

TOWN OF GUEYDAN, LOUISIANA
Financial Statements

Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Chris Theriot, Mayor,
and Members of the Board of Aldermen
Town of Gueydan, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 40 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Gueydan has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Gueydan, Louisiana's basic financial statements. The other supplementary information on pages 50 through 53 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018 on our consideration of the Town of Gueydan, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gueydan, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
April 30, 2018

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF GUEYDAN, LOUISIANA

Statement of Net Position

December 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 1,583,241	\$ 1,349,190	\$ 2,932,431
Receivables, net	38,997	175,584	214,581
Prepaid expense	2,991	2,358	5,349
Restricted assets -			
Interest bearing deposits	-	28,115	28,115
Capital assets:			
Non-depreciable	26,950	-	26,950
Depreciable, net	<u>8,425,690</u>	<u>2,439,222</u>	<u>10,864,912</u>
Total assets	<u>10,077,869</u>	<u>3,994,469</u>	<u>14,072,338</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	<u>17,711</u>	<u>-</u>	<u>17,711</u>
LIABILITIES			
Accounts and other payables	32,354	73,068	105,422
Accrued interest payable	712	-	712
Customers' deposits	-	28,115	28,115
Long-term liabilities			
Due within one year	13,220	11,203	24,423
Due in more than one year	-	11,493	11,493
Net pension liability	<u>104,372</u>	<u>-</u>	<u>104,372</u>
Total liabilities	<u>150,658</u>	<u>123,879</u>	<u>274,537</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	<u>12,283</u>	<u>-</u>	<u>12,283</u>
NET POSITION			
Net investment in capital assets	8,439,420	2,416,526	10,855,946
Restricted	1,468,230	-	1,468,230
Unrestricted	<u>24,989</u>	<u>1,454,064</u>	<u>1,479,053</u>
Total net position	<u>\$ 9,932,639</u>	<u>\$ 3,870,590</u>	<u>\$ 13,803,229</u>

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2017

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 287,723	\$ 71,505	\$ -	\$ (216,218)	\$ -	\$ (216,218)
Public safety	600,644	-	64,965	(535,679)	-	(535,679)
Public works	471,360	-	-	(471,360)	-	(471,360)
Culture and recreation	74,441	11,010	-	(63,431)	-	(63,431)
Total governmental activities	1,434,168	82,515	64,965	(1,286,688)	-	(1,286,688)
Business-type activities:						
Electricity	893,043	1,557,449	-	-	664,406	664,406
Gas	167,673	200,627	-	-	32,954	32,954
Water	228,475	172,190	-	-	(56,285)	(56,285)
Sewer	173,605	137,508	-	-	(36,097)	(36,097)
Interest of long-term debt	732	-	-	-	(732)	(732)
Total business-type activities	1,463,528	2,067,774	-	-	604,246	604,246
Total	\$ 2,897,696	\$ 2,150,289	\$ 64,965	(1,286,688)	604,246	(682,442)
General revenues:						
Taxes -						
Property taxes, levied for general purposes				21,816	-	21,816
Sales and use taxes, levied for general purposes				177,315	-	177,315
Beer taxes				1,429	-	1,429
Interest and investment earnings				3,516	3,216	6,732
Miscellaneous				15,049	-	15,049
Nonemployer pension contribution				2,282	-	2,282
Loss on disposal of capital assets				(595)	-	(595)
Transfers				775,000	(775,000)	-
Total general revenues and transfers				995,812	(771,784)	224,028
Change in net position				(290,876)	(167,538)	(458,414)
Net position - beginning				10,223,515	4,038,128	14,261,643
Net position - ending				\$ 9,932,639	\$ 3,870,590	\$ 13,803,229

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Sales Tax Special Revenue Fund

To account for the receipt and use of proceeds of the Town's one percent sales and use tax. These taxes are dedicated to the following purposes: constructing, acquiring, extending, and improving the natural gas, waterworks, and sewer systems; and paying principal and interest on bonded or funded indebtedness, paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

Enterprise Fund

Utility Fund -

To account for the provision of light, gas, water, and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service, and billing and collection.

TOWN OF GUEYDAN, LOUISIANA

Balance Sheet
 Governmental Funds
 December 31, 2017

	General	Sales Tax Special Revenue	Other Governmental Funds	Total
ASSETS				
Cash	\$ 67,177	\$ 504,993	\$ 168	\$ 572,338
Interest-bearing deposits	80,729	930,174	-	1,010,903
Receivables:				
Taxes Receivable	5,991	32,480	-	38,471
Accrued interest	111	415	-	526
Prepaid insurance	2,991	-	-	2,991
Total assets	<u>\$ 156,999</u>	<u>\$ 1,468,062</u>	<u>\$ 168</u>	<u>\$ 1,625,229</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 11,607	\$ -	\$ -	\$ 11,607
Accrued expenses	20,747	-	-	20,747
Total liabilities	<u>32,354</u>	<u>-</u>	<u>-</u>	<u>32,354</u>
Fund balances:				
Nonspendable	2,991	-	-	2,991
Restricted	-	1,468,062	168	1,468,230
Unassigned	121,654	-	-	121,654
Total fund balances	<u>124,645</u>	<u>1,468,062</u>	<u>168</u>	<u>1,592,875</u>
Total liabilities and fund balances	<u>\$ 156,999</u>	<u>\$ 1,468,062</u>	<u>\$ 168</u>	<u>\$ 1,625,229</u>

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

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2017

Total fund balances for governmental funds		\$ 1,592,875
Capital assets, net		8,452,640
Long-term liabilities:		
Capital lease payable	\$ (13,220)	
Accrued interest on capital lease	(712)	
Net pension liability	<u>(104,372)</u>	(118,304)
Deferred outflows of resources related to net pension liability		17,711
Deferred inflows of resources related to net pension liability		<u>(12,283)</u>
Total net position of governmental activities		<u>\$ 9,932,639</u>

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 For the Year Ended December 31, 2017

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues:				
Taxes	\$ 21,816	\$ 177,315	\$ -	\$ 199,131
Licenses and permits	67,944	-	-	67,944
Intergovernmental	66,394	-	-	66,394
Charges for services	467	-	-	467
Fines and forfeitures	1,587	-	-	1,587
Interest	280	3,236	-	3,516
Other	<u>27,566</u>	<u>-</u>	<u>-</u>	<u>27,566</u>
Total revenues	<u>186,054</u>	<u>180,551</u>	<u>-</u>	<u>366,605</u>
Expenditures:				
Current -				
General government	231,124	49,194	370	280,688
Public safety	541,017	-	-	541,017
Public works	206,291	-	-	206,291
Culture and recreation	57,560	-	16,881	74,441
Capital outlays	1,395	211,103	-	212,498
Debt service:				
Principal	12,494	-	-	12,494
Interest	<u>1,491</u>	<u>-</u>	<u>-</u>	<u>1,491</u>
Total expenditures	<u>1,051,372</u>	<u>260,297</u>	<u>17,251</u>	<u>1,328,920</u>
Deficiency of revenues over expenditures	<u>(865,318)</u>	<u>(79,746)</u>	<u>(17,251)</u>	<u>(962,315)</u>
Other financing sources:				
Transfers in	<u>775,000</u>	<u>-</u>	<u>-</u>	<u>775,000</u>
Net changes in fund balances	(90,318)	(79,746)	(17,251)	(187,315)
Fund balances, beginning	<u>214,963</u>	<u>1,547,808</u>	<u>17,419</u>	<u>1,780,190</u>
Fund balances, ending	<u>\$ 124,645</u>	<u>\$ 1,468,062</u>	<u>\$ 168</u>	<u>\$ 1,592,875</u>

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

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (187,315)
Capital assets:		
Capital outlay	\$ 212,498	
Depreciation expense	<u>(302,352)</u>	(89,854)
Transactions involving capital assets:		
Loss on disposal		(595)
Long-term debt:		
Principal payments		12,494
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis		734
Effect of the change in net pension liability, deferred outflows/inflows of resources		
Increase in pension expense	\$ (28,622)	
Nonemployer pension contribution revenue recognized	<u>2,282</u>	<u>(26,340)</u>
Total changes in net position per Statement of Activities		<u>\$ (290,876)</u>

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

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Net Position
December 31, 2017

ASSETS

Current assets:	
Cash	\$ 563,753
Interest-bearing deposits	785,437
Accounts receivable, net of allowance	143,187
Unbilled utility receivables	32,194
Accrued interest receivable	203
Prepaid expense	<u>2,358</u>
Total current assets	<u>1,527,132</u>
Noncurrent assets:	
Restricted assets -	
Interest-bearing deposits	28,115
Capital assets, net of accumulated depreciation	<u>2,439,222</u>
Total noncurrent assets	<u>2,467,337</u>
Total assets	<u>3,994,469</u>

LIABILITIES

Current liabilities:	
Accounts payable	67,979
Accrued expenses	4,066
Capital lease payable	11,203
Other payable	<u>1,023</u>
Total current liabilities	<u>84,271</u>
Noncurrent liabilities:	
Customers' deposits	28,115
Capital lease payable	<u>11,493</u>
Total noncurrent liabilities	<u>39,608</u>
Total liabilities	<u>123,879</u>

NET POSITION

Net investment in capital assets	2,416,526
Unrestricted	<u>1,454,064</u>
Total net position	<u>\$3,870,590</u>

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

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2017

Operating revenues:	
Charges for services	\$2,048,216
Miscellaneous	<u>19,558</u>
Total operating revenues	<u>2,067,774</u>
Operating expenses:	
Electric department expenses	882,170
Gas department expenses	132,265
Water department expenses	119,769
Sewerage department expenses	71,367
Depreciation	<u>257,225</u>
Total operating expenses	<u>1,462,796</u>
Operating income	<u>604,978</u>
Nonoperating revenues (expenses):	
Interest income	3,216
Interest expense	<u>(732)</u>
Total nonoperating revenues (expenses)	<u>2,484</u>
Income before transfers	607,462
Transfers out	<u>(775,000)</u>
Change in net position	(167,538)
Net position, beginning	<u>4,038,128</u>
Net position, ending	<u>\$3,870,590</u>

The accompanying notes are an integral part of the basic statement.

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended December 31, 2017

Cash flows from operating activities:	
Receipts from customers	\$2,034,677
Payments to suppliers	(1,055,774)
Payments to employees	(154,485)
Other receipts	<u>19,355</u>
Net cash provided by operating activities	<u>843,773</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(775,000)</u>
Cash flows from capital and related financing activities:	
Net meter deposits	4,006
Principal paid on capital lease payable	(10,919)
Interest and fiscal charges paid on capital lease payable	(732)
Acquisition of capital assets	<u>(27,653)</u>
Net cash used by capital and related financing activities	<u>(35,298)</u>
Cash flows from investing activities:	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	435,057
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(436,841)
Interest on deposits	<u>3,216</u>
Net cash provided by investing activities	<u>1,432</u>
Net increase in cash and cash equivalents	34,907
Cash and cash equivalents, beginning of period	<u>905,557</u>
Cash and cash equivalents, end of period	<u>\$ 940,464</u>

(continued)

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (continued)
 For the Year Ended December 31, 2017

Cash flows from operating activities:

Operating income	\$ 604,978
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	257,225
(Increase) decrease in operating assets	
Accounts receivable	1,597
Unbilled utilities receivable	(15,136)
Accrued interest receivable	(203)
Increase (decrease) in operating liabilities	
Accounts payable	(2,178)
Accrued expenses	(212)
Other payable	(2,298)
Net cash provided by operating activities	<u>\$ 843,773</u>

Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:

Cash and cash equivalents, beginning of period -	
Cash- unrestricted	512,912
Interest-bearing deposits, unrestricted	803,593
Interest-bearing deposits, restricted	24,109
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(435,057)</u>
Total cash and cash equivalents	<u>905,557</u>

Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:

Cash and cash equivalents, end of period -	
Cash- unrestricted	563,753
Interest-bearing deposits, unrestricted	785,437
Interest-bearing deposits, restricted	28,115
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(436,841)</u>
Total cash and cash equivalents	<u>940,464</u>

Net increase \$ 34,907

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

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Gueydan (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsection of this note.

A. Financial Reporting Entity

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town of Gueydan has no such component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Town of Gueydan, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. 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 activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, 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.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Fund Financial Statements

The accounts of the Town are organized and operated 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 is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town.

The various funds of the Town are classified into two categories: governmental and proprietary. 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 Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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 major funds of the Town are described below:

Governmental Funds –

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.

The Sales Tax Special Revenue Fund accounts for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Enterprise Fund –

Utility Fund

The Utility 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. The Town applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased. See Note (2) for additional disclosures.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as ‘interfund receivables and payables.’ Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2017, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customers’ utility receivables at December 31, 2017 was \$24,218. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items.

Capital Assets

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

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated 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. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	25-50 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.

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Sick and vacation leave is awarded on a calendar year basis and cannot be carried over to the next year; therefore, no liability for compensated absences is recorded in the financial statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of capital lease payable and utility meter deposits payable.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

In the government-wide statements, net position is displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

In the fund statements, governmental fund equity is classified as fund balance as follows. Proprietary fund equity is classified the same as in the government-wide statements.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board of Aldermen is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by board members.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town’s adopted policy, only board members may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Fund balances are composed of the following:

	General	Sales Tax Special Revenue	Nonmajor Funds	Total Governmental Funds
Nonspendable	\$ 2,991	\$ -	\$ -	\$ 2,991
Restricted:				
Other purposes	-	1,468,062	168	1,468,230
Unassigned	<u>121,654</u>	<u>-</u>	<u>-</u>	<u>121,654</u>
Total fund balances	<u>\$ 124,645</u>	<u>\$ 1,468,062</u>	<u>\$ 168</u>	<u>\$ 1,592,875</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

needed, unless Board members or the finance committee has provided otherwise in its commitment or assignment actions.

E. Revenues, Expenditures, and Expenses

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.

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 Non-operating

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

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 4

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. The Town does not have a policy for custodial credit risk.

Deposit balances (bank balances), are secured as follows:

Bank balances	<u>\$ 2,971,051</u>
Deposits are secured as follows:	
Federal deposit insurance	578,167
Uninsured and collateral held by the pledging bank, not in the Town's name	<u>2,392,884</u>
Total	<u>\$ 2,971,051</u>

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town on December 1 and are due by February 28. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

(4) Dedication of Proceeds and Flow of Funds - 1 Percent Sales and Use Tax

A one percent sales and use tax levied by the Town is dedicated to the following purposes:

Fifty percent of the net proceeds can be used for constructing, acquiring, improving and maintaining the Town's natural gas, waterworks and sewer systems, or for any one or more of said

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

purposes, including payment of principal and interest on any bonded or funded indebtedness of the Town incurred for any of said purposes; and the Town shall be further authorized to fund the proceeds of the tax into bonds from time to time for any one or more of the aforesaid purposes. Fifty percent of the net proceeds can be used for paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

(5) Receivables

Receivables consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$143,187	\$ 143,187
Unbilled utility	-	-	32,194	32,194
Taxes	5,991	32,480	-	38,471
Interest	<u>111</u>	<u>415</u>	<u>203</u>	<u>729</u>
Totals	<u>\$ 6,102</u>	<u>\$32,895</u>	<u>\$175,584</u>	<u>\$214,581</u>

(6) Restricted Assets - Proprietary Fund Type (Enterprise Utility Fund)

Restricted assets consisted of customers' deposits totaling \$28,115.

(7) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(8) On-behalf Payments

The Town has recognized \$36,850 as revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(9) Capital Assets

Capital asset activity for the year was as follows:

	<u>Balance 01/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 26,950	\$ -	\$ -	\$ 26,950
Other capital assets:				
Buildings	839,628	-	-	839,628
Infrastructure	12,316,671	201,803	-	12,518,474
Equipment, furniture and fixtures	945,412	10,695	27,931	928,176
Improvements other than buildings	<u>1,142,273</u>	<u>-</u>	<u>-</u>	<u>1,142,273</u>
Totals	<u>15,270,934</u>	<u>212,498</u>	<u>27,931</u>	<u>15,455,501</u>
Less accumulated depreciation				
Buildings	312,358	24,750	-	337,108
Infrastructure	4,765,328	214,179	-	4,979,507
Equipment, furniture and fixtures	842,561	38,954	27,336	854,179
Improvements other than buildings	<u>807,598</u>	<u>24,469</u>	<u>-</u>	<u>832,067</u>
Total accumulated depreciation	<u>6,727,845</u>	<u>302,352</u>	<u>27,336</u>	<u>7,002,861</u>
Governmental activities, capital assets, net	<u>\$8,543,089</u>	<u>\$ (89,854)</u>	<u>\$ 595</u>	<u>\$8,452,640</u>
Business-type activities:				
Capital assets being depreciated				
Electric system	\$1,586,014	\$ -	\$ 157,056	\$1,428,958
Gas system	1,553,861	-	-	1,553,861
Water system	3,583,509	27,653	5,600	3,605,562
Sewer system	<u>3,526,767</u>	<u>-</u>	<u>-</u>	<u>3,526,767</u>
Totals	<u>10,250,151</u>	<u>27,653</u>	<u>162,656</u>	<u>10,115,148</u>
Less accumulated depreciation				
Electric system	1,550,876	10,873	157,056	1,404,693
Gas system	1,061,429	35,408	-	1,096,837
Water system	2,219,310	108,706	5,600	2,322,416
Sewer system	<u>2,749,742</u>	<u>102,238</u>	<u>-</u>	<u>2,851,980</u>
Total accumulated depreciation	<u>7,581,357</u>	<u>257,225</u>	<u>162,656</u>	<u>7,675,926</u>
Business-type activities, capital assets, net	<u>\$2,668,794</u>	<u>\$ (229,572)</u>	<u>\$ -</u>	<u>\$2,439,222</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Depreciation expense was charged to governmental activities as follows:

General government	\$ 5,544
Public safety	31,739
Public works	<u>265,069</u>
Total depreciation expense	<u>\$302,352</u>

Depreciation expense was charged to business-type activities as follows:

Electric	\$ 10,873
Gas	35,408
Water	108,706
Sewer	<u>102,238</u>
Total depreciation expense	<u>\$257,225</u>

(10) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 11,607	\$ 67,979	\$ 79,586
Other liabilities	<u>20,747</u>	<u>5,089</u>	<u>25,836</u>
Totals	<u>\$ 32,354</u>	<u>\$ 73,068</u>	<u>\$ 105,422</u>

(11) Changes in Long-Term Debt

The following is a summary of long-term debt for the year ended:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital lease payable	<u>\$ 25,714</u>	<u>\$ -</u>	<u>\$ 12,494</u>	<u>\$ 13,220</u>	<u>\$ 13,220</u>
Business-type activities:					
Capital lease payable	<u>\$ 33,615</u>	<u>\$ -</u>	<u>\$ 10,919</u>	<u>\$ 22,696</u>	<u>\$ 11,203</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(12) Capital Lease

The Town is obligated under a capital lease which was used in the acquisition of a fire truck at a cost of \$137,749. The fire truck has been capitalized and current depreciation expense and accumulated depreciation related to the fire truck as of December 31, 2017 is \$9,183 and \$128,566, respectively. In addition, the Town has entered into another capital lease which was used to acquire a pipe hunter trailer at a cost of \$54,640. The pipe hunter trailer has been capitalized and current depreciation expense and accumulated depreciation related to the pipe hunter trailer as of December 31, 2017 is \$10,928 and \$33,695, respectively. The following is a schedule of future minimum lease payments for the capital leases and the present value of the net minimum lease payments:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental</u> <u>Acvtivities</u>	<u>Business-Type</u> <u>Activities</u>
2018	\$13,987	\$11,651
2019	-	11,652
Total minimum lease payments	13,987	23,303
Less: amounts representing interest	(767)	(607)
Present value of minimum lease payments	<u>\$13,220</u>	<u>\$22,696</u>

(13) Employee Retirement

Only one Town police officer is covered under the Municipal Police Employees' Retirement System. Details concerning the plan follows:

A. Municipal Police Employees' Retirement System of Louisiana

Plan Description: The Municipal Police Employees' Retirement System (the System) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: www.lampers.org or on the Louisiana Legislative Auditor's website, www.la.state.la.us.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If the deceased member had less than ten years of service, the beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Employer Contributions: Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended December 31, 2017, total contributions due for employers and employees were 41.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.75% and 10%, respectively. The employer and employee contributions rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5%, respectively.

Non-employer contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended December 31, 2017 and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2017, the Town reported a liability of \$104,372 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 0.011955%, which was a decrease of 0.000411% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$39,270 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$59.

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the System from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 683	\$ 802
Change of assumptions	7,427	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	192	11,481
Net differences between projected and actual earnings on plan investments	4,569	-
Contributions subsequent to the measurement date	<u>4,840</u>	<u>-</u>
Total	<u>\$ 17,711</u>	<u>\$ 12,283</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Deferred outflows of resources of \$4,840 related to the System resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended	
<u>June 30:</u>	
2018	\$ (891)
2019	919
2020	3,006
2021	<u>(2,446)</u>
	<u>\$ 588</u>

Contributions – Proportionate Share - Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.325%, net of investment income
Projected Salary Increases	Vary from 9.75% in the first 2 years of service, 4.75% years 3-23, and 4.25% after 23 years
Inflation Rate	2.70%
Expected Remaining Service Lives	4 years
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females for healthy annuitants and beneficiaries.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost-of-Living
Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Rate of Return
Equity	53%	3.66%
Fixed income	21%	0.52%
Alternative	20%	1.10%
Other	<u>6%</u>	<u>0.16%</u>
Totals	100%	5.44%
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.19%</u>

Discount Rate: The discount rate used to measure net pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate: The following presents net pension liability of the participating employer calculated using the discount rate of 7.325%, as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point lower, 6.325%, or one percentage point higher, 8.325%, than the current rate as of June 30, 2017.

	1% Decrease 6.325%	Current Discount Rate 7.325%	1% Increase 8.325%
Net Pension Liability	\$ 144,200	\$ 104,372	\$ 70,959

(14) Commitments and Contingencies

Litigation

At December 31, 2017, there is no pending litigation against the Town of Gueydan.

(15) Interfund Transfers

Transfers consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 775,000	\$ -
Enterprise Fund	-	775,000
Total	<u>\$ 775,000</u>	<u>\$ 775,000</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(16) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Chris Theriot for the year ended was as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,000
Travel	5,226
Hotels	1,272
Conference registration fees	915
	<u>\$ 19,413</u>

(17) Compensation of Town Officials

A detail of compensation paid to the Board of Aldermen for the year ended was as, follows:

Gale Smith	\$ 3,000
Jason Suire	3,000
Scott Vallo	500
Claudette Price	3,000
John Laseter	2,250
Marilyn Campbell	3,000
	<u>\$ 14,750</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2017

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 20,000	\$ 20,000	\$ 21,816	\$ 1,816
Licenses and permits	75,000	67,300	67,944	644
Intergovernmental	101,926	32,886	66,394	33,508
Charges for services	4,100	1,000	467	(533)
Fines and forfeitures	12,000	2,000	1,587	(413)
Interest	300	300	280	(20)
Other	39,300	29,300	27,566	(1,734)
Total revenues	<u>252,626</u>	<u>152,786</u>	<u>186,054</u>	<u>33,268</u>
Expenditures:				
Current -				
General government	228,014	216,900	231,124	(14,224)
Public safety	529,891	525,396	541,017	(15,621)
Public works	208,411	196,176	206,291	(10,115)
Culture and recreation	40,907	50,588	57,560	(6,972)
Capital outlays	12,643	26,423	1,395	25,028
Debt service:				
Principal	11,809	12,494	12,494	-
Interest	2,176	1,491	1,491	-
Total expenditures	<u>1,033,851</u>	<u>1,029,468</u>	<u>1,051,372</u>	<u>(21,904)</u>
Deficiency of revenues over expenditures	(781,225)	(876,682)	(865,318)	11,364
Other financing sources:				
Transfers in	<u>750,000</u>	<u>775,000</u>	<u>775,000</u>	<u>-</u>
Net change in fund balance	(31,225)	(101,682)	(90,318)	11,364
Fund balance, beginning	<u>214,963</u>	<u>214,963</u>	<u>214,963</u>	<u>-</u>
Fund balance, ending	<u>\$ 183,738</u>	<u>\$ 113,281</u>	<u>\$ 124,645</u>	<u>\$ 11,364</u>

TOWN OF GUEYDAN, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended December 31, 2017

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes	\$ 200,000	\$ 200,000	\$ 177,315	\$ (22,685)
Interest	<u>3,100</u>	<u>3,100</u>	<u>3,236</u>	<u>136</u>
Total revenue	<u>203,100</u>	<u>203,100</u>	<u>180,551</u>	<u>(22,549)</u>
Expenditures:				
Current -				
General government	16,000	25,000	49,194	(24,194)
Capital outlay	<u>-</u>	<u>234,036</u>	<u>211,103</u>	<u>22,933</u>
Total expenditures	<u>16,000</u>	<u>259,036</u>	<u>260,297</u>	<u>(1,261)</u>
Excess (deficiency) of revenues over expenditures	187,100	(55,936)	(79,746)	(23,810)
Fund balance, beginning	<u>1,547,808</u>	<u>1,547,808</u>	<u>1,547,808</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,734,908</u>	<u>\$ 1,491,872</u>	<u>\$ 1,468,062</u>	<u>\$ (23,810)</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Budgetary Comparison Schedule

(1) Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

- (a) The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
- (b) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- (d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- (e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
- (f) All budgetary appropriations lapse at the end of each fiscal year.
- (g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen.

At December 31, 2017, the General Fund and the Sales Tax Special Revenue Fund reported excess expenditures over appropriations.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees' Retirement System
For the Year Ended December 31, 2017

* Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.014812%	\$ 116,037	\$ 39,621	292.87%	70.73%
2016	0.012366%	\$ 115,904	\$ 34,642	334.58%	66.04%
2017	0.011955%	\$ 104,372	\$ 36,524	285.76%	70.08%

* The amounts presented have a measurement date of June 30.

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

TOWN OF GUEYDAN, LOUISIANA

Schedule of Employer Contributions
Municipal Police Employees' Retirement System
For the Year Ended December 31, 2017

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 10,758	\$ 10,758	\$ -	\$ 35,285	30.49%
2016	\$ 11,199	\$ 11,199	\$ -	\$ 35,018	31.98%
2017	\$ 10,592	\$ 10,592	\$ -	\$ 34,042	31.11%

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

TOWN OF GUEYDAN, LOUISIANA

Notes to Retirement System Schedules

(1) Retirement Systems

A. Municipal Police Employees' Retirement System

- 1) Changes of benefit terms – There were no changes of benefit terms for the year ended December 31, 2017.
- 2) Changes of assumptions – Changes of benefit assumptions for the year ended December 31, 2017 were as follows for valuation date June 30, 2017:
 - a) Investment rate of return used was 7.325% per annum, a decrease from 7.5% in 2016.
 - b) Inflation rate used was 2.7% per annum, a decrease from 2.875% in 2016.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Police Department Narcotics Seizure Fund -

To account for the collection and disbursement of the Town's share of proceeds from drug related seizure sales.

Youth Athletic Fund

To account for the collection and disbursement of the Town's share of proceeds from taxes collected by the Vermilion Parish Tourist Commission. Money is to be used to fund recreation programs for youth in Vermilion Parish.

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2017

	<u>Police Department Narcotics Seizure Fund</u>	<u>Youth Athletic Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ <u>168</u>	\$ <u>-</u>	\$ <u>168</u>
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Fund balances:			
Restricted	<u>168</u>	<u>-</u>	<u>168</u>
Total liabilities and fund balances	<u>\$ 168</u>	<u>\$ -</u>	<u>\$ 168</u>

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2017

	Police Department Narcotics Seizure Fund	Youth Athletic Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current-			
General government	370	-	370
Culture and recreation	<u>-</u>	<u>16,881</u>	<u>16,881</u>
Total expenditures	<u>370</u>	<u>16,881</u>	<u>17,251</u>
Deficiency of revenues over expenditures	(370)	(16,881)	(17,251)
Fund balances, beginning	<u>538</u>	<u>16,881</u>	<u>17,419</u>
Fund balances, ending	<u>\$ 168</u>	<u>\$ -</u>	<u>\$ 168</u>

TOWN OF GUEYDAN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
December 31, 2017 and 2016

Records maintained by the Town indicated the following number of customers were being serviced during the month of December 31, 2017 and 2016:

<u>Department</u>	<u>2017</u>	<u>2016</u>
Electricity (metered)	843	850
Gas (metered)	607	615
Water	683	688
Sewerage	676	681

TOWN OF GUEYDAN, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses
Years Ended December 31, 2017 and 2016

	Electricity		Gas		Water		Sewer		Totals	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Operating revenues:										
Charges for services	\$1,542,719	\$1,444,734	\$ 198,729	\$ 179,496	\$ 170,561	\$ 167,823	\$ 136,207	\$ 131,228	\$ 2,048,216	\$ 1,923,281
Other revenues	14,730	15,254	1,898	1,891	1,629	1,768	1,301	1,383	19,558	20,296
Total operating revenues	<u>1,557,449</u>	<u>1,459,988</u>	<u>200,627</u>	<u>181,387</u>	<u>172,190</u>	<u>169,591</u>	<u>137,508</u>	<u>132,611</u>	<u>2,067,774</u>	<u>1,943,577</u>
Operating expenses:										
Salaries - plant	85,177	76,827	7,286	-	32,654	30,184	-	12,012	125,117	119,023
Fuel purchased	736,147	690,104	69,691	60,745	-	-	-	-	805,838	750,849
Insurance	13,298	11,506	2,107	4,749	3,122	3,761	2,760	803	21,287	20,819
Insurance - employees	8,303	7,612	3,507	-	8,303	7,027	-	2,514	20,113	17,153
Materials and supplies	17,514	28,127	1,809	3,412	14,337	13,457	15,067	17,428	48,727	62,424
Auditing and accounting	3,300	2,694	3,300	2,694	3,500	2,694	3,300	2,694	13,400	10,776
Printing, stationary, and supplies	4,226	5,286	-	-	-	-	-	-	4,226	5,286
Depreciation	10,873	8,249	35,408	38,522	108,706	107,765	102,238	102,853	257,225	257,389
Repairs and maintenance	3,222	5,183	27,323	56,140	2,186	7,632	16,252	15,084	48,983	84,039
Seminars and workshops	142	1,426	2,731	5,332	1,162	15	-	903	4,035	7,676
Utilities	110	120	402	442	22,826	26,541	26,467	28,691	49,805	55,794
Payroll taxes	6,124	5,784	549	-	2,370	2,212	-	909	9,043	8,905
Bad debt expense	1,295	1,047	126	-	234	-	251	-	1,906	1,047
Miscellaneous	3,312	4,987	13,434	8,288	29,075	36,430	7,270	5,516	53,091	55,221
Total operating expenses	<u>893,043</u>	<u>848,952</u>	<u>167,673</u>	<u>180,324</u>	<u>228,475</u>	<u>237,718</u>	<u>173,605</u>	<u>189,407</u>	<u>1,462,796</u>	<u>1,456,401</u>
Net operating income (loss)	<u>\$ 664,406</u>	<u>\$ 611,036</u>	<u>\$ 32,954</u>	<u>\$ 1,063</u>	<u>\$ (56,285)</u>	<u>\$ (68,127)</u>	<u>\$ (36,097)</u>	<u>\$ (56,796)</u>	<u>\$ 604,978</u>	<u>\$ 487,176</u>

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

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

The Honorable Chris Theriot, Mayor
and members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town of Gueydan, Louisiana's basic financial statements and have issued our report thereon dated April 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Gueydan, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gueydan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gueydan'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 Town'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. We did identify certain deficiencies in internal control, which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 through 2017-004, which we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gueydan'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year findings and management's corrective action plan as items 2017-005 and 2017-006.

Town of Gueydan's Response to Findings

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

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
April 30, 2018

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2017

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Gueydan did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.07 states:

“An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CAUSE: The cause of the condition is the fact that the Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2017

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Chris Theriot, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

2017-002

Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: The Town of Gueydan does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2017

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mr. Chris Theriot, Mayor, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

2017-003

Financial Records/Reconciliations

CONDITION: The Town of Gueydan failed to reconcile interfund transactions, subsidiary ledgers and bank statements on a monthly basis. Additionally, on certain occasions, the bank reconciliations were not in agreement with general ledger balances.

CRITERIA: Internal control is a process - effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town's internal controls over financial reporting include those policies and procedures that pertain to the Town's ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements.

CAUSE: The cause of the condition is failure to assign a Town employee with the task of reconciling the accounts mentioned above and the failure to review these reconciliations on a periodic basis.

EFFECT: Failure to reconcile the accounts mentioned above on a periodic basis increases the risk that account balances may not correspond between funds or be in balance. Additionally, unrecorded items may go undetected and the Town may not be able to determine actual cash balances, or if proper funding is available to pay vendors and/or monthly bills.

RECOMMENDATION: We recommend that the Town implement internal controls to ensure that these accounts are reconciled on a periodic basis. Additionally, we recommend that the Town properly train employees assigned to perform bank reconciliations, and review work performed on a monthly basis to determine that reconciliations are being performed correctly and in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Mayor and Town Clerk are implementing proper training immediately so that accounting records will be reconciled correctly and timely.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2017

2017-004

Tickets/Citations

CONDITION: The Town of Gueydan failed to have proper internal controls implemented over the handling of tickets/citations issued and fines collected.

CRITERIA: Internal control is a process - effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Town's internal controls over tickets/citations issued and fines collected include those policies and procedures that pertain to the Town's ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements.

CAUSE: The cause of the condition is failure to implement proper internal controls regarding the handling of tickets/citations issued and fines collected.

EFFECT: Failure to implement proper controls resulted in several tickets being unaccounted for. This increases the risk that unrecorded and unprocessed tickets and fines will result in lost revenues for the Town.

RECOMMENDATION: We recommend that the Town implement internal controls to ensure that ticket books are properly secured and managed, all tickets and citations are accounted for in accordance with state statutes, daily and monthly reconciliations of fines collected and outstanding are performed, and all fines waived or reduced for any reason are documented. Additionally, the Town and the Chief of Police should work together to develop and implement a formal process that will require a planned, periodic assessment of ticket/citation data and fines collected to identify problems and resolve them in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will send notice to the police chief on a monthly basis stating which tickets are unaccounted for with a requested response of the ticket status.

B. Compliance

2017-005

Budget noncompliance

CONDITION: Revenues of the Sales Tax Fund failed to meet total budgeted revenues by more than 5%.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2017

CRITERIA: LSA-RS 39:1311 et seq, Budget Authority and Control, provides for the following:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

- (1) Total revenues and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.”

CAUSE: The condition is a result of failure to properly monitor the revenues of the Sales Tax Fund

EFFECT: The Town may not prevent and/or detect compliance violations due to revenue shortfalls or over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Mayor and Town Clerk will monitor budgets closely and amend as needed to stay in compliance with state statutes.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2017

2017-006 Failure to comply with Sales Tax Ordinance

CONDITION: The Town used Sales Tax monies for undedicated purposes.

CRITERIA: The Town's Sales Tax is dedicated to the following purposes: Fifty percent of the net proceeds can be used for constructing, acquiring, improving and maintaining the Town's natural gas, waterworks and sewer systems, or for any one or more of the said purposes, including payment of principal and interest on any bonded or funded indebtedness of the Town incurred for any of the said purposes; and the Town shall be further authorized to fund the proceeds of the tax into bonds from time to time for any one or more of the aforesaid purposes. Fifty percent of the net proceeds can be used for paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

CAUSE: The Town spent \$3,000 of Sales Tax funds for an annual contribution to the Vermilion Parish Economic Development District and \$25,000 of Sales Tax funds for an annual agreement with the Vermilion Parish Sheriff's Drug Task Force.

EFFECT: The Town was not spending funds in accordance with their Sales Tax Ordinance.

RECOMMENDATION: The Town should only spend Sales Tax funds on those purposes expressly permitted by their ordinance and should reimburse the Sales Tax Fund from the General Fund.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will spend Sales Tax funds per the Sales Tax Ordinance and will now pay the referenced items from the General Fund. The Town will also reimburse the Sales Tax Fund for the items paid.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2017

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2016-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Gueydan did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 2017-001.

2016-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Town of Gueydan does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2017-002.

Town of Gueydan
Gueydan, Louisiana

Agreed-Upon Procedures Report

Year Ended December 31, 2017

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Chris Theriot, Mayor,
and Members of the Board of Aldermen
Town of Gueydan, and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Gueydan (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 January 1, 2017 through December 31, 2017. The Town's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained the entity's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts**, including receiving, recording, and preparing deposits.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

- 2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - a) Reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, reported whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Bank Reconciliations

- 3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, we selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:
 - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, reported the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and report any exceptions.

7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management’s representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the person responsible for processing payments is prohibited from adding vendors to the entity’s purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

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

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
15. Using the listing prepared by management, we randomly selected 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) We reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) We reported whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, we reported whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.
 - c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

Travel and Expense Reimbursement

17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.
18. We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and reported any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.
 - b) We reported whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
 - c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).
 - d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.

21. Using the listing above, we selected the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:
- a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) We compared each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, we obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.
 - c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management’s representation that the listing is complete. Randomly select five employees/officials, obtained their personnel files, and:
- a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.
23. We obtained attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected 25 employees/officials (or randomly selected one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

- b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Reported whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and reported whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. We reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, we obtained supporting documentation from the entity, and reported whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, we obtained supporting documentation from the entity and reported whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, we obtained supporting documentation and reported whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, we reported any millages that continue to be received for debt that has been paid off.

Other

31. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. We observed and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

Findings:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies:

The Town of Gueydan does not have written policies and procedures addressing how vendors are added to the vendor list.

The Town of Gueydan does not have written policies and procedures addressing dollar thresholds by category of expense for travel and expense reimbursements.

Board:

The Town of Gueydan did not make reference to monthly budget-to-actual comparisons in the minutes.

Bank Reconciliations:

The Town of Gueydan bank reconciliations did not include evidence that a member of management or a board member reviewed each bank reconciliation.

The Town of Gueydan did not have documentation reflecting it has researched reconciling items that have been outstanding for more than 6 months as of the end of the period.

Cash Collections:

The Town of Gueydan has persons responsible for collecting cash also responsible for depositing cash in the bank, recording the deposits, and/or reconciling the bank statements.

The Town of Gueydan does not have written processes to determine the completeness of all collections by a person not responsible for collection.

Disbursements:

For 1 of the 25 disbursements tested, the Town of Gueydan processed payment for a purchase without an approved purchase order.

The Town of Gueydan does not have written policies and procedures addressing whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The Town of Gueydan does not have written policies and procedures addressing whether persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Town of Gueydan does not have unused checks in an adequately restricted location.

The Town of Gueydan does not have signature stamps in an adequately restricted location.

Credit Cards:

For 12 fuel credit card transactions, the Town of Gueydan did not have original itemized receipts.

For 7 transactions, the Town of Gueydan did not have the business/public purpose documentation.

For 1 transaction, the Town of Gueydan processed a purchase without the initiation and approval of a purchase order/requisition.

Travel and Expense Reimbursement:

For 2 of 3 employees reimbursed for travel and expenses, the Town of Gueydan did not approve the reimbursement by someone other than the person receiving the reimbursement.

For 1 of 3 employees reimbursed for travel and expenses, the Town of Gueydan did not have itemized receipts for meals.

For 1 of 3 employees reimbursed for travel and expenses, the Town of Gueydan did not have documentation of the business/public purpose.

For 1 of 3 employees reimbursed for travel and expenses, the Town of Gueydan did not have documentation of the individuals participating for the meals.

Payroll and Personnel:

The Town of Gueydan does not have written policies and procedures addressing termination payments.

The Town of Gueydan did not have written documentation that supervisors approved the leave of 3 selected employees/officials.

The Town of Gueydan did not have documentation of written approval by management for the payment of earned vacation for the terminated employee.

Ethics:

The Town of Gueydan did not have documentation to support the completion of ethics training for 3 employees.

Other:

The Town of Gueydan did not have the “fight fraud” link posted on their website.

Management’s Response:

Management of the Town of Gueydan concurs with the exceptions and are working to address the deficiencies identified.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
April 30, 2018