

TOWN OF CAMPTI, LOUISIANA
ANNUAL FINANCIAL REPORT
JUNE 30, 2018

Town of Campti, Louisiana
Financial Report
June 30, 2018

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June 30, 2018

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Town of Campti, Louisiana

P. O. Box 216
Campti, LA 71411

MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year ended June 30, 2018

The Management's Discussion and Analysis of the Town of Campti's financial performance presents a narrative overview and analysis of the Town's financial activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Town of Campti's financial statements, which begin on page 10.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Town uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental funds balance sheet and the governmental funds operating statement provide a reconciliation to assist in understanding the difference between these two views.

The Town conducts its day-to-day operations through a governmental fund, the General Fund, and a business-type activity, the Town's utility system. For the year ended June 30, 2018, the Town also has a LCDBG Fund used for sewer upgrades.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	June 2018			June 2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Current Assets	\$ 96,995	\$ 184,192	\$ 281,187	\$ 82,855	\$ 206,006	\$ 288,861
Capital Assets, Net of Accumulated Depreciation	<u>588,424</u>	<u>1,234,752</u>	<u>1,823,176</u>	<u>355,984</u>	<u>1,313,554</u>	<u>1,669,538</u>
Total Assets	<u>\$685,419</u>	<u>\$1,418,944</u>	<u>\$2,104,363</u>	<u>\$438,839</u>	<u>\$1,519,560</u>	<u>\$1,958,399</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>\$ 40,302</u>	<u>\$ 40,302</u>	<u>\$ 80,604</u>	<u>\$ 31,521</u>	<u>\$ 31,521</u>	<u>\$ 63,042</u>
LIABILITIES:						
Cash Overdraft	\$ 0	\$ 21,826	\$ 21,826	\$ 0	\$ 0	\$ 0
Other Liabilities	4,127	19,372	23,499	8,638	27,779	36,417
Customer Deposits	0	43,115	43,115	0	38,193	38,193
Long Term Debt	0	318,501	318,501	0	328,379	328,379
Net Pension Liability	<u>73,729</u>	<u>73,730</u>	<u>147,459</u>	<u>55,378</u>	<u>55,378</u>	<u>110,756</u>
Total Liabilities	<u>\$ 77,856</u>	<u>\$ 476,544</u>	<u>\$ 554,400</u>	<u>\$ 64,016</u>	<u>\$ 449,729</u>	<u>\$ 513,745</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>\$ 1,615</u>	<u>\$ 1,616</u>	<u>\$ 3,231</u>	<u>\$ 4,888</u>	<u>\$ 4,888</u>	<u>\$ 9,776</u>
NET POSITION:						
Net Investment in Capital Assets	\$588,424	\$ 916,251	\$1,504,675	\$355,984	\$ 985,175	\$1,341,159
Restricted for Debt Service	0	34,067	34,067	0	111,289	111,289
Unrestricted	<u>57,826</u>	<u>30,768</u>	<u>88,594</u>	<u>45,472</u>	<u>0</u>	<u>45,472</u>
NET POSITION	<u>\$646,250</u>	<u>\$ 981,086</u>	<u>\$1,627,336</u>	<u>\$401,456</u>	<u>\$1,096,464</u>	<u>\$1,497,920</u>

Summary of Statement of Activities

	June 2018			June 2017		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Program Revenues-						
Intergovernmental-						
Beer Tax	\$ 2,196	\$ 0	\$ 2,196	\$ 1,953	\$ 0	\$ 1,953
Grants	229,455	113,929	343,384	236,363	25,171	261,534
Charges for Services	11,903	281,974	293,877	9,607	260,479	270,086
General Revenues-						
Taxes	103,665	92,171	195,836	100,159	86,575	186,734
Payment in Lieu of Taxes	9,328	0	9,328	8,773	0	8,773
Licenses & Permits	72,236	0	72,236	70,470	0	70,470
Interest & Miscellaneous	14,401	20,716	35,117	23,501	7,132	30,633
Nonemployee						
Pension Revenue	2,121	2,122	4,243	1,645	1,645	3,290
Transfers In	<u>27,440</u>	<u>0</u>	<u>27,440</u>	<u>5,400</u>	<u>0</u>	<u>5,400</u>
Total Revenues	<u>\$472,745</u>	<u>\$ 510,912</u>	<u>\$983,657</u>	<u>\$457,871</u>	<u>\$381,002</u>	<u>\$838,873</u>
EXPENSES:						
General Government	\$202,573	\$ 0	\$202,573	\$209,168	\$ 0	\$209,168
Public Safety	25,378	0	25,378	13,470	0	13,470
Operating Expense	0	598,851	598,851	0	455,801	455,801
Transfers Out	<u>0</u>	<u>27,440</u>	<u>27,440</u>	<u>0</u>	<u>5,400</u>	<u>5,400</u>
Total Expenses	<u>\$227,951</u>	<u>\$ 626,291</u>	<u>\$854,242</u>	<u>\$222,638</u>	<u>\$461,201</u>	<u>\$683,839</u>
Change in Net Position	<u>\$244,794</u>	<u>\$(115,379)</u>	<u>\$129,415</u>	<u>\$235,233</u>	<u>\$(80,199)</u>	<u>\$155,034</u>

Governmental Activities

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$646,250 for the year ending June 30, 2018. This is an increase of \$244,794 from the prior year.

Business Type Activities

- The Proprietary Fund, the water system, had a decrease in net position of \$115,379 for the year ending June 30, 2018. This compares to a decrease of \$80,199 for the prior year.

Debt Administration

At the end of the current fiscal year, the Town of Campti had a total long term debt of \$318,501. Long-term liabilities of the Town include customer deposits and the net pension liability based on actuarially determined amounts in accordance with GASB No. 68.

**Outstanding Debt at Year End
As of June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Pension Liability	\$73,729	\$ 73,730	\$147,459
Customer Deposits	0	43,115	43,115
Revenue Bonds Payable	<u>0</u>	<u>318,501</u>	<u>318,501</u>
Total	<u>\$73,729</u>	<u>\$435,346</u>	<u>\$509,075</u>

Additional information on the Town of Campti's long-term liabilities can be found in the notes to financial statements section of this report.

General Fund Budgetary Highlights

Actual revenues and other financing sources for the year were \$78,053 less than the budgeted revenues and actual expenditures were \$89,690 less than the budgeted expenditures.

Economic Factors and Next Year's Budget

The budget for 2018/2019 General Fund should not change significantly from the 2017/2018 budget.

Contacting the Town

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Town at P. O. Box 216, Campti, LA 71411.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT AUDITOR'S REPORT

The Honorable Roland Smith, Mayor
and the Town Council
P. O. Box 216
Campti, Louisiana, 71411

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 respective financial position of the governmental activities, business-type activities, and major funds of the Town 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

Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

We have applied certain limited procedures to the Management's Discussion and Analysis 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 introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the 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 21, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 21, 2018 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 21, 2018
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Town of Campti, Louisiana
Government-Wide Statement of Net Position
June 30, 2018

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash & Cash Equivalents	\$ 63,851	\$ 105,221	\$ 169,072
Revenue Receivable	16,923	41,876	58,799
Due from Other Funds	16,221	3,028	19,249
Restricted Assets-			
Cash & Cash Equivalents	0	34,067	34,067
Capital Assets, Net of			
Accumulated Depreciation	<u>588,424</u>	<u>1,234,752</u>	<u>1,823,176</u>
Total Assets	<u>\$685,419</u>	<u>\$1,418,944</u>	<u>\$2,104,363</u>
DEFERRED OUTFLOWS OF RESOURCES	\$ <u>40,302</u>	\$ <u>40,302</u>	\$ <u>80,604</u>
LIABILITIES:			
Cash Overdraft	\$ 0	\$ 21,826	\$ 21,826
Accounts Payable	563	1,240	1,803
Accrued Expenses	536	1,911	2,447
Due to Other Funds	3,028	16,221	19,249
Customer Deposits	0	43,115	43,115
Long-Term Debt-			
Current Portion	0	10,372	10,372
Long-Term Portion	0	308,129	308,129
Net Pension Liability	<u>73,729</u>	<u>73,730</u>	<u>147,459</u>
Total Liabilities	<u>\$ 77,856</u>	<u>\$ 476,544</u>	<u>\$ 554,400</u>
DEFERRED INFLOWS OF RESOURCES	\$ <u>1,615</u>	\$ <u>1,616</u>	\$ <u>3,231</u>
NET POSITION:			
Net Investment in Capital Assets	\$588,424	\$ 916,251	\$1,504,675
Restricted for Debt Service	0	34,067	34,067
Unrestricted	<u>57,826</u>	<u>30,768</u>	<u>88,594</u>
Total Net Position	<u>\$646,250</u>	<u>\$ 981,086</u>	<u>\$1,627,336</u>

See notes to financial statements.

Town of Campti, Louisiana
Government-Wide Statement of Activities
June 30, 2018

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	\$202,573	\$ 900	\$229,455	\$ 27,782	\$ 0	\$ 27,782
Public Safety	<u>25,378</u>	<u>11,003</u>	<u>0</u>	<u>(14,375)</u>	<u>0</u>	<u>(14,375)</u>
Total Governmental Activities	\$227,951	\$ 11,903	\$229,455	\$ 13,407	\$ 0	\$ 13,407
Business-Type Activities:						
Water/Sewer	<u>598,851</u>	<u>281,974</u>	<u>113,929</u>	<u>0</u>	<u>(202,948)</u>	<u>(202,948)</u>
Total Government	<u>\$826,802</u>	<u>\$293,877</u>	<u>\$343,384</u>	<u>\$ 13,407</u>	<u>\$ (202,948)</u>	<u>\$ (189,541)</u>
General Revenues:						
Taxes-						
				\$ 13,691	\$ 0	\$ 13,691
				9,328	0	9,328
				92,170	92,171	184,341
				72,236	0	72,236
				14,401	20,716	35,117
				2,121	2,122	4,243
				<u>27,440</u>	<u>(27,440)</u>	<u>0</u>
				<u>\$231,387</u>	<u>\$ 87,569</u>	<u>\$ 318,956</u>
				\$244,794	\$ (115,379)	\$ 129,415
				<u>401,456</u>	<u>1,096,465</u>	<u>1,497,921</u>
				<u>\$646,250</u>	<u>\$ 981,086</u>	<u>\$1,627,336</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Town of Campti, Louisiana
Balance Sheet-Governmental Funds
June 30, 2018

	General <u>Fund</u>	LCDBG <u>Fund</u>	<u>Total</u>
ASSETS:			
Cash & Cash Equivalents	\$63,830	\$21	\$63,851
Revenue Receivable	16,923	0	16,923
Due from Utility Fund	<u>16,221</u>	<u>0</u>	<u>16,221</u>
Total Assets	<u>\$96,974</u>	<u>\$21</u>	<u>\$96,995</u>
LIABILITIES:			
Accounts Payable	\$ 563	\$ 0	\$ 563
Accrued Expenses	536	0	536
Due to Utility Fund	<u>3,028</u>	<u>0</u>	<u>3,028</u>
Total Liabilities	\$ 4,127	\$ 0	\$ 4,127
FUND BALANCE:			
Unassigned	<u>92,847</u>	<u>21</u>	<u>92,868</u>
Total Liabilities and Fund Balance	<u>\$96,974</u>	<u>\$21</u>	<u>\$96,995</u>

See notes to financial statements.

Town of Campti, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018

Total Fund Balance of the Governmental Funds	\$ 92,868
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Capital Assets	778,946
Less, Accumulated Depreciation	(190,522)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Funds Balance Sheet-	
	40,302
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Net Pension Liability	(73,729)
Deferred Inflows of Resources are not due and payable in the current period and, therefore are not reported in the Governmental Funds Balance Sheet-	
	<u>(1,615)</u>
Net Position of Governmental Activities	<u>\$ 646,250</u>

See notes to financial statements.

Town of Campti, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2018

	<u>General Fund</u>	<u>LCDBG Fund</u>	<u>Total</u>
REVENUES:			
Taxes-			
Ad Valorem	\$ 13,691	\$ 0	\$ 13,691
Sales Tax	92,170	0	92,170
Payment in Lieu of Tax	9,328	0	9,328
Licenses & Permits	72,236	0	72,236
Intergovernmental-			
LCDBG	0	229,455	229,455
Beer Tax	2,196	0	2,196
Charges for Services-			
Fines & Forfeits	8,807	0	8,807
Rent	900	0	900
Interest & Miscellaneous	<u>14,402</u>	<u>0</u>	<u>14,402</u>
Total Revenues	<u>\$213,730</u>	<u>\$229,455</u>	<u>\$443,185</u>
EXPENDITURES:			
General Government	\$197,142	\$229,455	\$426,597
Public Safety	<u>25,378</u>	<u>0</u>	<u>25,378</u>
Total Expenditures	<u>\$222,520</u>	<u>\$229,455</u>	<u>\$451,975</u>
Excess of Revenues over Expenditures	\$ <u>(8,790)</u>	\$ <u>0</u>	\$ <u>(8,790)</u>
OTHER FINANCING SOURCES:			
Transfer In	\$ <u>27,440</u>	\$ <u>0</u>	\$ <u>27,440</u>
Excess of Revenues and Other Sources over Expenditures	\$ 18,650	\$ 0	\$ 18,650
Fund Balance-Beginning of Year	<u>74,197</u>	<u>21</u>	<u>74,218</u>
Fund Balance-End of Year	<u>\$ 92,847</u>	<u>\$ 21</u>	<u>\$ 92,868</u>

See notes to financial statements.

Town of Campti, Louisiana
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
for the Year Ended June 30, 2018

Net Change in Fund Balances-Governmental Funds	\$ 18,650
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their useful lives as depreciation expense. The cost of capital assets recorded in the current period is	
	238,450
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	
	(6,009)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the Fund Financial Statements. These include a net change in-	
Pension Expense	(8,418)
The Town's proportionate share of nonemployer contributions to the pension plan do not provide current financial resources and are not reported as revenue in the governmental funds.	
	<u>2,121</u>
Change in Net Position of Governmental Activities	<u>\$244,794</u>

See notes to financial statements.

Town of Campti, Louisiana
Statement of Net Position
Proprietary Fund-Water & Sewer Fund
Year Ended June 30, 2018

ASSETS:

Current Assets-	
Cash & Cash Equivalents	\$ 105,221
Revenue Receivable	41,876
Other Receivables	<u>3,028</u>
Total Current Assets	\$ 150,125
Restricted Assets-	
Cash & Cash Equivalents	34,067
Capital Assets, Net of Accumulated Depreciation	<u>1,234,752</u>
Total Assets	<u>\$1,418,944</u>

DEFERRED OUTFLOWS OF RESOURCES \$ 40,302

LIABILITIES:

Current Liabilities-	
Cash Overdraft	\$ 21,826
Accounts Payable	1,240
Accrued Expenses	1,911
Due to General Fund	<u>16,221</u>
Total Current Liabilities	\$ <u>41,198</u>
Current Liabilities Payable from Restricted Assets-	
Customer Deposits	\$ 43,115
Current Portion of Long-Term Debt	<u>10,372</u>
Total Current Liabilities Payable from Restricted Assets	\$ <u>53,487</u>
Non-Current Liabilities-	
Long-Term Debt	\$ 308,129
Net Pension Liability	<u>73,730</u>
Total Non-Current Liabilities	\$ <u>381,859</u>
Total Liabilities	\$ <u>476,544</u>

DEFERRED INFLOWS OF RESOURCES \$ 1,616

NET POSITION:

Net Investment in Capital Assets	\$ 916,251
Restricted for Debt Service	34,067
Unrestricted	<u>30,768</u>
Total Net Position	<u>\$ 981,086</u>

See notes to financial statements.

Town of Campti, Louisiana
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund-Water & Sewer Fund
Year Ended June 30, 2018

OPERATING REVENUES:	
Charges for Services-	
Water/Sewer	\$ 278,894
Connection Fees	3,080
Meter Deposits	4,922
Miscellaneous	<u>12,401</u>
Total Operating Revenues	<u>\$ 299,297</u>
OPERATING EXPENSES:	
Depreciation	\$ 87,796
Insurance	20,374
Operations, Maintenance & Repairs	176,989
Office Supplies, Postage & Printing	23,394
Salaries & Related Benefits	130,613
Utilities & Telephone	<u>29,937</u>
Total Operating Expenses	<u>\$ 469,103</u>
Loss from Operations	<u>\$ (169,806)</u>
NON-OPERATING REVENUES (EXPENSES):	
Sales Tax 1%	\$ 92,170
Grant Income	113,929
Grant Expense	(113,929)
Interest Income	207
Miscellaneous Income	3,186
Interest Expense	(15,817)
Nonemployer Pension Revenue	<u>2,121</u>
Total Non-operating Revenues (Expenses)	<u>\$ 81,867</u>
Net Loss Before Transfers	<u>\$ (87,939)</u>
TRANSFERS:	
Transfers Out	<u>\$ (27,440)</u>
Change in Net Position	\$ (115,379)
Net Position-Beginning of Year	<u>1,096,465</u>
Net Position-End of Year	<u>\$ 981,086</u>

See notes to financial statements.

Town of Campiti, Louisiana
Statement of Cash Flows
Proprietary Fund-Water & Sewer Fund
Year Ended June 30, 2018

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 296,449
Cash Payments to Employees	(127,087)
Cash Payments to Suppliers for Goods & Services	<u>(256,328)</u>
Net Cash Used by Operating Activities	\$ <u>(86,966)</u>
Cash Flows from Non-Capital & Related Financing Activities:	
Sales Tax Revenue	\$ 92,171
Miscellaneous Income	3,186
Nonemployer Pension Revenue	2,122
Transfers to Other Funds	<u>(27,440)</u>
Net Cash Provided by Non-Capital & Related Financing Activities	\$ <u>70,039</u>
Cash Flows from Capital & Related Financing Activities:	
Principal Paid on Capital Debt	\$ (9,878)
Interest Paid on Capital Debt	(15,819)
Acquisition of Capital Assets	<u>(8,994)</u>
Net Cash Used by Capital & Related Financing Activities	\$ <u>(34,691)</u>
Cash Flows from Investing Activities:	
Interest Income	\$ <u>207</u>
Net Decrease in Cash & Cash Equivalents	\$ (51,411)
Cash & Cash Equivalents-Beginning of Year	<u>168,873</u>
Cash & Cash Equivalents-End of Year	\$ <u>117,462</u>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities:	
Operating Loss	\$ <u>(169,806)</u>
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities:	
Depreciation	\$ 87,796
Changes in Assets & Liabilities:	
(Increase) Decrease in Accounts Receivable	(7,771)
Increase (Decrease) in Accounts Payable	5,634
Increase (Decrease) in Accrued Expense	(7,741)
Increase (Decrease) in Customer Deposits	<u>4,922</u>
Total Changes	\$ <u>82,840</u>
Net Cash Used by Operating Activities	\$ <u>(86,966)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

Introduction:

The Town of Campti operates under an elected Mayor/Council (5 members) administrative/ legislative form of government. This report includes all funds which are controlled by or dependent on the Town of Campti, Louisiana's executive and legislative branches (the Mayor and Council Members). Control by or dependence on the Town of Campti, Louisiana was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Town's operations include police protection and general and administrative services. In addition, the Town operates a Utility System which provides water and sewer services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Town is the basic level of government which has financial accountability and control over all activities related to the Town's operations and services provided. The Town is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Town Mayor and Council members are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Town's reporting entity.

B. BASIS OF PRESENTATION-

The financial statements of the Town of Campti, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

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

The Town maintains three funds. Two are categorized as governmental funds and one is a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria.

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town considers all funds to be major.

Governmental Fund -

General Fund

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

LCDBG Fund –

The LCDBG Fund is used to record financial resources received from the state.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

Proprietary Fund-

Enterprise Fund

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

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts and savings accounts of the Town.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets 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 \$2,500 or more for capitalizing capital assets.

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

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

Buildings and improvements	40 years
Equipment and vehicles	5-12 years
Utility system and improvements	40 years

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

G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility bond covenant accounts and customer deposits.

H. COMPENSATED ABSENCES-

There is no formal leave policy for the Town; therefore, no entry is made to record compensated absences.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

I. EQUITY CLASSIFICATIONS-

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do 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 is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. 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.

In the fund statements, governmental fund equity is classified as fund balance and is displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned fund balance of \$92,847. The Town establishes, modifies/ rescinds fund balance assignments by passage of a resolution. The Town would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. OPERATING REVENUES AND EXPENSES-

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

K. EXPENDITURES/EXPENSES-

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

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

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

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

L. BUDGET AND BUDGETARY ACCOUNTING-

Prior to the beginning of each fiscal year, the Town adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year.

M. LONG-TERM OBLIGATIONS-

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize debt issued as other financing sources. Repayment of the principal and interest is shown as an expenditure.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

N. 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 statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

O. PENSIONS-

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. See note 8, for more information on the individual retirement systems.

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

2. Ad Valorem Taxes:

The Town levies taxes on real and business personal property located within the boundaries of the Town. Property taxes are levied by the Town on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Town bills and collects property taxes. The Town recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1
Levy date	August 31
Tax bills mailed	October 15
Total taxes are due	December 29
Penalties and interest added	February 41
Lien date	February 41
Tax sale	May 15

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

For the year ended June 30, 2018, taxes of 4.69 mills were levied.

Total taxes collected were \$13,691 for 2018, and no provision for uncollectibles is made.

3. Cash and Cash Equivalents:

The cash and cash equivalents of the Town of Campti are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits. 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

Bank account balances at June 30, 2018 totaled \$201,420 were not subject to custodial credit risk.

4. Restricted Assets - Proprietary Fund Type:

Restricted assets of the Utility Fund were applicable to the following at June 30, 2018:

Bond Sinking Fund	\$ 4,968
Bond Contingency Account	11,544
Customer Deposits Account	43,115
Bond Reserve Account	<u>17,555</u>
Cash	<u>\$77,182</u>

5. Receivables:

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

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Charges for Services	\$ 0	\$25,474
Sales Tax	<u>16,923</u>	<u>16,402</u>
Total	<u>\$16,923</u>	<u>\$41,876</u>

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

6. Capital Assets:

Capital assets and depreciation activity for the year ended June 30, 2018, are as follows:

<u>Governmental Activities</u>	<u>Balance 07-01-17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-18</u>
Capital Assets, Not Depreciated				
Land	\$ 43,750	\$ 0	\$0	\$ 43,750
Construction in Progress	<u>277,373</u>	<u>229,455</u>	<u>0</u>	<u>506,828</u>
Total Capital Assets, not depreciated	<u>\$ 321,123</u>	<u>\$229,455</u>	<u>\$0</u>	<u>\$ 550,578</u>
Capital Assets, Depreciated				
Buildings & Improvements	\$ 80,059	\$ 0	\$0	\$ 80,059
Furniture, Fixtures & Equipment	54,751	0	0	54,751
Vehicles	<u>84,563</u>	<u>8,995</u>	<u>0</u>	<u>93,558</u>
Total Capital Assets, Depreciated	<u>\$ 219,373</u>	<u>\$ 8,995</u>	<u>\$0</u>	<u>\$ 228,368</u>
Total Assets	<u>\$ 540,496</u>	<u>\$238,450</u>	<u>\$0</u>	<u>\$ 778,946</u>
Accumulated Depreciation:				
Building & Improvements	\$ 55,112	\$ 2,598	\$0	\$ 57,710
Furniture, Fixtures & Equipment	52,584	1,530	0	54,114
Vehicles	<u>76,817</u>	<u>1,881</u>	<u>0</u>	<u>78,698</u>
Total Accumulated Depreciation	<u>\$ 184,513</u>	<u>\$ 6,009</u>	<u>\$0</u>	<u>\$ 190,522</u>
Net Capital Assets	<u>\$ 355,983</u>	<u>\$232,441</u>	<u>\$0</u>	<u>\$ 588,424</u>
<u>Business-Type Activities</u>	<u>Balance 07-01-17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-18</u>
Capital Assets, Not Depreciated				
Land	\$ 2,690	\$ 0	\$0	\$ 2,690
Capital Assets, Depreciated				
Buildings	32,815	0	0	32,815
Water/Sewer System '08	3,215,054	0	0	3,215,054
Water/Sewer System '09	89,914	0	0	89,914
Vehicles	8,563	8,994	0	17,557
Machinery & Equipment	<u>129,769</u>	<u>0</u>	<u>0</u>	<u>129,769</u>
Total Assets	<u>\$3,478,805</u>	<u>\$ 8,994</u>	<u>\$0</u>	<u>\$3,487,799</u>

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

Business-Type Activities	Balance <u>07-01-17</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06-30-18</u>
Accumulated Depreciation:				
Buildings	\$ 32,815	\$ 0	\$0	\$ 32,815
Water/Sewer System '08	1,999,470	80,376	0	2,079,846
Water/Sewer System '09	20,234	2,248	0	22,482
Vehicles	1,325	1,373	0	2,698
Machinery & Equipment	<u>111,407</u>	<u>3,799</u>	<u>0</u>	<u>115,206</u>
Total Accumulated Depreciation	<u>\$2,165,251</u>	<u>\$ 87,796</u>	<u>\$0</u>	<u>\$2,253,047</u>
Net Capital Assets	<u>\$1,313,554</u>	<u>\$ (78,802)</u>	<u>\$0</u>	<u>\$1,234,752</u>

Depreciation expense of \$6,009 was charged to the following governmental functions:

General Government	\$5,500
Police	509

Depreciation expense of \$87,796 was charged to the Water/Sewer Fund.

7. Business-Type Activities - Long-Term Debt:

The following is a summary of business-type long-term debt of the Town of Campti, Louisiana, for the year ended June 30, 2018:

	Business-Type Activities <u>Bond Payable</u>	
Balance at June 30, 2017	\$328,379	
Debt Issued	0	
Debt Retired	<u>9,878</u>	
Balance at June 30, 2018	<u>\$318,501</u>	
<u>Revenue Bonds</u> -\$448,000 Water Revenue Bonds, dated September 16, 1997, due in monthly installments of \$2,141, interest 4.673%, secured by revenues earned by the Town from the operation of the water system.		\$318,501
Less, Current Maturities		<u>(10,372)</u>
Long-Term Debt, Net of Current Maturities		<u>\$308,129</u>

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2018, are as follows:

Year Ending <u>June 30</u>	<u>Business-Type Activities Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 10,372	\$ 15,325
2020	10,890	14,807
2021	11,434	14,264
2022	12,005	13,692
2023	12,605	13,093
2024-2028	73,119	55,367
2029-2033	93,297	35,189
2034-2038	<u>94,779</u>	<u>9,937</u>
Totals	<u>\$318,501</u>	<u>\$171,674</u>

8. Pension Plan:

The Town's employees became members of Plan B of the Municipal Employees Retirement System of Louisiana (MERS) after June 30, 1996. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information for the retirement systems follows:

Plan Description

MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of MERS.

Act 569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in MERS, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least 35 hours per week. Individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes. MERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.la.state.la.us.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

Benefits Provided

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

Retirement

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

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

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

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

1. Seven (7) years or more of service, at age sixty-seven or thereafter.
2. Ten (10) years or more of service, at age sixty-two, or thereafter.
3. Thirty (30) years or more of service, at age fifty-five or thereafter.
4. Twenty-five (25) years of service credit at any age, exclusive of military service and unused annual sick leave.

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

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

Survivor's Benefits

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

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

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

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

Deferred Retirement Option Plan (DROP)

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in DROP for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of MERS has been terminated for at least one full year.

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

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

Disability Benefits

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

Cost-of-Living Increases

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

Deferred Benefits

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

Contributions

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

According to state statute, contribution for all employers are actuarially determined each year. For the year ending June 30, 2018, the employer contribution rate was 11% of member's earnings for Plan B.

According to state statute, MERS also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned to salaries of plan participants. MERS also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. This non-employer contribution is \$2,122.

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

Administrative costs of MERS are financed through employer contributions.

Contributions to the pension plan from the Town were \$17,672 for the year ended June 30, 2018.

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

At June 30, 2018, the Town reported a liability of \$147,459 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's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was .170427%, which was an increase of .03681% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$30,038 plus or minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$3,729.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 772	\$3,202
Changes in assumption	6,492	0
Net difference between projected and actual earnings on pension plan investments	31,070	0
Changes in employer's proportion of beginning net pension liability	24,597	0
Differences between employer contributions and proportionate share of employer contributions	1	29
Subsequent Measurement Contributions	17,672	0
Total	\$80,604	\$3,231

The deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date in the amount of \$17,672, will be recognized as a reduction of the Net Pension Liabilities in the year of June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

Year ended June 30:	
2019	\$26,210
2020	19,828
2021	12,269
2022	1,394
Total	\$59,701

Actuarial Assumptions

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

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	Plan B – 4 years
Investment Rate of Return:	7.40% net of investment expense
Mortality:	RP-2000 Employees Sex Distinct Table set back for 2 years was selected for active members. RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and 1 year for females projected to 2028 using scale AA was selected for healthy annuitants. RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected for disabled annuitants.
	Experience study performed on plan data for the period July 1, 2009 through June 30, 2014
Salary Increases:	5% (2.225% Merit/2.775% Inflation)

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.30%
Public Fixed Income	35%	1.60%
Alternatives	15%	0.70%
Total	<u>100%</u>	<u>4.60%</u>
Inflation		2.60%
Expected Arithmetic Nominal Return		<u>7.20%</u>

The discount rate used to measure the total pension liability was 7.4% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the Net Pension Liability using the discount rate of 7.4%, as well as what the Town'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	\$190,794	\$147,459	\$110,477

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Annual Financial Report at www.la.state.la.us.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$903, which is the legally required contribution due at June 30, 2018. This amount is recorded in accrued expenses.

9. Litigation:

At June 30, 2018, the Town was not involved in any civil suits.

10. Flow of Funds, Restriction on Use-Water Revenue:

Under the terms of the bond indenture relating to Water Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts:

<u>Period (Day/Month/Year)</u>	<u>Sinking Fund</u>	<u>Reserve Fund</u>	<u>Contingency Fund</u>
9/20/97 - 8/20/98	\$1,820	Commencing with the month following completion of and acceptance of the waterworks improvements financed with the proceeds of the Bonds, a sum of \$91 must be deposited monthly into this fund.	Commencing with the month following completion of and acceptance of the waterworks improvements financed with the proceeds of the Bonds, a sum of \$123 per month must be deposited into this fund.
9/20/98 - 8/20/37	\$2,141	A sum of \$108 per month must be deposited into this fund until \$25,697 has been accumulated therein.	Payments continue as described above.

11. Compensation Paid to the Council Members:

Etta Prudhomme	\$ 660
Cy'Nita Nash	660
Bence Nicholas	480
Mary Collins	600
Sandra Turner	<u>660</u>
Total	<u>\$3,060</u>

Town of Campti, Louisiana
Notes to Financial Statements
June 30, 2018

12. Subsequent Events:

Management has evaluated events through December 31, 2018, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Town of Campti, Louisiana
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Asset)	.0808%	.1233%	.1336%	.1704%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$97,340	\$83,777	\$110,755	\$147,459
Employer's Covered Employee Payroll	\$99,296	\$98,378	\$126,506	\$133,373
Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	98.03%	85.16%	87.55%	111%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	76.94%	68.71%	63.34%	63.5%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended June 30, 2018.

See independent auditor's report.

Town of Campti, Louisiana
Schedule of Employer Contributions
For the Year Ended June 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually Required Contributions	\$ 8,255	\$ 9,346	\$ 13,916	\$ 17,672
Contributions in Relation to Contractually Required Contribution	\$ 8,255	\$ 9,346	\$ 13,916	\$ 17,672
Contribution Deficiency (Excess)	0	0	0	\$ 0
Employer's Covered Employee Payroll	\$99,296	\$98,378	\$126,506	\$133,373
Contributions as a Percentage of Covered Employee Payroll	8.3%	9.5%	11.0%	13.2%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended June 30, 2018.

See independent auditor's report.

Town of Campti, Louisiana
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2018

Agency Head Name: Roland Smith, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$2,400
Benefits-Insurance	0
Benefits-Retirement	234
Deferred Compensation	0
Benefits-Other	184
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per Diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	208
Housing	0
Unvouchered expenses	1,800
Special meals	0
Other	<u>442</u>
Total	<u>\$5,268</u>

See independent auditor's report.

Town of Campti, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES:			
Taxes-			
Ad Valorem	\$ 15,000	\$ 13,691	\$ (1,309)
Payment in Lieu of Taxes	16,000	9,328	(6,672)
Sales Tax	98,744	92,170	(6,574)
Licenses & Permits	77,504	72,236	(5,268)
Intergovernmental-			
Beer Tax	2,500	2,196	(304)
Charges for Services-			
Fines & Forfeits	47,000	8,807	(38,193)
Rent	2,200	900	(1,300)
Interest & Miscellaneous	<u>32,835</u>	<u>14,402</u>	<u>(18,433)</u>
Total Revenues	<u>\$291,783</u>	<u>\$213,730</u>	<u>\$(78,053)</u>
EXPENDITURES:			
General Government	\$273,930	\$197,142	\$ 76,788
Public Safety	<u>38,280</u>	<u>25,378</u>	<u>12,902</u>
Total Expenditures	<u>\$312,210</u>	<u>\$222,520</u>	<u>\$ 89,690</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(20,427)</u>	\$ <u>(8,790)</u>	\$ <u>11,637</u>
OTHER FINANCING SOURCES:			
Transfers In	\$ <u>20,000</u>	\$ <u>27,440</u>	\$ <u>7,440</u>
Excess of Revenues and Other Sources over Expenditures	\$ (427)	\$ 18,650	\$ 19,077
Fund Balance-Beginning of Year	<u>74,197</u>	<u>74,197</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 73,770</u>	<u>\$ 92,847</u>	<u>\$ 19,077</u>

See independent auditor's report.

Town of Campti
LCDBG Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	<u>Budget Original/Final</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>	<u>Remaining Budget</u>
REVENUES:				
Intergovernmental	<u>\$559,900</u>	<u>\$277,373</u>	<u>\$229,455</u>	<u>\$53,072</u>
EXPENDITURES:				
Acquisition of Real Property	\$ 8,000	\$ 0	\$ 0	\$ 8,000
Public Works, Facilities & Site Improvements	539,750	265,223	229,455	45,072
Administration	<u>12,150</u>	<u>12,150</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$559,900</u>	<u>\$277,373</u>	<u>\$229,455</u>	<u>\$53,072</u>

See independent auditor's report.

OTHER REPORTS

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

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Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

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

The Honorable Roland Smith, Mayor
and the Town Council
P. O. Box 216
Campti, Louisiana 71411

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, business-type activities, and major funds of the Town of Campti (Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 21, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control described in the accompanying Schedule of Audit Findings that we consider to be a significant deficiency as *Item 2018-001*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Audit Findings as *Item 2018-002*.

Town of Campti's Response to Findings

The Town's response to the findings identified in our audit are described in the accompanying Schedule of Audit Findings. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.


Johnson, Thomas & Cunningham, CPA's

December 21, 2018
Natchitoches, Louisiana

Town of Campti, Louisiana
Schedule of Audit Findings
Year Ended June 30, 2018

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the basic financial statements of the Town of Campti as of and for the year ended June 30, 2018.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weakness.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following findings relate to the financial statements and are required to be reported in accordance with *Government Auditing Standards*:

Internal Control-

2018-001 Segregation of Duties

Criteria - Proper internal controls dictate that duties be segregated so that no one individual performs or controls all duties related to the accounting system.

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements and the related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Cause - The Town's office does not have a sufficient number of employees to adequately separate accounting duties or to prepare the Town's annual financial statements with related note disclosures.

Recommendation - To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management's Response - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the Town to have our independent auditors prepare our financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Town of Campti, Louisiana
Schedule of Audit Findings (continued)
Year Ended June 30, 2018

Compliance-

2018-002 *Local Government Budget Act*

Criteria - Louisiana Revised Statute 39:1311 states that total actual revenues and other sources should not be less than total budgeted revenues and other sources by more than 5%.

Condition - For the year ended June 30, 2018, in the General Fund, actual revenues were less than budgeted revenues by more than the 5% variance allowed and the budget was not amended.

Effect - The budget cannot be used as an effective management tool to control revenues.

Cause - Oversight of management to ensure the budget was amended prior to the year end.

Recommendation - The Town should institute procedures to ensure the budget is amended whenever actual revenues are less than budgeted revenues by more than the 5% allowed.

Management's Response - The Town will institute procedures to ensure the budget is amended when required.

III. PRIOR YEAR AUDIT FINDINGS

Internal Control-

2017-001 *Segregation of Duties*

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements and the related note disclosures.

Status - Repeat finding, see finding 2018-001.

Compliance-

2017-002 *Local Government Budget Act*

Condition - For the year ended June 30, 2017, in the General Fund, actual revenues were less than budgeted revenues by more than the 5% variance allowed and the budget was not amended.

Status - Repeat finding, see finding 2018-002.

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321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

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

The Honorable Roland Smith, Mayor
and the Town Council
P.O. Box 216
Campti, LA 71411

We have performed the procedures enumerated below, which were agreed to by the Mayor and Town Council of Town of Campti (the "Town") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Commission 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
 - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ***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.
 - ***Disbursements***, including processing, reviewing, and approving.
 - ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **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.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - a) *Procedure Results – We noted five exceptions. The Purchasing policy does not address how vendors are added. There are no written policies for Receipts, Credit Cards, Ethics, or Debt Service.*

Board (or Finance Committee, if applicable)

2. We obtained and inspected the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
 - Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - For governmental entities, obtained the prior year audit report and observed the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed 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.
 - a) *Procedure Results – We noted one exception. Board minutes do not reference monthly budget-to-actual comparisons for any funds.*

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
 - Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
 - 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
 - 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.
 - a) *Procedure Results – We noted one exception. There is no documentation showing unreconciled items in excess of 12 months have been researched.*

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected the required amount of deposit sites (up to five).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:
 - Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under “Bank Reconciliations” above. We obtained supporting documentation for each of the deposits selected and:
 - We observed that receipts are sequentially pre-numbered.
 - We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - We traced the deposit slip total to the actual deposit per the bank statement.
 - We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - We traced the actual deposit per the bank statement to the general ledger.

a) *Procedure Results – We noted no exceptions.*

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

8. We obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, we obtained 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 we observed that job duties are properly segregated such that:
 - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management’s representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:
 - We observed that the disbursement matched the related original invoice/billing statement.

- We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
 - a) *Procedure Results – We noted one exception. The Town Clerk processes and mails payments but is not responsible for signing checks.*

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

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), and obtained supporting documentation, and:
 - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.
 - a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Travel and Expense Reimbursement

14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
 - If reimbursed using a per diem, we agreed the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- We observed that each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.
- We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Contracts

15. We obtained from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, and:

- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment.
- We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Payroll and Personnel

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

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

- We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- We observed that supervisors approved the attendance and leave of the selected employees/officials.
- We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected the two employees/officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations. If applicable, we agreed the hours to the employees/officials' cumulative leave records and the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
- a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
- a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Debt Service (excluding nonprofits)

21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.
- a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Other

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- a) *Procedure Results – We noted no exceptions. Management represented that they are not aware of any misappropriations.*

24. We observed whether 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.

a) *Procedure Results – We noted no exceptions.*

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

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

Johnson, Thomas & Cunningham, CPA's
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December 21, 2018
Natchitoches, Louisiana

Town of Campti
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2018

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 1: *Exception:* The Purchasing policy does not address how vendors are added. There are no written policies for Receipts, Credit Cards, Ethics, or Debt Service.

Response: Management will prepare written procedures in accordance with best practices.

Item 2: *Exception:* Council minutes do not reference monthly budget-to-actual comparisons for any funds.

Response: Management will ensure that financial statements are listed separately on Council minutes.

Item 3: *Exception:* There is no documentation showing unreconciled items in excess of 12 months have been researched.

Response: Management will institute a policy requiring reconciling items in excess of 12 months be researched and documented.

Item 9: *Exception:* The Town Clerk processes and mails payments but is not responsible for signing checks.

Response: The Mayor will give all payments to the Utility Clerk to be mailed after signing checks.