

Town of Haynesville
Haynesville, Louisiana

Annual Financial Statements
with Independent Auditor's Report

As of and For the Year Ended
June 30, 2018
with Supplemental Information Schedules

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Independent Auditor's Report

Town of Haynesville
Haynesville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Haynesville, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Haynesville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town of Haynesville, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-13 and pages 55-59 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 Haynesville's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2018 on our consideration of the Town of Haynesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Haynesville's internal control over financial reporting and compliance.

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
December 28, 2018

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

Town of Haynesville
Haynesville, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

As Management of the Town of Haynesville, we offer readers of the Town of Haynesville's financial statements this narrative overview and analysis of the financial activities of the Town of Haynesville as of and for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. Such information may be useful in evaluating a government's near-term financing requirements.

Town of Haynesville
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Management's Discussion and Analysis
As of and for the year ended June 30, 2018

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Haynesville maintains three individual governmental funds. Information as of and for the year ended June 30, 2018, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Sales Tax Fund, and the Recreation District Wards 2 and 3 Fund, which are considered to be major funds.

The Town of Haynesville adopts an annual appropriated budget for the General Fund and the special revenue funds. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 19-23 of this report.

Proprietary funds. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its enterprise funds to account for its sewer and water and solid waste operations.

Proprietary funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 24-26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-53 of this report.

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the Town of Haynesville's compliance with budgets for its major funds. Also, other supplemental information schedules are included in the report.

Town of Haynesville
Haynesville, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

FINANCIAL HIGHLIGHTS

-The assets of the Town exceeded its liabilities at June 30, 2018 by \$4,494,237.

-The Town's net position decreased by \$428,042. The net position of the governmental activities decreased by \$238,174, and the net position of the business-type activities decreased by \$189,868.

-At June 30, 2018, the Town's governmental funds reported total ending fund balances of \$905,005, a decrease of \$141,697, from June 30, 2017. An amount of \$171,680 is available for spending at the Town's discretion (unassigned fund balance), and \$733,325 is assigned to special revenue funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Cash and equivalents	\$ 742,654	\$ 846,122	\$ 127,864	\$ 180,597	\$ 870,518	\$ 1,026,719
Investments	205,007	204,496	201,252	200,749	406,259	405,245
Accounts receivable	71,063	73,444	70,334	57,044	141,397	130,488
Due from other funds	-	-	30,000	-	30,000	-
Cash and equivalents - restricted	-	-	114,990	114,631	114,990	114,631
Investments - restricted	-	-	96,350	96,109	96,350	96,109
Capital assets (net of accumulated depreciation)	1,638,776	1,729,352	2,466,391	2,610,509	4,105,167	4,339,861
Total Assets	\$ 2,657,500	\$ 2,853,414	\$ 3,107,181	\$ 3,259,639	\$ 5,764,681	\$ 6,113,053
Deferred Outflows of Resources						
Pension	\$ 395,800	\$ 381,804	\$ 183,172	\$ 183,581	\$ 578,972	\$ 565,385
Total Deferred Outflows of Resources	\$ 395,800	\$ 381,804	\$ 183,172	\$ 183,581	\$ 578,972	\$ 565,385
Liabilities						
Accounts payable	\$ 40,192	\$ 49,872	\$ 43,814	\$ 37,015	\$ 84,006	\$ 86,887
Payroll Liabilities	43,527	27,495	19,986	13,126	63,513	40,621
Due to other funds	30,000	-	-	-	30,000	-
Customer meter deposits	-	-	126,863	121,860	126,863	121,860
Long-term liabilities	991,049	905,881	525,645	484,389	1,516,694	1,390,270
Total Liabilities	\$ 1,104,768	\$ 983,248	\$ 716,308	\$ 656,390	\$ 1,821,076	\$ 1,639,638
Deferred Inflows of Resources						
Pension	\$ 9,078	\$ 74,350	\$ 19,258	\$ 42,174	\$ 28,336	\$ 116,524
Total Deferred Inflows of Resources	\$ 9,078	\$ 74,350	\$ 19,258	\$ 42,174	\$ 28,336	\$ 116,524
Net Position						
Net investment in capital assets	\$ 1,638,776	\$ 1,729,352	\$ 2,466,390	\$ 2,610,509	\$ 4,105,166	\$ 4,339,861
Unrestricted	300,676	448,269	88,396	134,122	389,072	582,391
Total Net Position	\$ 1,939,452	\$ 2,177,621	\$ 2,554,786	\$ 2,744,631	\$ 4,494,238	\$ 4,922,252

Town of Haynesville
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Management's Discussion and Analysis
As of and for the year ended June 30, 2018

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Town of Haynesville exceeded liabilities by \$4,494,237. A significant portion (91%) of the Town of Haynesville's net position reflects its investments in capital assets (e.g., land, building and improvements, and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

Town of Haynesville
Haynesville, Louisiana

Management's Discussion and Analysis
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Summary of Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Charges for services	\$ 14,713	\$ 2,455	\$ 742,338	\$ 698,112	\$ 757,051	\$ 700,567
Taxes:						
Ad valorem tax	294,438	330,054	-	-	294,438	330,054
Franchise tax	79,702	75,583	-	-	79,702	75,583
Sales tax	479,603	430,554	-	-	479,603	430,554
Other tax	2,122	2,155	-	-	2,122	2,155
Licenses and permits	86,581	81,614	-	-	86,581	81,614
Capital grant	-	28,585	-	-	-	28,585
Operating grant	12,240	21,159	17,175	-	29,415	21,159
Intergovernmental	43,010	43,677	-	-	43,010	43,677
Fines, forfeitures, and court costs	85,036	142,291	-	-	85,036	142,291
Rent, royalty, and commission	21,769	25,346	-	-	21,769	25,346
Interest earnings	2,343	4,228	1,126	2,360	3,469	6,588
Miscellaneous	45,151	44,401	14,957	24,735	60,108	69,136
Total revenues	<u>1,166,708</u>	<u>1,232,102</u>	<u>775,596</u>	<u>725,207</u>	<u>1,942,304</u>	<u>1,957,309</u>
Expenses						
Current:						
General government	549,967	576,502	-	-	549,967	576,502
Public safety						
Police	510,527	504,426	-	-	510,527	504,426
Highways and streets	126,088	130,127	-	-	126,088	130,127
Parks and recreation	188,609	162,487	-	-	188,609	162,487
Other departments	13,495	15,208	-	-	13,495	15,208
Water and sewer	-	-	981,660	951,013	981,660	951,013
Total expenses	<u>1,388,686</u>	<u>1,388,750</u>	<u>981,660</u>	<u>951,013</u>	<u>2,370,346</u>	<u>2,339,763</u>
Excess (deficiency) of revenues over (under) expenses	<u>(221,978)</u>	<u>(156,648)</u>	<u>(206,064)</u>	<u>(225,806)</u>	<u>(428,042)</u>	<u>(382,454)</u>
Other financing sources (uses)						
Proceeds from the sale of fixed assets	-	1,925	-	-	-	1,925
Operating transfers	(16,196)	20,000	16,196	(20,000)	-	-
Total other financing sources (uses)	<u>(16,196)</u>	<u>21,925</u>	<u>16,196</u>	<u>(20,000)</u>	<u>-</u>	<u>1,925</u>
Change in net position	<u>(238,174)</u>	<u>(134,723)</u>	<u>(189,868)</u>	<u>(245,806)</u>	<u>(428,042)</u>	<u>(380,529)</u>
Net position - June 30, 2017	<u>2,177,624</u>	<u>2,312,345</u>	<u>2,744,655</u>	<u>2,990,461</u>	<u>4,922,279</u>	<u>5,302,806</u>
Net position - June 30, 2018	<u>\$ 1,939,450</u>	<u>\$ 2,177,622</u>	<u>\$ 2,554,787</u>	<u>\$ 2,744,655</u>	<u>\$ 4,494,237</u>	<u>\$ 4,922,277</u>

Governmental activities. The most significant revenues of the governmental activities are sales taxes (41%), ad valorem taxes (25%), and licenses and permits (7%).

Town of Haynesville
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Management's Discussion and Analysis
As of and for the year ended June 30, 2018

General government expenses are the most significant (40%) of all governmental activities expenses, followed by public safety-police expenses (37%). Depreciation expense is included in these amounts.

Governmental activities revenues decreased by \$65,394 in the current year as compared to the prior year. The increase was primarily attributable to a decrease in ad valorem taxes and fines, forfeitures, and court costs.

Governmental activities expenses decreased by \$64 in the current year as compared to the prior year. General government and highways and streets expenses decreased offset by an increase in public safety-police and parks and recreation expenses.

Business-type activities. The business-type activities net position decreased by \$189,868. The business-type expenses exceeded the business-type revenues by \$206,064.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental funds. As of June 30, 2018, the combined governmental fund balances of \$905,005 reflects a decrease of \$141,697 from June 30, 2017. The General Fund balance is unassigned, which is considered available for appropriation. The special revenue fund balances are assigned and are to be used for only those purposes.

The increases in the revenues and expenses of the governmental funds were described in the above Government-Wide Financial Analysis section.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Utility Fund's net position decreased by \$189,868 in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund final actual revenues exceeded budgeted revenue by \$35,658. General Fund actual expenditures were more than final budgeted expenditures by \$24,531, due to actual public safety-police expenditures exceeding budgeted expenditures.

Town of Haynesville
Haynesville, Louisiana

Management's Discussion and Analysis
As of and for the year ended June 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of June 30, 2018, the Town of Haynesville's investment in capital assets for its governmental activities totals \$1,638,776 (net of accumulated depreciation), and its investment in capital assets for its business-type activities totals \$2,466,390 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture, and equipment. During the year ended June 30, 2018, the Town purchased assets totaling \$25,684, including a roof repair at the Police Station, a bush hog for the highways and streets department, and construction in the Recreation District.

Debt administration. At year ended June 30, 2018, the Town had \$1,516,694 of long-term debt. The long-term debt consists of net pension liability (\$1,491,924) and compensated absences (\$24,770).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2018-2019 governmental funds budget is forecast to provide \$2,539,204 in estimated surplus and revenues to fund costs of \$1,950,000 thereby providing a year-end expected fund balance of \$589,196.

The budget includes raises for employees, municipal police retirement system and municipal employees' retirement system contributions rate increases, and capital improvements in the highways and streets department, police department, and recreation department totaling \$470,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Haynesville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Penny Fields, Town Clerk, 1711 Main Street, Haynesville, Louisiana 71038.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Town of Haynesville
Haynesville, Louisiana

Statement of Net Position
As of June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 742,654	\$ 127,864	\$ 870,518
Investments	205,007	201,252	406,259
Accounts receivable	71,063	70,334	141,397
Due from other funds	-	30,000	30,000
Cash and equivalents - restricted	-	114,990	114,990
Investments - restricted	-	96,350	96,350
Capital assets (net of accumulated depreciation)	1,638,776	2,466,391	4,105,167
Total Assets	<u>2,657,500</u>	<u>3,107,181</u>	<u>5,764,681</u>
Deferred Outflows of Resources			
Pension	395,800	183,172	578,972
Total Deferred Outflows of Resources	<u>395,800</u>	<u>183,172</u>	<u>578,972</u>
Liabilities			
Accounts payable	40,192	43,814	84,006
Payroll liabilities	43,527	19,986	63,513
Due to other funds	30,000	-	30,000
Customer meter deposits	-	126,863	126,863
Long-term liabilities	991,049	525,645	1,516,694
Total Liabilities	<u>1,104,768</u>	<u>716,308</u>	<u>1,821,076</u>
Deferred Inflows of Resources			
Pension	9,078	19,258	28,336
Total Deferred Inflows of Resources	<u>9,078</u>	<u>19,258</u>	<u>28,336</u>
Net Position			
Net investment in capital assets	1,638,776	2,466,390	4,105,166
Unrestricted	300,676	88,396	389,072
Total Net Position	<u>\$ 1,939,452</u>	<u>\$ 2,554,786</u>	<u>\$ 4,494,238</u>

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

Town of Haynesville
Haynesville, Louisiana

Statement of Activities
For the Year Ended June 30, 2018

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>						
Primary government						
Governmental activities						
General government	\$ 549,967	\$ -	\$ 12,240	\$ -	\$ -	\$ (537,727)
Police	510,527	97,066	-	-	-	(413,461)
Highways and streets	126,088	-	-	-	-	(126,088)
Parks and recreation	188,609	2,683	-	-	-	(185,926)
Other departments	13,495	-	-	-	-	(13,495)
Total governmental activities	<u>1,388,686</u>	<u>99,749</u>	<u>12,240</u>	<u>(1,276,697)</u>	<u>-</u>	<u>(1,276,697)</u>
Business-type activities						
Water and sewer	<u>981,660</u>	<u>742,338</u>	<u>17,175</u>	<u>-</u>	<u>(222,147)</u>	<u>(222,147)</u>
Total primary government	<u>\$ 2,370,346</u>	<u>\$ 842,087</u>	<u>\$ 29,415</u>	<u>\$ -</u>	<u>(222,147)</u>	<u>(1,498,844)</u>
<u>General Revenues</u>						
Taxes:						
Property taxes, levied for general purposes				294,438	-	294,438
Sales taxes				479,603	-	479,603
Franchise taxes				79,702	-	79,702
Other taxes				2,122	-	2,122
Licenses				86,581	-	86,581
Intergovernmental				43,010	-	43,010
Investment earnings				2,343	1,126	3,469
Rental income				21,769	-	21,769
Other revenue				45,151	14,957	60,108
Operating transfers				(16,196)	16,196	-
Total general revenues and transfers				<u>1,038,523</u>	<u>32,279</u>	<u>1,070,802</u>
Change in net position				(238,174)	(189,868)	(428,042)
Net position - June 30, 2017				<u>2,177,624</u>	<u>2,744,655</u>	<u>4,922,279</u>
Net position - June 30, 2018				<u>\$ 1,939,450</u>	<u>\$ 2,554,787</u>	<u>\$ 4,494,237</u>

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

FUND FINANCIAL STATEMENTS

Town of Haynesville
Haynesville, Louisiana

Balance Sheet - Governmental Funds
As of June 30, 2018

	Major Funds			Total
	General Fund	Sales Tax Fund	Recreation District Wards 2 & 3	
Assets				
Cash and equivalents	\$ 233,705	\$ 82,763	\$ 426,187	\$ 742,655
Investments	-	-	205,007	205,007
Accounts receivable	26,038	45,025	-	71,063
Total Assets	<u>259,743</u>	<u>127,788</u>	<u>631,194</u>	<u>1,018,725</u>
Liabilities & Fund Balances				
Liabilities:				
Accounts payable	\$ 25,665	\$ 5,600	\$ 8,927	\$ 40,192
Payroll liabilities	32,398	-	11,129	43,527
Due to other funds	30,000	-	-	30,000
Total Liabilities	<u>88,063</u>	<u>5,600</u>	<u>20,056</u>	<u>113,719</u>
Fund balances:				
Assigned, reported in:				
Special revenue fund	-	122,187	611,138	733,325
Unassigned	171,680	-	-	171,680
Total Fund Balances	<u>171,680</u>	<u>122,187</u>	<u>611,138</u>	<u>905,005</u>
Total Liabilities and Fund Balances	<u>\$ 259,743</u>	<u>\$ 127,787</u>	<u>\$ 631,194</u>	<u>\$ 1,018,724</u>

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

Town of Haynesville
Haynesville, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of June 30, 2018

Total Fund Balances at June 30, 2018 - Governmental Funds (Statement C)	\$	905,004
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		1,638,776
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability \$882,318		
Compensated absences \$23,563		(991,049)
Deferred outflows of resources		395,800
Deferred inflows of resources		<u>(9,078)</u>
Net Position at June 30, 2018	\$	<u><u>1,939,453</u></u>

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

Town of Haynesville
Haynesville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2018

	Major Funds			Total
	General Fund	Sales Tax Fund	Recreation District Wards 2 & 3	
Revenues				
Taxes:				
Ad valorem tax	\$ 122,019	\$ -	\$ 172,419	\$ 294,438
Franchise tax	79,702	-	-	79,702
Sales tax	-	479,603	-	479,603
Other tax	2,122	-	-	2,122
Licenses and permits	86,581	-	-	86,581
Operating grant	12,240	-	-	12,240
Intergovernmental	43,010	-	-	43,010
Fines, forfeitures, and court costs	85,036	-	-	85,036
Rent, royalty, and commission	21,769	-	-	21,769
Charges for services	12,030	-	2,683	14,713
Miscellaneous	6,354	-	18,892	25,246
Total revenues	<u>470,863</u>	<u>479,603</u>	<u>193,994</u>	<u>1,144,460</u>
Expenditures				
Current:				
General government	309,231	171,628	-	480,859
Public safety				
Police	458,951	-	-	458,951
Streets	109,358	-	-	109,358
Parks and recreation	-	-	183,957	183,957
Other departments	13,495	-	-	13,495
Capital outlay	17,391	-	8,293	25,684
Total expenditures	<u>908,426</u>	<u>171,628</u>	<u>192,250</u>	<u>1,272,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(437,563)</u>	<u>307,975</u>	<u>1,744</u>	<u>(127,844)</u>

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

Town of Haynesville
Haynesville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2018

	Major Funds			Total
	General Fund	Sales Tax Fund	Recreation District Wards 2 & 3	
Other financing sources (uses)				
Interest earnings	1,079	554	710	2,343
Operating transfers in	401,154	-	17,309	418,463
Operating transfers out	(15,858)	(418,801)	-	(434,659)
Total other financing sources (uses)	<u>386,375</u>	<u>(418,247)</u>	<u>18,019</u>	<u>(13,853)</u>
Net changes in fund balances	(51,188)	(110,272)	19,763	(141,697)
Fund balances - June 30, 2017	<u>222,866</u>	<u>232,458</u>	<u>591,375</u>	<u>1,046,699</u>
Fund balances - June 30, 2018	<u>\$ 171,678</u>	<u>\$ 122,186</u>	<u>\$ 611,138</u>	<u>\$ 905,002</u>

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

Town of Haynesville
Haynesville, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Funds Balances to the Statement of Activities
For the Year Ended June 30, 2018

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(141,695)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(116,259)
Capital outlay		25,684
Compensated absence expense decrease (increase)		(1,208)
Net pension liability decrease (increase)		(4,693)
Change in net position of governmental activities (Statement B)	\$	<u>(238,171)</u>

Town of Haynesville
Haynesville, Louisiana

Statement of Net Position - Proprietary Fund
As of June 30, 2018

	Proprietary Fund - Enterprise Funds		Total
	Sewer Fund	Utility Fund	
Assets			
Current Assets:			
Cash and equivalents	\$ 125,403	\$ 2,460	\$ 127,863
Investments	201,252	-	201,252
Accounts receivable	12,595	57,739	70,334
Due from other funds	30,000	-	30,000
Total Current Assets	<u>369,250</u>	<u>60,199</u>	<u>429,449</u>
Noncurrent Assets:			
Cash and equivalents - restricted	-	114,990	114,990
Investments - restricted	-	96,350	96,350
Capital assets (net of accumulated depreciation)	1,869,079	597,313	2,466,392
Total Noncurrent Assets	<u>1,869,079</u>	<u>808,653</u>	<u>2,677,732</u>
Total Assets	<u>2,238,329</u>	<u>868,852</u>	<u>3,107,181</u>
Deferred Outflows of Resources			
Pension	-	183,172	183,172
Total Deferred Outflows of Resources	<u>-</u>	<u>183,172</u>	<u>183,172</u>
Liabilities			
Current Liabilities:			
Accounts payable	9,871	33,943	43,814
Payroll liabilities	4,157	15,829	19,986
Total Current Liabilities	<u>14,028</u>	<u>49,772</u>	<u>63,800</u>
Current liabilities payable from restricted assets:			
Customer meter deposits	-	126,863	126,863
Long-Term Liabilities:			
Net pension liability	-	525,645	525,645
Total Liabilities	<u>14,028</u>	<u>702,280</u>	<u>716,308</u>
Deferred Inflows of Resources			
Pension	-	19,258	19,258
Total Deferred Inflows of Resources	<u>-</u>	<u>19,258</u>	<u>19,258</u>
Net Position			
Net investment in capital assets	1,869,079	597,311	2,466,390
Unrestricted	355,222	(266,825)	88,397
Total Net Position	<u>\$ 2,224,301</u>	<u>\$ 330,486</u>	<u>\$ 2,554,787</u>

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

Town of Haynesville
Haynesville, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
For the Year Ended June 30, 2018

	Proprietary Fund - Enterprise Funds		Total
	Sewer Fund	Utility Fund	
Operating Revenues			
Charges for services	\$ 157,420	\$ 584,918	\$ 742,338
Miscellaneous income	-	14,957	14,957
Total operating revenues	<u>157,420</u>	<u>599,875</u>	<u>757,295</u>
Operating Expenses			
Personnel services	71,212	308,050	379,262
Supplies	26,033	166,433	192,466
Utilities	26,993	10,321	37,314
Repairs and maintenance	25,799	678	26,477
Contractual services	6,500	185,683	192,183
Miscellaneous	9,133	707	9,840
Depreciation	82,188	61,929	144,117
Total operating expenses	<u>247,858</u>	<u>733,801</u>	<u>981,659</u>
Operating Income (Loss)	(90,438)	(133,926)	(224,364)
Non-operating Revenues (Expenses)			
Interest earnings	521	604	1,125
Grant income	-	17,175	17,175
Total non-operating revenues (expenses)	<u>521</u>	<u>17,779</u>	<u>18,300</u>
Income (loss) before transfers	<u>(89,917)</u>	<u>(116,147)</u>	<u>(206,064)</u>
Transfers in	1,235	27,136	28,371
Transfers out	-	(12,175)	(12,175)
Total transfers	<u>1,235</u>	<u>14,961</u>	<u>16,196</u>
Change in net position	(88,682)	(101,186)	(189,868)
Total Net Position - June 30, 2017	<u>2,312,983</u>	<u>431,672</u>	<u>2,744,655</u>
Total Net Position - June 30, 2018	<u>\$ 2,224,301</u>	<u>\$ 330,486</u>	<u>\$ 2,554,787</u>

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

Town of Haynesville
Haynesville, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2018

	Proprietary Fund - Enterprise Funds		Total
	Sewer Fund	Utility Fund	
Cash flows from operating activities			
Cash received from customers	\$ 128,947	\$ 567,107	\$ 696,054
Cash payments to suppliers for goods and services	(90,393)	(345,408)	(435,801)
Cash payments to employees for services	(69,529)	(276,851)	(346,380)
Net cash provided by (used for) operating activities	<u>(30,975)</u>	<u>(55,152)</u>	<u>(86,127)</u>
Cash flows from non-capital financing			
Transfers from other funds	1,235	27,136	28,371
Transfers to other funds	-	(12,175)	(12,175)
Net cash provided by (used for) non-capital financing activities	<u>1,235</u>	<u>14,961</u>	<u>16,196</u>
Cash flows from capital and related financing activities			
Capital grant	-	17,175	17,175
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>17,175</u>	<u>17,175</u>
Cash flows from investing activities			
Interest earnings	19	364	383
Net cash provided by (used for) investing activities	<u>19</u>	<u>364</u>	<u>383</u>
Net increase (decrease) in cash and cash equivalents	(29,721)	(22,652)	(52,373)
Cash and cash equivalents - June 30, 2017	155,123	140,105	295,228
Cash and cash equivalents - June 30, 2018	<u>\$ 125,402</u>	<u>\$ 117,453</u>	<u>\$ 242,855</u>
Reconciliation of operating income to net provided by operating activities			
Operating income	\$ (90,439)	\$ (133,927)	\$ (224,366)
Adjustments			
Depreciation	82,188	61,929	144,117
Net changes in assets and liabilities			
Accounts receivable	(177)	(13,113)	(13,290)
Due from other funds	(30,000)	-	(30,000)
Customers' security deposits	-	5,003	5,003
Accounts payable	7,453	6,206	13,659
Current increase (decrease) in pension liability	-	18,750	18,750
Net cash provided for (used for) operating activities	<u>\$ (30,975)</u>	<u>\$ (55,152)</u>	<u>\$ (86,127)</u>

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

**NOTES TO THE
FINANCIAL STATEMENTS**

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

INTRODUCTION

The Town of Haynesville, Louisiana (Town), was incorporated August 14, 1901, under the provisions of the Lawrason Act. The Town operates under the Mayor-Town Council form of government with five Town Council members. Services provided by the Town include police protection, street maintenance, and recreation services. The Town also operates a water distribution system and sewer system for approximately 1,230 customers. The Town is located in Claiborne Parish, Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town applies all relevant GASB pronouncements, as applicable to governmental entities. Also, the Town's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Town for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, Recreation District - Wards 2 & 3 is considered a component unit of the Town and is reported in the Town of Haynesville's financial statements as a blended entity.

C. Government-Wide Financial Statements

The Town's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Town. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town of Haynesville's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Town's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Direct Expenses - The Town reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Town reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

D. Fund Financial Statements

The accounts of the Town of Haynesville are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Town are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Town has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an other financing use. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Town of Haynesville reports the following major governmental funds:

General Fund - The primary operating fund of the Town, the General Fund, accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

Major Special Revenue Funds - Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, or designated by the Town to be accounted for separately.

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, charges for services, and fines. Permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

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

The Enterprise Fund of the Town of Haynesville is the Water and Sewer Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Town for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. Equity Classifications

The Town of Haynesville has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification 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 these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town did not have any nonspendable funds for the year ended June 30, 2018.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town did not have any restricted funds for the year ended June 30, 2018.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town Council typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended June 30, 2018.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town has \$733,325 in assigned funds for year ended June 30, 2018.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The General Fund amount of \$171,680 is designated as unassigned.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

F. Budgets

The Mayor prepares a proposed budget and submits it to the Town Council no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Town Council may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The Town utilizes formal budgetary integration as a management control device for all funds.

The 2017-2018 general fund budget and special fund budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budgets was held on June 29, 2017, and the budgets were adopted by the Mayor and Town Council. A public hearing was held for the budgets to be amended on June 25, 2018, and was adopted by the Mayor and Town Council.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Haynesville may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Town may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Town reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

H. Investments

The Town of Haynesville's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for the following, which are permitted under GASB Statement No. 31:

Investments in non-participating interest earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

The Town reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

I. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

J. Inventories

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The estimated useful life for classes of assets are as follows:

General Fund	Years	Enterprise Fund	Years
Buildings	10-40 years	Equipment	4-15 years
Equipment	5-25 years	Utility Plant and Distribution System	10-60 years
Infrastructure - Asphalt Streets	40 years		

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

L. Deferred Outflows of Resources

The Town reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town reported \$578,972 in deferred outflows of resources due to the net pension liability.

M. Compensated Absences

Compensated absences computed by the Town is as follows:

Vacation is limited to five days after one continuous year of service, ten days after two continuous years of service, and thereafter. Vacation days must be used in the calendar year of entitlement. Unused days at December 31 of each year do not accrue.

Sick leave is limited to thirty days at full pay and thirty days at half-pay. Days must be used within the calendar year and do not accrue.

The cost of leave privileges, computed in accordance with the GASB Statement No. 16, Accounting for Compensated Absences, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees or their heirs are paid for accrued leave upon retirement or death.

At June 30, 2018, employees of the Town have accumulated and vested \$24,770 of employee leave benefits, computed in accordance with GASB Statement No. 16. The entire compensated absence liability is reported on the government-wide financial statements.

N. Deferred Inflows of Resources

The Town reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town will not recognize the related revenues until a future event occurs. The Town reported \$28,336 of deferred inflows of resources due to the net pension liability.

O. Interfund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other funds" or "due to other funds" on the Fund Financial Statements Balance Sheet (Statement C), as well as all other outstanding balances between funds.

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

In the process of aggregating data for the Statement of Net Position (Statement A) and the Statement of Activities (Statement B), some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

P. Estimates

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

2. Ad Valorem Taxes

The following is a summary of authorized and levied ad valorem taxes:

This millage was approved by the Town Council on June 15, 2017.

	Authorized Millage	Levied Millage	Expiration Date
Recreation	5.00	4.03	2020
Street & Sewerage	5.00	5.040	2021
General Operation		9.48	

3. Sales Tax

Proceeds from a one percent (1%) sales and use tax shall be dedicated and used for the purposes of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges, constructing, acquiring, extending, improving, renovating and/or maintaining street light facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities and purchasing and acquiring the necessary land, equipment and furnishings for the aforementioned public works, buildings, improvements and facilities, title to which improvements shall be in the public, or for any one or more of said purposes, all as authorized by Sub-Part I, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 33:2711 et seq.)

The Town is also authorized to levy and collect a tax of one percent (1%) for an unlimited period upon the sale at retail, the use, and lease or rental, the consumption and storage for use or consumption of tangible personal property and on sales of services in said Town, as defined in R.S. 47:301 to 47:317, inclusive, with the revenues derived from said sales and use tax to be deposited in a special fund and dedicated and used for the purposes of industrial construction, inducement and/or procurement, opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges, constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, and waterworks.

Town of Haynesville
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Notes to the Financial Statements
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The residents of the Town of Haynesville authorized the levy of a one-half of one percent sales and use tax upon the sale at retail, the use, the lease or rental, the consumption, and the storage for use or consumption, of tangible personal property and upon the sale of services. The tax was authorized by special election on April 28, 2018, adopted through Ordinance #609 on May 24, 2018, and is effective on July 1, 2018.

4. Cash, Cash Equivalents, and Investments

At June 30, 2018, the Town had cash and cash equivalents (book balances) totaling \$985,083, of which \$683,421 was in demand deposits, \$301,662 in savings deposits and certificates of deposits less than 90 days, and \$425 in petty cash. 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.

At June 30, 2018, the Town had \$1,057,891 in deposits (collected bank balances). These deposits are secured from risk by \$546,855 of federal deposit insurance, and \$533,529 of pledged securities held in a Federal Reserve pledge account. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Haynesville has complied with these requirements of state law.

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at June 30, 2018. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Town of Haynesville has cash and cash equivalents that are covered by \$546,855 of federal depository insurance. The remaining balance is exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging financial institution.

At June 30, 2018, the Town had investments of \$502,609. All investments were certificates of deposit with a maturity of more than 90 days. These deposits were secured with \$899,001 of pledged securities.

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

5. Receivables

The receivables of \$141,398 at June 30, 2018, are as follows:

	Fund			Total
	General	Sales Tax	Enterprise	
Ad valorem taxes	\$ 703	\$ -	\$ -	703
Occupational licenses	1,600	-	-	1,600
Fines	-	-	-	-
Sales taxes	-	45,025	-	45,025
Franchise and other taxes	17,521	-	-	17,521
Rent, royalty, commission	1,634	-	-	1,634
Services	4,505	-	63,754	68,259
Other	76	-	6,580	6,656
Total	\$ 26,038	\$ 45,025	\$ 70,334	\$ 141,398

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

6. Capital Assets

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

A. Capital Assets - Governmental Activities

	Balance, July 01, 2017	Additions	Deletions	Balance, June 30, 2018
Capital assets not depreciated				
Land	\$ 399,279	\$ -	\$ -	\$ 399,279
Construction in progress	27,494	8,293	-	35,787
Total capital assets not being depreciated	<u>426,773</u>	<u>8,293</u>	<u>-</u>	<u>435,066</u>
Capital assets being depreciated				
Buildings and improvements	1,540,450	15,300	-	1,555,750
Equipment and furniture	1,812,068	2,091	-	1,814,159
Infrastructure	419,613	-	-	419,613
Total capital assets being depreciated	<u>\$ 3,772,131</u>	<u>\$ 17,391</u>	<u>\$ -</u>	<u>\$ 3,789,522</u>
Less accumulated depreciation				
Buildings and improvements	\$ 1,004,155	\$ 37,426	\$ -	\$ 1,041,581
Equipment and furniture	1,427,807	68,343	-	1,496,150
Infrastructure	37,590	10,490	-	48,081
Total accumulated depreciation	<u>2,469,552</u>	<u>116,259</u>	<u>-</u>	<u>2,585,812</u>
Capital assets, net	<u>\$ 1,302,579</u>	<u>\$ (98,868)</u>	<u>\$ -</u>	<u>\$ 1,203,710</u>
Governmental capital assets - net	<u>\$ 1,729,352</u>	<u>\$ (90,575)</u>	<u>\$ -</u>	<u>\$ 1,638,776</u>

Functional Allocation of Depreciation Expense

General government	\$ 43,300
Public safety	51,577
Public works	16,730
Parks and recreation	4,652
Total	<u>\$ 116,259</u>

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

B. Capital Assets - Business-Type Activities

	Balance, July 01, 2017	Additions	Deletions	Balance, June 30, 2018
Capital assets not depreciated				
Land	\$ 25,500	\$ -	\$ -	\$ 25,500
Total capital assets not being depreciated	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>25,500</u>
Capital assets being depreciated				
Utility Plant and Distribution System	\$ 6,037,075	\$ -	\$ -	\$ 6,037,075
Machinery and equipment	571,488	-	-	571,488
Total capital assets being depreciated	<u>\$ 6,608,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,608,563</u>
Less accumulated depreciation				
Utility Plant and Distribution System	\$ 3,516,047	\$ 135,283	\$ -	\$ 3,651,330
Machinery and equipment	507,508	8,835	-	516,343
Total accumulated depreciation	<u>\$ 4,023,555</u>	<u>\$ 144,118</u>	<u>\$ -</u>	<u>\$ 4,167,673</u>
Capital assets, net	<u>\$ 2,585,008</u>	<u>\$ (144,118)</u>	<u>\$ -</u>	<u>\$ 2,440,890</u>
Business-type capital assets - net	<u><u>\$ 2,610,508</u></u>	<u><u>\$ (144,118)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,466,390</u></u>

Functional Allocation of Depreciation Expense

Utility	\$ 61,929
Sewer	82,188
Total	<u><u>\$ 144,118</u></u>

7. Payables

The payables of \$147,519 at June 30, 2018, are as follows:

	Fund				Total
	General	Sales Tax	Recreation	Enterprise	
Accounts	\$ 25,665	\$ 5,600	\$ 8,927	\$ 43,814	\$ 84,006
Payroll liabilities	32,398	-	11,129	19,986	63,513
Total	<u><u>\$ 58,063</u></u>	<u><u>\$ 5,600</u></u>	<u><u>\$ 20,056</u></u>	<u><u>\$ 63,800</u></u>	<u><u>\$ 147,519</u></u>

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

8. Retirement Systems

A. Municipal Employees' Retirement System of Louisiana (System)

Plan Description

The Town of Haynesville 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 A.

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

Any member of Plan A can retire providing the member meets one of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 60 with a minimum of ten years of creditable service.
3. Under age 60 with five years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.
5. Any age with 20 years creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement shall consist of an amount equal to 3% of the employee's monthly average 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 Haynesville's total payroll for all employees was \$748,078. Total covered payroll was \$367,216. Covered payroll refers to all compensation paid by the Town of Haynesville to active employees covered by the Plan.

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.

Town of Haynesville
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Notes to the Financial Statements
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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 24.75% for Plan A, 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 A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Haynesville to the System monthly. The Town of Haynesville's contributions to the System under Plan A for the year ending June 30, 2018 were \$90,886.

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

At June 30, 2018, the Employer reported a liability of \$819,804 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 Haynesville's proportion of the Net Pension Liability was based on a projection of the Town of Haynesville'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 of Haynesville's proportion was 0.195965%, which was an increase of 0.013668% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town of Haynesville recognized pension expense of \$143,174 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, and contributions made after the measurement date, which was (\$98,109). Total pension expense was \$45,065.

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

At June 30, 2018, the Town of Haynesville 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	\$ -	\$ 24,968
Changes in assumption	13,707	-
Net difference between projected and actual earnings on pension plan	165,315	-
Changes in employer's proportion of beginning net pension liability	40,828	-
Differences between employer and proportionate share of contributions	-	-
Contributions after the measurement period	<u>90,886</u>	<u>-</u>
Total	<u>\$ 310,736</u>	<u>\$ 24,968</u>

The \$90,886 reported as deferred outflows of resources related to pensions resulting from Town of Haynesville contributions subsequent to the measurement date will be recognized as an increase of Net Pension Liability in the year ended June 30, 2019. 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	\$	95,256
2020		95,256
2021		95,256

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017, are 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	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	RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.
Disabled lives mortality	RP-2000 Disables Lives Mortality Table set back 5 years for males and set back 3 years for females.

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%	2.30%
Public fixed income	35%	1.60%
Alternatives	15%	0.70%
Totals	<u>100%</u>	<u>4.60%</u>
Inflation		<u>2.60%</u>
Expected arithmetic nominal return		<u>7.20%</u>

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

Discount Rate

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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

The following presents the Town of Haynesville's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town of Haynesville'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	\$ 1,044,703	\$ 819,804	\$ 627,972

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.

B. Municipal Police Employees' Retirement System of Louisiana (System)

Plan Description

The Town of Haynesville contributes to the Municipal Police Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time police officers employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria.

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

1. Any age with 25 years of creditable service.
2. Age 50 with a minimum of twenty or more years of creditable service.
3. Age 55 with a minimum of twelve years of creditable service.
4. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

Town of Haynesville
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Notes to the Financial Statements
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The monthly amount of benefits are 3 1/3% of their average final compensation (employee's average monthly earnings during the highest 36 consecutive or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

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

Hazardous Duty

1. Any age with 25 years of creditable service.
2. Age 55 with twelve or more years of creditable service.
3. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

Non Hazardous Duty

1. Any age with 30 years of creditable service.
2. Age 55 with twenty-five or more years of creditable service.
3. Age 60 with ten or more years of creditable service.
4. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

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

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 Haynesville's total payroll for all employees was \$748,078. Total covered payroll was \$248,523. Covered payroll refers to all compensation paid by the Town of Haynesville to active employees covered by the Plan.

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, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411, or by visiting the System's website www.lampers.org.

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 30.75%, 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.

Town of Haynesville
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Notes to the Financial Statements
As of and for the year ended June 30, 2018

Members are required by state statute to contribute 10.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Haynesville to the System monthly. The Town of Haynesville's contributions to the System for the year ended June 30, 2018 were \$76,421.

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

At June 30, 2018, the Employer reported a liability of \$672,120 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 Haynesville's proportion of the Net Pension Liability was based on a projection of the Town of Haynesville'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 of Haynesville's proportion was 0.076986%, which was an increase of 0.010888% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town of Haynesville recognized pension expense of \$96,370 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, contributions made after the measurement date, which was (\$91,234). Total pension expense was \$5,136.

At June 30, 2018, the Town of Haynesville 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	4,401	5,166
Changes in assumptions	47,825	-
Net difference between projected and actual earnings on pension plan	29,423	-
Changes in employer's proportion of beginning net pension liability	110,165	-
Differences between employer and proportionate share of contributions	-	(1,797)
Contributions after the measurement period	76,421	-
Total	<u>\$ 268,235</u>	<u>\$ 3,369</u>

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

The \$76,421 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2019. 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	\$	66,217
2020		66,217
2021		66,217
2022		66,217

Actuarial Assumptions

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

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.35%, net of investment expense	
Inflation Rate	2.70%	
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	
Projected Salary Increases	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Above 23	4.25%
Expected Remaining Service Lives	4 years	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2009 through June 30, 2014, and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables. The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	53%	3.66%
Fixed income	21%	0.52%
Alternatives	20%	1.10%
Other	6%	0.16%
Totals	100%	5.44%
Inflation		2.75%
Expected arithmetic nominal return		8.19%

Discount Rate

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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

The following presents the Town of Haynesville's proportionate share of the net pension liability calculated using the discount rate of 7.325%, as well as what the Town of Haynesville's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.325%) or one percentage-point higher (8.325%) than the current rate:

	1.0% Decrease (6.325%)	Current Discount Rate (7.325%)	1.0% Increase (8.325%)
Employer's proportionate share of net pension liability	\$ 928,599	\$ 672,120	\$ 456,953

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

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.

9. Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 2018:

Long-term obligation	Balance, July 01, 2017	Additions	Deletions	Balance, June 30, 2018
Net pension liability	1,366,707 \$	125,217 \$	- \$	1,491,924
Compensated absences	23,563	1,208	-	24,771
Total	<u>\$ 1,390,270</u>	<u>\$ 126,425</u>	<u>- \$</u>	<u>1,516,695</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2018:

Long-term obligation	Current portion	Long-term portion	Total
Net pension liability	\$ -	1,491,924 \$	1,491,924
Compensated absences	-	24,770	24,770
Total	<u>\$ -</u>	<u>1,516,694 \$</u>	<u>1,516,694</u>

10. Grants

During the year ended June 30, 2018, the Town of Haynesville received grant funds of \$17,175 from the Clean Water Enrichment Fund to purchase 98 water meters for the Water Department. During the audit year, the Town also received donations of \$12,240 to be used for the music festival.

11. Risk Management

The Town is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Town maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amount.

12. Litigation and Claims

At June 30, 2018, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

Town of Haynesville
Haynesville, Louisiana

Notes to the Financial Statements
As of and for the year ended June 30, 2018

13. Deficit Net Position

At June 30, 2018, a net position deficit of \$266,825 exists in the Utility Fund (Enterprise Fund) resulting from the net pension liability that was accounted for according to GASB Statement 68. The liability is an estimate of the Town's proportionate share of the cost-sharing retirement plan for municipal employees. Please refer to Note 8 for a detailed explanation on the retirement plan.

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 28, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART II

Town of Haynesville
Haynesville, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	Budget - Original	Budget - Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes:				
Ad valorem tax	\$ 124,000	\$ 122,500	\$ 122,019	\$ (481)
Franchise tax	-	-	79,702	79,702
Other tax	2,000	2,175	2,122	(53)
Licenses and permits	161,800	160,215	86,581	(73,634)
Operating grant	43,000	24,415	12,240	(12,175)
Intergovernmental	-	9,010	43,010	34,000
Fines, forfeitures, and court costs	122,400	82,500	85,036	2,536
Rent, royalty, and commission	22,840	20,995	21,769	774
Charges for services	16,000	12,000	12,030	30
Miscellaneous	10,010	1,395	6,354	4,959
Total revenues	<u>502,050</u>	<u>435,205</u>	<u>470,863</u>	<u>35,658</u>
Expenditures				
Current:				
General government	301,300	324,370	309,231	15,139
Public safety				
Police	385,700	412,100	458,951	(46,851)
Streets	106,000	118,880	109,358	9,522
Other departments	11,000	14,245	13,495	750
Capital outlay	127,000	14,300	17,391	(3,091)
Total expenditures	<u>931,000</u>	<u>883,895</u>	<u>908,426</u>	<u>(24,531)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(428,950)</u>	<u>(448,690)</u>	<u>(437,563)</u>	<u>11,127</u>

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

Town of Haynesville
Haynesville, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	Budget - Original	Budget - Final	Actual	Variance Favorable (Unfavorable)
Other financing sources (uses)				
Interest earnings	1,500	1,010	1,079	69
Proceeds from the sale of fixed assets	16,000	-	-	-
Operating transfers in	250,560	414,760	401,154	(13,606)
Operating transfers out	-	-	(15,858)	(15,858)
Total other financing sources (uses)	<u>268,060</u>	<u>415,770</u>	<u>386,375</u>	<u>(29,395)</u>
Net changes in fund balances	(160,890)	(32,920)	(51,188)	(18,268)
Fund balances - June 30, 2017	<u>222,866</u>	<u>222,866</u>	<u>222,866</u>	-
Fund balances - June 30, 2018	<u>\$ 61,976</u>	<u>\$ 189,946</u>	<u>\$ 171,678</u>	<u>\$ (18,268)</u>

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

Town of Haynesville
Haynesville, Louisiana

Budgetary Comparison Schedule - Sales Tax Fund
For the Year Ended June 30, 2018

	Budget - Original	Budget - Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes:				
Sales tax	\$ 428,000	\$ 490,800	\$ 479,603	\$ (11,197)
Total revenues	<u>428,000</u>	<u>490,800</u>	<u>479,603</u>	<u>(11,197)</u>
Expenditures				
Current:				
General government	159,700	181,070	171,628	9,442
Total expenditures	<u>159,700</u>	<u>181,070</u>	<u>171,628</u>	<u>9,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>268,300</u>	<u>309,730</u>	<u>307,975</u>	<u>(1,755)</u>
Other financing sources (uses)				
Interest earnings	300	345	554	209
Operating transfers out	(250,600)	(415,800)	(418,801)	(3,001)
Total other financing sources (uses)	<u>(250,300)</u>	<u>(415,455)</u>	<u>(418,247)</u>	<u>(2,792)</u>
Net changes in fund balances	18,000	(105,725)	(110,272)	(4,547)
Fund balances - June 30, 2017	<u>232,458</u>	<u>232,458</u>	<u>232,458</u>	<u>-</u>
Fund balances - June 30, 2018	<u>\$ 250,458</u>	<u>\$ 126,733</u>	<u>\$ 122,186</u>	<u>\$ (4,547)</u>

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

Town of Haynesville
Haynesville, Louisiana

Budgetary Comparison Schedule - Recreation District Wards 2 and 3
For the Year Ended June 30, 2018

	Budget - Original	Budget - Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes:				
Ad valorem tax	\$ 206,000	\$ 172,430	\$ 172,419	\$ (11)
Operating grant	338,000	-	-	-
Charges for services	2,300	2,300	2,683	383
Miscellaneous	-	75	18,892	18,817
Total revenues	<u>546,300</u>	<u>174,805</u>	<u>193,994</u>	<u>19,189</u>
Expenditures				
Current:				
Parks and recreation	151,660	153,553	183,957	(30,404)
Capital outlay	610,000	9,000	8,293	707
Total expenditures	<u>761,660</u>	<u>162,553</u>	<u>192,250</u>	<u>(29,697)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(215,360)</u>	<u>12,252</u>	<u>1,744</u>	<u>(10,508)</u>
Other financing sources (uses)				
Interest earnings	200	195	710	515
Operating transfers in	-	-	17,309	17,309
Total other financing sources (uses)	<u>200</u>	<u>195</u>	<u>18,019</u>	<u>17,824</u>
Net changes in fund balances	<u>(215,160)</u>	<u>12,447</u>	<u>19,763</u>	<u>7,316</u>
Fund balances - June 30, 2017	<u>591,375</u>	<u>591,375</u>	<u>591,375</u>	<u>-</u>
Fund balances - June 30, 2018	<u>\$ 376,215</u>	<u>\$ 603,822</u>	<u>\$ 611,138</u>	<u>\$ 7,316</u>

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

Town of Haynesville
Haynesville, Louisiana

Notes to the Budgetary Comparison Schedule
For the year ended June 30, 2018

NOTE 1 - BUDGETARY POLICIES

A proposed budget for the general fund of the Town of Haynesville is prepared on the modified accrual basis of accounting. The budget is legally adopted by the Town of Haynesville and then amended during the year, as necessary. The budget is established and controlled at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Town of Haynesville authorizes all amendments to the budget. There were one amendment made to the original budget.

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

Kenneth D. Folden & Co.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Town of Haynesville
Haynesville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Haynesville, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Haynesville's basic financial statements and have issued our report thereon dated December 28, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Haynesville'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 Haynesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Haynesville's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Haynesville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 result 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 Town of Haynesville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
December 28, 2018

SUPPLEMENTAL INFORMATION

Town of Haynesville
Haynesville, Louisiana

Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

We have audited the basic financial statements of the Town of Haynesville as of and for the year ended June 30, 2018 and have issued our report thereon dated December 28, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2018 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

B. Findings - Financial Statements Audit

Current Year

No current year findings.

Prior Year

No prior year findings.

Town of Haynesville
Haynesville, Louisiana

Schedule of Compensation Paid Councilpersons
For the year ended June 30, 2018

	2018
Joyce Major	\$ 4,800
Dewatha Malone	4,800
Betty Richardson	4,800
Carla Smith	4,800
Valinda Webb	4,800
	\$ 24,000

Town of Haynesville
Haynesville, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2018

Beverlee Killgore Mayor		
Salary	\$	32,896
Benefits - Retirement		8,142
Benefits - Insurance		13,032
Training and conferences		666
Reimbursements		205
	\$	<u>54,941</u>

Town of Haynesville
Haynesville, Louisiana

Schedule of Employer's 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 (asset)	0.195965 %	0.182297 %	0.169975 %	0.161121 %
Employer's proportionate share of the net pension liability (asset)	\$ 819,804	\$ 747,183	\$ 607,177	\$ 413,508
Employer's covered employee payroll	\$ 355,884	\$ 299,143	\$ 290,104	\$ 284,699
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	230.36 %	249.77 %	209.30 %	145.24 %
Employer's proportion of the net pension liability (asset)	62.49 %	62.11 %	66.18 %	73.99 %

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

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

Town of Haynesville
Haynesville, Louisiana

Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees Retirement System
For the year ended June 30, 2018

	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.076986 %	0.066098 %	0.053228 %	0.054959 %
Employer's proportionate share of the net pension liability (asset)	\$ 672,120	\$ 619,524	\$ 416,986	\$ 343,828
Employer's covered employee payroll	\$ 229,660	\$ 185,155	\$ 142,582	\$ 152,378
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	292.66 %	334.60 %	292.45 %	225.64 %
Employer's proportion of the net pension liability (asset)	70.08 %	66.04 %	70.73 %	75.10 %

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

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

Town of Haynesville
Haynesville, Louisiana

Schedule of Employer Contributions
Municipal Employees Retirement System
For the year ended June 30, 2018

	2018	2017	2016	2015
Contractually required contribution	\$ 90,886	\$ 80,964	\$ 59,081	\$ 57,296
Contributions in relation to contractually required contribution	90,886	80,964	59,081	57,296
Contribution deficiency (excess)	-	-	-	-
Employer's covered payroll	\$ 367,216	\$ 355,884	\$ 299,142	\$ 290,104
Contributions as a percentage of covered employee payroll	24.75 %	22.75 %	19.75 %	19.75 %

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

Town of Haynesville
Haynesville, Louisiana

Schedule of Employer Contributions
Municipal Police Employees Retirement System
For the year ended June 30, 2018

	2018	2017	2016	2015
Contractually required contribution	\$ 76,420	\$ 72,917	\$ 54,621	\$ 44,913
Contributions in relation to contractually required contribution	76,420	72,917	54,621	44,913
Contribution deficiency (excess)	-	-	-	-
Employer's covered payroll	\$ 248,523	\$ 229,660	\$ 185,155	\$ 142,582
Contributions as a percentage of covered employee payroll	30.75 %	31.75 %	29.50 %	31.50 %

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

Kenneth D. Folden & Co.

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Town Council of Town of Haynesville
Haynesville, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Haynesville 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 01, 2017 through June 30, 2018. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a. Budgeting, including preparing, adopting, monitoring, and amending the budget,
 - b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c. Disbursements, including processing, reviewing, and approving,
 - d. Receipts, 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. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked,
 - f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process,
 - g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage,
 - h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers,

i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy, and

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

Exception: The Town has a purchasing policy but it does not address adding vendors to the vendor list. The Town does not have a receipts policy or procedures.

Management's Response: The Town will amend its purchasing policy to address adding vendors to the vendor list. The Town will adopt a receipts policy and procedures.

Board

2. Obtain and review the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

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

Response: The Town Council met monthly with a quorum.

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.

Response: The meeting minutes referenced monthly budget-to-actual comparisons for all funds.

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

Response: The Town did not have a negative ending unrestricted fund balance.

Exception: None.

Management's Response: 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:

Response: Management provided us with a list of bank accounts and representation that the list is complete.

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);

Response: Reconciliations were completed within 2 months of statement closing date.

b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Response: Reconciliations were reviewed by Mayor and the Town Council; the Mayor has signatory authority.

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.

Response: Out of 10 six accounts reviewed, six accounts had reconciling items that were outstanding for more than 12 months.

Exception: See above responses.

Management's Response: The Town Clerk will research the transactions over 12 months old, and the Town Clerk will monitor the reconciliation each month for any items that become more than 12 months old.

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).

Response: Management provided us with a list of deposit sites and representation that the list is complete.

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:

Response: Management provided us with a list of collection locations and representation that the list is complete. There were no written employee job duties, but we inquired of employees their job duties. Job duties are properly segregated.

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

Response: At Town Hall, two assistant clerks share two cash drawers. Drawers are divided based on the type of revenue received. At the Police Station, there is no cash drawer as no cash is taken in that location.

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.

Response: At Town Hall, the deputy clerk prepares deposits and very rarely takes cash from customers. Another assistant clerk takes the deposit to the bank. At the Police Station, the employee collects checks/money orders, prepares summary sheet of deposit amount, and the funds are delivered to Town Hall where Deputy Clerk prepares deposit.

c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Response: At Town Hall, the Town Clerk posts collections to accounting system, and she very rarely takes cash from customers. At the Police Station, the employee is not responsible for posting collection entries to accounting system.

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.

Response: At Town Hall, the Town Clerk completes bank reconciliations, the mayor reviews the bank statements before giving them to the Town Clerk, and Town Council reviews the bank reconciliations after they are completed. At the Police Station, the Town Clerk is responsible for reconciling cash collections to accounting system.

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

Response: Each employee who has access to cash is covered by a bond.

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). Obtain supporting documentation for each of the 10 deposits and:

a. Observe that receipts are sequentially pre-numbered.

Response: Out of 18 deposits traced, 10 had no sequentially numbered receipts, but they used system reports as receipts.

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

Response: All receipts were traced to the deposit slips.

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

Response: All deposit slips were traced to the bank statements.

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).

Response: Out of 18 deposits traced, 10 were not deposited within one business day of receipt at the collection location.

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

Response: All deposits from the bank statement were traced to the general ledger.

Exception: See above responses.

Management's Response: The Town will develop written job duties for the employees responsible for collection, depositing, and reconciling cash. The written job duties will clearly define segregation of duties to insure that cash collections are complete and accurate.

Disbursements - General

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

Response: Management provided a listing of locations that process payments and representation that the listing is complete.

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

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

Response: All employees can make purchase requests/purchase orders. The Assistant Clerk reconciles the purchase orders against the statements. The Mayor and a member Town Council approve all purchases before payment.

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

Response: Payments to vendors are processed by the Deputy Clerk through the accounting system. The Mayor and a member of the Town Council approves the payment to vendors. The Town Council reviews and approves all payments to vendors at the monthly meetings.

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.

Response: The Deputy Clerk adds vendors and processes payments; however, the Mayor and a member of the Town Council must approve the purchase and confirm by signature that the vendor has been approved.

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.

Response: The Deputy Clerk mails payments and processes payments.

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:

Response: Management provided the disbursement transaction population and representation that the population is complete.

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

Response: Out of 99 disbursements tested two did not include and match a related invoice or billing statement.

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

Response: All disbursements followed the segregation of duties as stated.

Exception: See above responses.

Management's Response: The Town will modify its policies and procedures to segregate processing and mailing payments.

Credit 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.

Response: Management provided a listing of credit cards, bank debit cards, fuel cards, and P-cards and representation that the listing is completed.

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:

- 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.

Response: Four cards were tested, and the monthly statements was reviewed and approved, in writing, by someone other than the authorized card holder.

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

Response: There were no finance charges or late fees on any of the selected statements.

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).

- a. For each transaction, observe that it is supported by:

- i. An original itemized receipt that identifies precisely what was purchased,

Response: Two of four statements included all invoices were available and identified precisely what was purchased. The other two statements were for fuel card, and all charges are included with the statement.

- ii. Written documentation of the business/public purpose, and

Response: All transactions had documentation of the business/public purpose.

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

Response: One card included meal charges, and the individuals participating in meals was documented.

Exception: See above responses.

Management's Response: None.

Travel and Expense Reimbursement

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:

Response: Management provided a listing of travel and related expense reimbursements and representation that the listing is complete.

- 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).

Response: One of the five reimbursements was for per diem. The Town followed its policy for reimbursements, which was less than the rate established by the State of Louisiana or the GSA.

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

Response: No reimbursements were for actual cost.

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).

Response: All five reimbursements were supported by documentation of the business/public purpose.

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

Response: Each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Exception: See above responses.

Management's Response: 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:

Response: Management provided representation that no new contracts were initiated or renewed during the fiscal period.

a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

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

d. Randomly select one payment from the fiscal period for each of the 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.

Exception: None.

Management's Response: 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.

Response: Management provided a listing of employees/elected officials and representation that the listing is complete. Of the five files reviewed, the salaries listed in the personnel files had not been updated to the most current pay rates.

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:

a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Response: All employees selected documented their daily attendance and leave.

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

Response: Four out of five employees had attendance and leave that was approved by a supervisor.

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

Response: Leave taken during the pay period was reflected in the cumulative leave records.

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.

Response: Employees that were terminated during the audit year did not receive any termination payments.

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.

Response: Management provided representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid. The second quarter L-1 to the state of Louisiana had not been filed by the deadline.

Exception: See above responses.

Management's Response: The Town will update all personnel files to include current pay rates. Management will insure that all payroll reports will be filed by the required deadline.

Ethics

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

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

Response: Ethics training was completed by three of the five employees selected. The employees that had not completed ethics training are no longer employed by the Town.

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.

Response: There is no documentation that the employees have read the entity's ethics policy during the fiscal period.

Exception: See above responses.

Management's Response: The Town will have all employees complete the one hour ethics training available to all governmental entities as part of the employees' orientation to working for the Town. Records of this training will be kept in the personnel files. The Town will document that the ethics policy has been read by each employee by annual attestation from employees.

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.

Response: Management has provided representation that no bonds/notes were issued during the fiscal period.

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.

Response: Management has provided representation that no bonds/notes were outstanding during the fiscal period.

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.

Response: Management has provided representation that there were no misappropriations of public funds and assets during the fiscal period.

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.

Response: We observed the notice posted in the Town Hall.

We were not engaged to and did not perform 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.

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
December 28, 2018



TOWN OF HAYNESVILLE

1711 Main Street
Haynesville, LA 71038

City Hall: 318-624-0911
Fax: 318-624-1308
haynesvillemayor@gmail.com

December 28, 2018

Kenneth D. Folden & Co., CPAs
302 Eighth Street
Jonesboro, Louisiana

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; disbursements; credit/debit/fuel/purchasing cards; travel and expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas as applicable.

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 December 28, 2018.

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 provided to you is complete.
Yes No
8. We represent that the listing of cash/check/money order (cash) collection locations provided to you is complete.
Yes No
9. We represent that the listing of entity disbursements or the general ledger population of entity disbursements provided to you is complete.
Yes No
10. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards, provided to you is complete.
Yes No
11. We represent that the listing of all travel and related expense reimbursements, by person, during the fiscal period or the general ledger population of travel and related expense reimbursements provided to you is complete.
Yes No
12. We represent that the listing of all contracts in effect during the fiscal period or the general ledger population of contract payments provided to you is complete.
Yes No
13. We represent that the listing of employees (and elected officials, if applicable) with their related salaries provided to you is complete.
Yes No
14. We represent that the listing of employees (and elected officials, if applicable) that terminated during the fiscal period provided to you is complete.
Yes No
15. We have disclosed to you other data you deemed necessary to complete SAUPs.
Yes No
16. We have responded fully to all inquiries made by you during the engagement.
Yes No

17. 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 Beverlee Kilgore Date 12/28/2018

Title Mayor

Signature Penny Fields Date 12/28/2018

Title Clerk

Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

Certified Public Accountants

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December 28, 2018

Mayor Beverlee Killgore
Town of Haynesville
1711 Main Street
Haynesville, Louisiana

RE: Management Letter
Audit Report – For the Year Ended June 30, 2018

Dear Mayor Killgore:

We have performed our audit of the Town of Haynesville. As part of those procedures, we have the following information to report to you.

The Louisiana Legislative Auditor's Best Practices publications includes the following related to evidence rooms:

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 LLA provides suggestions for proper controls of an evidence room.

The Town of Haynesville Police Department did not have written policies and procedures for the evidence room. The Police Department was not following the best practices as outline by the Louisiana Legislative Auditor.

Management's Response: The Town of Haynesville Police Department will adopt written policies and procedures to maintain control of the evidence room. The Police Department will secure all confiscated items.

Sincerely,

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs