate and manage utility systems (water and sewer) as business-type activities where the users of the systems pay the cost of their usage. Costs of the system include current year operating costs as well as future repairs, maintenance, and upgrades to infrastructure and equipment.

Condition

During the year ended June 30, 2018, the General Fund's expenditures exceeded its revenues by \$385,547 or 39%. The Town transferred \$410,000 from the Town's Utility Fund to supplement the General Fund. Utility Fund revenues, while not restricted by law, should be retained in the Utility Fund to provide for repairs and maintenance and upgrades to the utility systems' infrastructure and equipment. That transfer represents 30% of total General Fund expenditures, 33% of Utility Fund revenues, and 32% of Utility Fund expenditures. General Fund expenditures should be financed by unrestricted funds intended for the functions accounted for in the General Fund. Budgeted expenditures in the General Fund should be limited to expected revenues and other sources.

The General Fund's budgets are summarized as follows:

	2017-2018 Amended Budget	2018-2019 Original Budget
Revenues	\$957,801	\$1,145,812
Expenditures	\$1,368,932	\$1,204,993
Excess (deficiency)	(\$411,131)	(\$59,181)
Transfer from Utility Fund	\$410,000	\$170,000
Proceeds from sales of assets	\$5,000	\$0
Net change in fund balance	\$3,869	\$110,819

Expenditures by department or function are as follows:

	Expenditures	% of Total Expenditures
General Government	\$346,855	25%
Police Department	\$507,733	37%
Fire Department	\$157,441	12%
Street Department	\$269,465	20%
Other	\$56,036	4%
Debt Service	\$18,488	1%
Capital Outlay	\$11,164	1%
Total	\$1,367,182	100%

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

General fund revenues by source are as follows:

Source	Amount	% of Total Revenues
Ad Valorem Taxes	\$203,174	21%
Sales Taxes	\$252,042	26%
Franchise and other taxes	\$92,725	9%
Licenses and permits	\$122,884	12%
Intergovernmental	\$55,727	6%
Fines	\$159,850	16%
Leases and other	\$95,233	10%
Total	\$981,635	100%

The General Fund's equity balance at June 30, 2018 was \$611,038. If revenues and expenditures remained the same for 2018-2019 and 2019-2020 as they were in 2017-2018 and were not financed in part by the Utility Fund, the financial statements would present a fund balance of \$225,491 in 2019 and a fund deficit of \$160,056 in 2020.

During the past five years, the Town has transferred \$1,646,000 from the Utility Fund to the General Fund. During the past ten years, transfers totaled \$3,063,867. As a result of the transfers, as of June 30, 2018, the Utility Fund has an unrestricted deficit net position of \$162,164. This means that the equity position that the Town could use to fund operations and future costs is in a negative position. If the transfers continue, the deficit will likely grow and reach a point where the Utility Fund can no longer sustain the General Fund and utility systems. Further, if major repairs to the utility systems become necessary, the Town may not have funds available. As of June 30, 2018, the Utility Fund has only \$112,538 in cash that could be used to fund such repairs.

Cause

Although management has raised concerns about the practice of using Utility Fund transfers to supplement the General Fund in lieu of raising revenues or reducing expenditures, the Board continues to adopt budgets that include transfers from the Utility Fund to balance the General Fund budget.

Effect

The Town may not be able to sustain the service level currently provided in the General Fund financed by Utility Fund transfers. The Utility Fund may not be able to transfer funds to the General Fund in the future and/or may not be able to fund repairs and maintenance or upgrades to utility systems and equipment.

Recommendation

We recommend that the Board explore options for increasing revenues and decreasing expenditures in the General Fund. Such options may include asking the taxpayers for ad valorem or sales taxes to support the police department, fire department, street department, or general purposes and/or reducing the level of service in the police or fire departments.

Management's Response

See management's corrective action plan.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

2018-003 Possible Theft of Traffic Ticket Receipts

Year First Reported

2018

Type

Compliance and Material Weakness

Criteria

Louisiana Revised Statute (La. R.S.) 14:134 (A) states, "Malfeasance in office is committed when any public officer or public employee shall: (1) Intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or (2) Intentionally perform any such duty in an unlawful manner; or (3) Knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him, or to perform any such duty in an unlawful manner."

La. R.S. 42:282 states in part, "All public officers except notaries public, shall keep a full and complete record of all monies received by them for account of the state or its subdivisions or as fees for services rendered."

Condition

During audit interviews, we were advised that management had received a complaint from a citizen that she paid a traffic ticket fine to a police officer. The complainant alleged that the officer walked her to the town cashier, turned in some money, and gave her a receipt for an amount less than what she paid him.

Cause

If the incident did in fact occur, the officer did not comply with town policy that requires him to accept no money. All cash is to be collected by cashiers which have no other responsibilities.

Effect

The Town may have lost revenue or officers could have collected unlawfully from citizens.

Recommendation

We recommend that the Chief of Police evaluate his department's written policies and procedures and consider revisions designed to reduce the risk that such an incident could occur. The policies and procedures should include appropriate consequences that would be carried out if such an incident occurs. We further recommend that the Chief educate his officers as to the policies and procedures and consequences.

Management's Response

See management's corrective action plan.

2018-004 Errors in Accounting Software Leave Records

Year First Reported

2018

Type

Significant Deficiency

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Criteria

Generally accepted internal control includes designing and implementing procedures to ensure that employee leave records and reports are accurate.

Condition

Vacation leave and sick leave records are maintained within the Town's accounting software. However, because the software does not properly report sick leave balances, the Mayor has maintained a spreadsheet to record sick leave accrued and used by employees.

During testing of payroll transactions, we attempted to trace accrued vacation and sick leave used per attendance records to leave records. We requested a historical report from the accounting system that included beginning balances, hours earned, hours used, and ending balances. It appears that the report produced from the software sometimes does not include beginning balances for sick leave and is not accurate mathematically for sick leave. The spreadsheet maintained by the Mayor to track sick leave appears to provide an accurate record for sick leave.

The accounting system report for vacation leave appears to accurately maintain leave balances for vacation leave. However, we noted that employees were allowed to take time off with pay even though their leave records indicated that they did not have time accrued and available. Through discussion with the Town Clerk, we learned that the accounting system for tracking vacation leave was not set up to accrue on the hire date. The system does not begin accruing vacation leave until an employee completes his or her six-month probationary period. Therefore, the vacation time earned from the hire date to the end of the probationary period is not included in the employees' balance in the reports generated by the accounting system for vacation leave. A manual calculation must be made by the Town Clerk to determine the employees' actual vacation leave balance available at any given time.

Cause

We were unable to determine the cause of the errors in the reports. Management did not believe that hours were earned during the probationary period.

Effect

Employees could receive paid time off they have not earned or could be denied paid time off they have earned.

Recommendation

We recommend that management do the following:

1. Consult the software company for an explanation and solution for the errors in the sick leave reports.
2. Include in the written payroll processing policy and the written job descriptions information to document who maintains vacation and sick leave records using what tool and in what format.
3. Make the leave records consistent with the written policy.
4. Begin tracking the accrued vacation and sick leave on the hire date even if the employee is not allowed to use the accrued balance until after the probationary period.

Management's Response

See management's corrective action plan.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Prior Year Findings and Comments

2017-001 No Physical Inventory of Assets

Resolved

2017-002 Committee Meetings Appear to Violate Louisiana's Open Meetings Law

Resolved

2017-003 Police Department Evidence Room

Repeated

2017-004 Purchasing and Disbursements

Resolved

2017-005 Police Officer's Employment Appears to Violate the Dual Employment Law

Resolved

2017-006 Ethics Training not Documented

Resolved

ML2017-001 Stale Outstanding Items on Bank Reconciliations

Resolved

ML2017-002 Personnel Policy

Repeated

Town of Lake Providence

Robert N. Amacker, Jr.
Mayor

Lee Ann W. Clement
Certified Municipal Clerk

EXECUTIVE DEPARTMENT
201 SPARROW STREET

LAKE PROVIDENCE, LOUISIANA 71254

TELEPHONE: 318-559-2288
FAX: 318-559-3442

Aldermen:
Jason Condrey
Nathaniel Madere
Barbara McDaniel
Karl Magee
Donald B. Meadows
Attorney: Kenneth
"Andy" Brister, Jr.

December 24, 2018

Bosch & Statham, LLC
Post Office Box 2377
Ruston, Louisiana 71273-2377

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period July 1, 2017 through June 30, 2018, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel-related expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas.

Yes No

2. For the fiscal period July 1, 2017 through June 30, 2018, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.

Yes No

3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes No

4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes No

5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between June 30, 2018, and the date of this letter.



Yes No

6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.

Yes No

7. We represent that the listing of bank accounts for the fiscal period that we provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.

Yes No

8. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.

Yes No

9. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.

Yes No

10. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.

Yes No

11. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.

Yes No

12. We represent that the 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, that we provided to you is complete.

N/A Yes No

13. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.

Yes No

14. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.

Yes No

15. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.

Yes No

16. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.

Yes No

17. We represent that the 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 during the fiscal period.

Yes No

18. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.

Yes No

19. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.

Yes No

20. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.

Yes No

21. We have responded fully to all inquiries made by you during the engagement.

Yes No

22. We are not aware of any events that have occurred subsequent to *June 30, 2018*, that would require adjustment to or modification of the results of the agreed-upon procedures.

Yes No

The previous responses have been made to the best of our belief and knowledge.

Signature Robert A. Cimarelli Date 12/27/18

Title Mayor

Signature [Signature] Date 12-24/18

Title Town Clerk



Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Town of Lake Providence
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Lake Providence (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, 2017 through June 30, 2018. 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 findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

We obtained and inspected the written policies and procedures.

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

The policy included all the referenced elements.

Exceptions: None

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The policy did not include (1) how purchases are initiated or (2) how vendors are added to the vendor list. However, the job description for the Town Clerk indicates that the Town Clerk is responsible for adding and deleting vendors.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- c) ***Disbursements***, including processing, reviewing, and approving

The policy included all the referenced elements.

Exceptions: None

Town of Lake Providence
Lake Providence, Louisiana
Report on Statewide Agreed-Upon Procedures
June 30, 2018

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The policy did not include the recording of collections or management's actions to determine completeness.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The policy included all of the referenced elements.

Exceptions: None

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The policy did not include (2) standard terms and conditions.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The policy did not include (1) how cards are to be controlled, (4) required approvers of statements, or (5) monitoring card usage.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The policy included all of the referenced elements except lodging rates. The agency amended the policy on June 14, 2018 to include a maximum lodging rate.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

We inspected the policy.

Exceptions: The policy did not include elements 2, 3, and 4.

Management's Response: See Management's Corrective Action Plan

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- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No such policy exists.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

Board (or Finance Committee, if applicable)

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:

We obtained and reviewed the board and finance committee minutes for the fiscal period, as well as the Lawrason Act.

- a) Observe that the board/finance committee met with a quorum a least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We observed the Board met at least monthly. The finance committee documented ten meetings throughout the year.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan

- 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. *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.*

The board and finance committee meeting minutes included monthly budget-to-actual as well as other statements.

Exceptions: None

- 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.

We observed a positive unrestricted fund balance in the General Fund in the prior year audit report.

Exceptions: None.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 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:

We obtained a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts. We randomly select one month from the fiscal period and obtained and inspected the corresponding bank statement and reconciliation for selected each account.

Exceptions: None

- 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);

Bank reconciliations include evidence that they were prepared within two months of the related statement closing date.

Exceptions: None

- 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);

Bank reconciliations include evidence that the Mayor, who does not handle cash, post ledgers, or issue checks, has reviewed each bank reconciliation.

Exceptions: None

- 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.

There were no reconciling items outstanding for more than 12 months.

Exceptions: None

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

We obtained a listing of deposit sites for the fiscal period where deposits for cash are prepared and management's representation that the listing is complete. The Town only has one site.

Exceptions: None

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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:

There is only one site and one collection location. We obtained and inspected written policies and procedures relating to employee job duties.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

There are two cashiers at Town Hall. The cashiers are the only employees that collect cash. They maintain separate cash drawers.

Exceptions: None

- 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.

Deposits are prepared by the billing clerk and are taken to the bank by a department head or police officer. The department head or police officer that delivers the deposit to the bank is required to sign a book acknowledging they took possession of the deposit.

Exceptions: None

- 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.

Entries to the general ledger are posted by the Town Clerk or the Mayor. No employee responsible for collecting cash is responsible for posting collection entries.

Exceptions: None

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The general ledger is reconciled by the Town Clerk or the Mayor, therefore no employee responsible for collecting cash is responsible for reconciling cash collections.

Exceptions: None

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

Both cashiers are bonded.

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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 collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the five bank accounts selected for procedure 3 under "Bank Reconciliations". One of the bank accounts selected is in the capital projects fund. There was only one deposit in the account for the entire fiscal year. Therefore, nine deposits were tested instead of ten. We obtained all supporting documentation for the selected deposits.

- a) Observe that receipts are sequentially pre-numbered.

The Town collects revenue from a variety of sources, such as sales taxes and occupational licenses, that are directly deposited into the Town's bank accounts. The Town also maintains several accounts to satisfy bond and debt requirements. Transactions in these accounts are typically transfers other accounts. The Town does not write receipts for EFTs or transfers. We noted two deposits with sequentially numbered receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We traced the deposits to applicable collection documentation and the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

We were able to trace four of ten deposits from the deposit slip to the bank statement. The remaining six deposits did not have deposits slips because they were deposited electronically into the Town's bank account, or were transfers from one account to another.

- 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).

We noted no exceptions.

- e) Trace the actual deposit per the bank statement to the general ledger.

We traced the actual deposits per the bank statement to the general ledger.

Exceptions: None.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select locations (or all locations if less than 5).

We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. The town only has one location.

Exceptions: None

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:

We obtained a listing of employees involved with non-payroll purchasing and payment functions. We also obtained the written policies and procedures relating to employee job duties.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Exceptions: None

- b) At least two employees are involved in processing and approving payments to vendors.

At least two employees are involved in processing and approving payments to vendors.

Exceptions: None

- 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.

The employee responsible for processing payments is prohibited from adding/modifying vendor files.

Exceptions: None

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Accounts Payable clerk prepares checks and mails them. Two different employees or officials sign the checks and return the checks to the Accounts Payable clerk for mailing.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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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:

For each location selected under #8 above, we obtained check registers (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected five disbursements for each location and obtained supporting documentation for each transaction.

Exceptions: None

- a) Observe that the disbursement matched the related original invoice/billing statement.

We noted no exceptions.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date electronic logging) of segregation of duties tested under #9, as applicable.

We noted no exceptions.

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

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

Management asserts that the Town has no credit cards.

Exceptions: None

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:

This step is not applicable.

- 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

This step is not applicable.

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

This step is not applicable.

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:

This step is not applicable.

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- (1) An original itemized receipt that identifies precisely what was purchased,

This step is not applicable.

- (2) Written documentation of the business/public purpose, and

This step is not applicable.

- (3) Documentation of the individuals participating in meals (for meal charges only).

This step is not applicable.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 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:

We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete. We randomly selected five reimbursements and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation.

Exceptions: None

- 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).

This step is not applicable.

- b) If reimbursed using actual cost, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

We noted all reimbursements were supported by original itemized receipts.

Exceptions: None

- 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).

We noted each reimbursement is supported by documentation of the business/public purpose.

Exceptions: None

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

We noted all reimbursements were reviewed and approved in writing by someone other than the person receiving the reimbursement.

Exceptions: None

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *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:

We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We selected all three contracts from the list. The fourth contract was a financing agreement.

Exceptions: None

- 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.

Two contracts were subject to the Bid Law. We observed that these two contracts were bid in accordance with the Louisiana Public Bid Law.

Exceptions: None

- 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).

We observed that the contracts were approved by the governing body/board.

Exceptions: None

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

We noted none of the contracts were amended during the audit year.

Exceptions: None

- 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.

We randomly selected one payment from the fiscal period for each of the three contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Exceptions: None

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates per the agency's approved salary and wages schedule.

Exceptions: None

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:

We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Two of the five employees maintained daily attendance and leave records. Of the other three employees, one was an elected official who does not earn leave, one was a terminated employee as of the test period, and one employee was hired after the test period.

Exceptions: None

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

We observed supervisor approval on one of the attendance records.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

For the two employees tested, leave is reflected on the leave record. However, there appears to be a problem in the software that causes the accumulated balance to be incorrectly presented. The software does not reflect the true accumulated balance due to the leave not being accumulated for the first six months of employment which is the probationary period.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan.

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

Initially, the Town did not list any employees/officials receiving termination payments. However, during procedures, we identified three employees who received a termination payment which management agreed with. We randomly selected two employees and obtained the related documentation. For both employees, the hours paid for sick leave appear to contradict agency policy. The pay rates agreed to the authorized pay rates.

Exceptions: See above.

Management's Response: See Management's Corrective Action Plan.

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.

We obtained the representations.

Exceptions: None

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

Using the selected employees/officials, we obtained the documentation.

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

We observed four of the five employees had completed one hour of ethics training during the fiscal period. It appears that this employee resigned before training was completed in 2017.

Exceptions: See above.

Management's Response: See management's corrective action plan.

- 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.

We did not observe documentation demonstrating the employees/elected officials had read the policy.

Exceptions: See above.

Management's Response: See management's corrective action plan.

Debt Service

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

Management represented that no new debt was issued.

Exceptions: None.

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.

We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and compared actual reserve balances and payments to those required by debt covenants. The sum of reserve accounts and certificates of deposits exceeds the requirement. The bond covenants also include a requirement for a contingency fund. The sum of the contingency accounts and certificates of deposit is below the requirement. The sum of the reserve and contingency accounts and certificates of deposit overall is \$2,467 short of the requirement.

Exceptions: See above.

Management's Response: See management's corrective action plan.

Other

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

The agency represented there were no misappropriations to list. However, during inquiries, management advised that there was one instance where \$121 appears to have been taken by an employee. Management did not include this issue on the list because there was no evidence to prove misappropriation. The issue was not reported to the legislative auditor or the district attorney.

Exceptions: See above.

Management's Response: See management's corrective action plan

**Town of Lake Providence
Lake Providence, Louisiana
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June 30, 2018**

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.

We located the notice in Town Hall. The notice is shown on the website. However, due to technical difficulties, the link is not currently active.

Exceptions: See above.

Management's Response: See management's corrective action plan.

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.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
December 24, 2018



MANAGEMENT LETTER

The Honorable Robert N. Amacker, Jr., Mayor
and Ms. Lee Ann Clement, Town Clerk
Town of Lake Providence
Lake Providence, Louisiana

In planning and performing our audit of the financial statements of the Town of Lake Providence, as of and for the year ended June 30, 2018, we considered the Town's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving internal control that are presented for your consideration. This letter does not affect our report dated December 24, 2018, on the financial statements of the Town. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

ML2018-001 Improvement of Written Policies and Procedures

Year First Reported

2017

Criteria

Best practices suggest formal written policies and procedures are necessary to provide a clear understanding of what should be done, how it should be done, who should do it, and when it should be done. Such practices should include a monitoring process to ensure the procedures are followed and meet management's expectations.

Condition

During the fiscal year 2017 audit, we noted that the Town's personnel policy did not address some areas of timekeeping and payroll processing. During 2017 audit procedures, we identified some areas of conflict between management and employees and between departments relating to timekeeping and payroll processing. Particularly, there was not a clear policy to determine when an employee was to be compensated for overtime. We also noted that salaried employees were not required to maintain attendance records. During fiscal year 2018, a new personnel policy was adopted. However, it does not specifically address whether or not salaried employees are required to complete attendance records.

**Town of Lake Providence
Lake Providence, Louisiana
Management Letter
June 30, 2018**

During the 2018 audit, we also noted the following:

- The contracting policy does not require standard terms and conditions to be used in contracts.
- The collections policy does not include procedures to ensure that the Town collects all funds that might be due to it. For example, a procedure that might be included is to compare requested grant funds and state databases to amounts recorded in the general ledger.
- The ethics policy does not specifically address actions to be taken if violations occur, procedures to monitor ethics violations, or require an annual certification from each employee that they have read the ethics policy.
- The Town does not have a debt policy. We understand that the Town does not anticipate borrowing funds. However, we recommend that the Town include a policy that states at a minimum that, if debt is incurred or issued, the Town will comply with state laws and rules of the state bond commission.
- The Town's credit card policy has not been recently updated. We understand that the Town does not currently use credit cards. We recommend implementing a written policy that it is the Town's policy not to utilize credit or debit cards from any vendor or bank.

Cause

As the policies are very detailed, it is easy to overlook elements that should be included. Actual events often highlight where policies need to be clarified. Management attempts to revise the policies on a timely basis.

Effect

Lack of thorough policies leaves issues open to interpretation and can lead to conflict.

Recommendation

We recommend the Town review and update the current written policies and procedures to address all known issues.

Management's Response

See management's corrective action plan.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the Town of Lake Providence, as of and for the year ended June 30, 2018, which collectively comprise the Town's financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

Also included are management's responses to our current year management letter comments. We have performed no audit work to verify the content of the responses.

This report is intended solely for the information and use of the Mayor and Town Clerk of the Town of Lake Providence and is not intended to be and should not be used by anyone other than these specified parties.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
December 24, 2018

Town of Lake Providence

Robert N. Amacker, Jr.
Mayor

Lee Ann W. Clement
Certified Municipal Clerk

EXECUTIVE DEPARTMENT
201 SPARROW STREET

LAKE PROVIDENCE, LOUISIANA 71254

TELEPHONE: 318-559-2288
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Aldermen:
Jason Condrey
Nathaniel Madere
Barbara McDaniel
Karl Magee
Donald B. Meadows
Attorney: Kenneth
"Andy" Brister, Jr.

December 24, 2018

Bosch & Statham, LLC
Attention: Mr. Melissa Bosch, CPA
P.O. Box 2377
Ruston, Louisiana 71273-2377

Re: Town of Lake Providence Audit FY ending June 30, 2018 – Responses/Corrective Action Plan

Dear Mrs. Bosch:

In reference to the above, we are responding as follows:

2018-001 –Police Department Evidence Room - We will request Chief of Police respond and take necessary action.

2018-002 – Doubt about Going Concern – We agree with this finding due to the fact that discussion has been made with the Board of Aldermen for several years. The solution to reducing utility fund transfers would be to sell the Lake Providence Community and reduce the police department to a twelve hour shift. These solutions require Board of Aldermen approval.

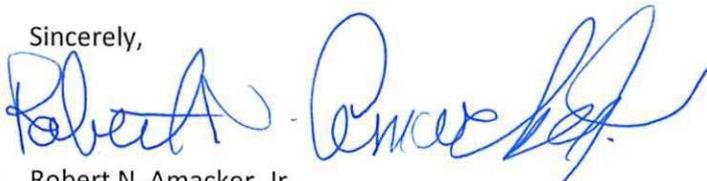
2018-003 – Possible Theft of Traffic Ticket Receipts – We will request Chief of Police respond and take necessary action.

2018-004 – Errors in Accounting Software Leave Records – We agree that reports are not accurate and the accounting software company should be contacted for corrective action.

ML-2018-001- Improvement of Written Policy and Procedures - We refer the SAUP Comments to the new administration to evaluate and take action as necessary.

If you have any questions, please do not hesitate to contact me, as I am,

Sincerely,



Robert N. Amacker, Jr.

