

Town of Many, Louisiana

June 30, 2017

**Town of Many, Louisiana
June 30, 2017**

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June 30, 2017**

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Many, Louisiana (the Town), as of and for the year ended June 30, 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 from material misstatement.

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

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PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Many, Louisiana, as of June 30, 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 management's discussion and analysis, budgetary comparison schedules, schedules of employer's share of net pension liability, schedules of employer contributions, and notes to required supplemental information labeled "Required Supplementary Information" in the table of contents (Part I and Part II) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation, benefits, and other payments to the agency head, unaudited summary of utility service customers, unaudited schedule of insurance in force, and unaudited list of governing body – positions and terms labeled as "Other Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

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

The summary of utility service customers, the schedule of insurance in force, and the list of governing body - positions and terms have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Many's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants
Alexandria, Louisiana

December 15, 2017

Required Supplemental Information – Part I

Management's Discussion and Analysis

**Town of Many, Louisiana
June 30, 2017**

Management's Discussion and Analysis

This section of the Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The Town's net position amounted to \$15,898,680, an increase of \$559,565.
- Program and general revenues amounted to \$4,683,345, an increase of \$361,972.
- Expenses for the year amounted to \$4,123,781, an increase of \$22,354.

Overview of Financial Statements

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary information

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail than the government-wide statements. The Town has a general fund, street fund, and a proprietary (utility) fund.

Financial Analysis of the Town as a Whole

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Current and other assets	\$ 1,468,248	\$ 1,654,381	\$ 741,652	\$ 525,255
Internal balances	1,498,761	1,535,258	(1,498,761)	(1,535,258)
Capital assets, net	4,342,580	3,768,241	11,600,229	11,949,104
Total Assets	<u>7,309,589</u>	<u>6,957,880</u>	<u>10,843,120</u>	<u>10,939,101</u>
Deferred outflow of pension resources	<u>421,134</u>	<u>318,677</u>	<u>310,693</u>	<u>228,232</u>
Current and other liabilities	102,579	140,093	25,135	30,183
Long-term debt and net pension liability	1,184,343	1,299,673	1,256,128	1,101,274
Total liabilities	<u>1,286,922</u>	<u>1,439,766</u>	<u>1,281,263</u>	<u>1,131,457</u>
Deferred inflow of pension resources	<u>385,822</u>	<u>484,040</u>	<u>31,849</u>	<u>49,482</u>
Net Position:				
Invested in capital assets	4,342,580	3,768,241	10,929,447	11,278,322
Restricted	2,376,010	2,554,513	-	-
Unrestricted	(660,611)	(970,003)	(1,088,746)	(1,291,958)
Total net position	<u>\$ 6,057,979</u>	<u>\$ 5,352,751</u>	<u>\$ 9,840,701</u>	<u>\$ 9,986,364</u>

**Town of Many, Louisiana
June 30, 2017**

Management's Discussion and Analysis

Condensed Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Year ended		Year ended	
	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
Expense:				
Governmental activities:				
General government	\$ 643,564	\$ 641,514		
Public safety	697,006	753,867		
Public works	552,359	485,243		
Sanitation	354,853	351,567		
Cultural and recreation	58,331	77,963		
Interest expense	<u>23,213</u>	<u>28,746</u>		
Total Governmental activities	<u>2,329,326</u>	<u>2,338,900</u>		
Business-type activities			\$ 1,794,455	\$ 1,562,527
Program revenues:				
Charges for services	875,425	854,261	1,600,621	1,464,051
Grants and contributions	<u>543,053</u>	<u>318,836</u>	<u>47,447</u>	<u>93,285</u>
Total program revenues	<u>1,418,478</u>	<u>1,173,097</u>	<u>1,648,068</u>	<u>1,557,336</u>
General revenues:				
Taxes	1,608,306	1,589,543	-	-
Investment earnings	2,021	1,852	723	676
Gain (loss) on disposition of capital assets	<u>5,749</u>	<u>(1,131)</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>1,616,076</u>	<u>1,590,264</u>	<u>723</u>	<u>676</u>
Change in net position	<u>\$ 705,228</u>	<u>\$ 424,461</u>	<u>\$ (145,664)</u>	<u>\$ (4,515)</u>

Overall revenues increased by \$361,972 to \$4,683,345 in 2017, primarily due to increases in grants and revenues from services. Expenses increased by \$222,354 (6%) to \$4,123,781.

Financial Analysis of the Funds

Fund balances for the Town's governmental funds, comprised of general fund and street fund, decreased \$187,027 during the year. Revenues increased \$265,741 (10%) during the year to \$3,010,648, primarily due to grants for the airport in 2017. Expenses increased \$495,914 to \$3,197,165, primarily due to increased street overlay and drainage maintenance work and capital expenditures relating to the airport grants.

General government and public safety (police) expenditures continue to represent the largest portion of the general fund budget, amounting to \$449,465 and \$883,554, respectively, in 2017, or approximately 57% of all general fund expenditures.

The Town's utility fund net position decreased by \$145,664 in 2017 primarily due to operating expenses exceeding revenues. Operating revenues increased by 9% to \$1,600,621 and operating expenses amounted to \$1,794,455 in 2017, an increase of 15% (\$231,928) from 2016.

Town of Many, Louisiana
June 30, 2017

Management's Discussion and Analysis

General Fund Budget Highlights

The original budget of the General Fund and Street Fund is adopted at the beginning of the year and reflected the Town's plan for the year. The budget was amended to reflect changes to the Town's plan that occurred during the year. The major budget changes were the result of additional street overlay and drainage work in the Street Fund.

Capital Assets

During 2017, the Town invested approximately \$93,460 in water and sewer system equipment. In addition, capital investments were made in other additions of \$72,155, primarily relating to vehicles, airport improvements of \$442,442 and street improvements of \$405,996.

Debt

In accordance with GASB 68, the Town is required to recognize in its financial statements the Town's proportionate share of the estimated net pension liability of the two statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems in which the Town participates. In 2017, in accordance with GASB 68, the Town recognized a net pension expense of \$35,044.

No additional debt was incurred in 2017, and debt payments of \$116,000 relating to certificates of indebtedness were made during 2017.

Economic Factors and Next Year's Budgets and Rates

The Town is dependent on charges for services and ad valorem and sales taxes, for the majority of the Town's recurring revenues. The level of sales tax collections are still somewhat unpredictable due to the continued uncertainty of the economic conditions in the United States and the slowdown in the economy of Sabine Parish due to the sharp drop off in drilling activity in the Haynesville Shale formation, and the continued high unemployment in the oil and gas drilling industry due to low oil and gas prices

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Kenneth Freeman, Mayor, P O Box 1330, Many, LA 71449.

Basic Financial Statements

**Government-Wide
Financial Statements**

**Town of Many, Louisiana
Statement of Net Position
June 30, 2017**

Exhibit A

	Governmental	Business-type	Total
Assets			
Cash and cash equivalents	\$ 1,243,876	\$ 474,580	\$ 1,718,456
Receivables, net	191,995	255,482	447,477
Internal balances	1,498,761	(1,498,761)	-
Prepaid expenses	32,378	11,590	43,968
Capital assets			
Nondepreciable			
Land	454,717	38,999	493,716
Depreciable			
Other capital assets, net of depreciation	3,887,863	11,561,230	15,449,093
Total Assets	7,309,590	10,843,120	18,152,710
Deferred Outflows of Resources			
Deferred outflows of pension resources	421,134	310,693	731,827
Total Deferred Outflows of Resources	421,134	310,693	731,827
Liabilities			
Accounts and contracts payable	36,530	15,594	52,124
Accrued expenses	66,050	9,541	75,591
Long-term liabilities			
Due within one year			
Notes and loans payable	122,000	-	122,000
Due in more than one year			
Notes and loans payable	262,000	670,782	932,782
Meter deposits payable	-	107,965	107,965
Compensated absences	22,407	25,936	48,343
Other noncurrent liabilities			
Net pension liability	777,936	451,445	1,229,381
Total Liabilities	1,286,923	1,281,263	2,568,186
Deferred Inflows of Resources			
Deferred inflows of pension resources	385,822	31,849	417,671
Total Deferred Inflows of Resources	385,822	31,849	417,671
Net Position			
Net investment in capital assets	4,342,580	10,929,447	15,272,027
Restricted for			
Streets and sidewalks	2,376,010	-	2,376,010
Unrestricted	(660,611)	(1,088,746)	(1,749,357)
Total Net Position	\$ 6,057,979	\$ 9,840,701	\$ 15,898,680

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

**Town of Many, Louisiana
Statement of Activities
For the Year Ended June 30, 2017**

Exhibit B

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 643,564	\$ 333,681	\$ 51,169	\$ 418,853	\$ 160,139	\$	\$ 160,139
Public safety	697,006	227,251	69,375	-	(400,380)		(400,380)
Public works	552,359	10,000	2,520	-	(539,839)		(539,839)
Sanitation	354,853	304,493	-	-	(50,360)		(50,360)
Culture and recreation	58,331	-	1,136	-	(57,195)		(57,195)
Interest expense	23,213	-	-	-	(23,213)		(23,213)
Total Governmental Activities	<u>2,329,326</u>	<u>875,425</u>	<u>124,200</u>	<u>418,853</u>	<u>(910,848)</u>		<u>(910,848)</u>
Business-type activities							
Utility system	1,794,455	1,600,621	13,410	34,037		(146,387)	(146,387)
Total Business-Type Activities	<u>1,794,455</u>	<u>1,600,621</u>	<u>13,410</u>	<u>34,037</u>		<u>(146,387)</u>	<u>(146,387)</u>
Total Primary Government	<u>\$ 4,123,781</u>	<u>\$ 2,476,046</u>	<u>\$ 137,610</u>	<u>\$ 452,890</u>	<u>(910,848)</u>	<u>(146,387)</u>	<u>(1,057,235)</u>
General Revenues							
Taxes							
Property taxes levied for general purposes					137,120	-	137,120
Sales tax authorized for general purposes					632,211	-	632,211
Sales tax authorized for specific purposes					632,211	-	632,211
Franchise and miscellaneous taxes					206,764	-	206,764
Investment earnings					2,021	723	2,744
Gain (loss) on disposition of capital assets					5,749	-	5,749
Total General Revenues					<u>1,616,076</u>	<u>723</u>	<u>1,616,799</u>
Change in Net Position					705,228	(145,664)	559,564
Net Position, Beginning of Year					<u>5,352,751</u>	<u>9,986,365</u>	<u>15,339,116</u>
Net Position, End of Year					<u>\$ 6,057,979</u>	<u>\$ 9,840,701</u>	<u>\$ 15,898,680</u>

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

Fund Financial Statements

**Town of Many, Louisiana
Balance Sheet
Governmental Funds
June 30, 2017**

Exhibit C

	General Fund	Street Special Revenue Fund	Total Governmental
Assets			
Cash and cash equivalents	\$ 809,931	\$ 433,945	\$ 1,243,876
Receivables, net	130,638	61,357	191,995
Due from other funds	1,498,761	1,886,725	3,385,486
Prepaid expenses	30,858	1,520	32,378
Total Assets	\$ 2,470,188	\$ 2,383,547	\$ 4,853,735
Liabilities and Fund Balances			
Liabilities			
Accounts and contracts payable	\$ 24,880	\$ 7,032	\$ 31,912
Due to other funds	1,886,726	-	1,886,726
Accrued expenses	63,851	505	64,356
Total Liabilities	1,975,457	7,537	1,982,994
Fund balances			
Nonspendable - prepaid expenses	30,858	1,520	32,378
Restricted - streets and sidewalks	-	2,374,490	2,374,490
Unassigned	463,873	-	463,873
Total Fund Balances	494,731	2,376,010	2,870,741
Total Liabilities and Fund Balances	\$ 2,470,188	\$ 2,383,547	\$ 4,853,735

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

Town of Many, Louisiana
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2017

Exhibit D

Total Fund Balance, Governmental Funds	\$ 2,870,741
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
 Pension related deferred outflows of resources and deferred inflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements but are reported in the governmental activities of the Statement of Net Position.	
Deferred outflows of pension resources	421,134
Deferred inflows of pension resources	(385,822)
 Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Position.	
	4,342,580
 Some liabilities are not due and payable in the current period and are not included in the fund financial statement but are included in the governmental activities of the Statement of Net Position.	
Notes and loans payable	(384,000)
Compensated absences	(22,407)
Net pension liability	(777,936)
 Interest on long-term debt is accrued in the Statement of Net Position but not in the governmental funds.	
	(6,311)
 Net Position of Governmental Activities in the Statement of Net Position	 <u><u>\$ 6,057,979</u></u>

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

Town of Many, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

Exhibit E

	General Fund	Street Special Revenue Fund	Total Governmental Funds
Revenues			
Taxes			
Ad valorem taxes	\$ 137,120	\$ -	\$ 137,120
Franchise taxes	196,410	-	196,410
Sales taxes	632,211	632,211	1,264,422
Intergovernmental	453,746	56,636	510,382
Fines	227,251	-	227,251
Licenses and permits	266,278	-	266,278
Charges for services	341,893	-	341,893
Investment earnings	1,110	913	2,023
Miscellaneous	28,503	1,500	30,003
Total Revenues	2,284,522	691,260	2,975,782
Expenditures			
Current			
General government	449,465	-	449,465
Public safety	883,554	-	883,554
Public works	-	438,747	438,747
Sanitation	355,423	-	355,423
Culture and recreation	36,652	-	36,652
Capital outlay	461,696	431,016	892,712
Debt service			
Principal	116,000	-	116,000
Interest and other charges	25,122	-	25,122
Total Expenditures	2,327,912	869,763	3,197,675
Excess (Deficiency) of Revenues over Expenditures	(43,390)	(178,503)	(221,893)
Other Financing Sources (Uses)			
Capital contributions	34,866	-	34,866
Total Other Financing Sources (Uses)	34,866	-	34,866
Net Change in Fund Balances	(8,524)	(178,503)	(187,027)
Fund Balances, Beginning of Year	503,255	2,554,513	3,057,768
Fund Balances, End of Year	\$ 494,731	\$ 2,376,010	\$ 2,870,741

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

Town of Many, Louisiana
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

Exhibit F

Net Change in Fund Balances - Total Governmental Funds \$ (187,027)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays included in governmental funds	892,712
Depreciation included in the Statement of Activities	(324,123)

In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures. 181,140

Governmental funds report proceeds from the disposition of capital assets as revenue. The Statement of Activities reports the gain or loss from the disposition of capital assets (proceeds less basis). 5,749

Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 116,000

Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds. These timing differences are summarized below:

On-behalf payments through pension plans	18,159
Compensated absences	709
Interest expense	1,909
	18,777

Change in Net Position of Governmental Activities in the Statement of Activities **\$ 705,228**

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

**Town of Many, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2017**

Exhibit G

**Utility System
Enterprise Fund**

Assets	
Current Assets	
Cash and cash equivalents	\$ 474,580
Receivables, net	255,482
Prepaid expenses	11,590
Total Current Assets	741,652
Noncurrent Assets	
Capital assets	
Nondepreciable	
Land	38,999
Depreciable	
Property, plant and equipment	18,148,273
Less accumulated depreciation	(6,587,043)
Total Noncurrent Assets	11,600,229
Total Assets	12,341,881
Deferred Outflows of Resources	
Deferred outflows of pension resources	310,693
Total Deferred Outflows of Resources	310,693
Liabilities	
Current Liabilities	
Accounts and contracts payable	15,594
Accrued expenses	9,541
Total Current Liabilities	25,135
Noncurrent Liabilities	
Compensated absences	25,936
Meter deposits payable	107,965
Due to other funds	1,498,761
Notes and loans payable	670,782
Net pension liability	451,445
Total Noncurrent Liabilities	2,754,889
Total Liabilities	2,780,024
Deferred Inflows of Resources	
Deferred inflows of pension resources	31,849
Total Deferred Inflows of Resources	31,849
Net Position	
Net investment in capital assets	10,929,447
Unrestricted	(1,088,746)
Total Net Position	\$ 9,840,701

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

Town of Many, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2017

Exhibit H

Utility System
Enterprise Fund

Operating Revenues	
Charges for services	\$ 1,600,621
Total Operating Revenues	<u>1,600,621</u>
Operating Expenses	
Salaries	485,736
Insurance	112,438
Supplies	155,613
Contracted services	575
Legal and accounting	14,916
Repairs and maintenance	126,444
Truck expense	10,554
Telephone	23,592
Office supplies and postage	2,807
Retirement	117,021
Payroll taxes	39,154
Utilities	99,848
Miscellaneous	41,640
Testing fees	22,974
Sewer plant supplies	47,438
Water purchased	41,985
Depreciation	442,336
Travel and seminars	9,384
Total Operating Expenses	<u>1,794,455</u>
Operating Income (Loss)	(193,834)
Nonoperating Revenue (Expenses)	
Operating grants and contributions	13,410
Investment earnings	723
Total Nonoperating Revenue (Expenses)	<u>14,133</u>
Income (Loss) Before Contributions and Transfers	(179,701)
Capital contributions	<u>34,037</u>
Change in Net Position	(145,664)
Net Position, Beginning of the Year	<u>9,986,365</u>
Total Net Position, End of Year	<u><u>\$ 9,840,701</u></u>

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

**Town of Many, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

**Exhibit I
(Continued)**

**Utility System
Enterprise Fund**

Cash Flows from Operating Activities	
Receipts from customers	\$ 1,545,800
Payments to employees	(495,312)
Payments to vendors and others	(805,242)
Net Cash Provided by (Used in) Operating Activities	<u>245,246</u>
Cash Flows from Noncapital Financing Activities	
Change in due to other funds	(36,497)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(36,497)</u>
Cash Flows from Capital and Related Financing Activities	
Capital grants and contributions	98,588
Acquisition or construction of capital assets	(93,461)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>5,127</u>
Cash Flows from Investing Activities	
Interest received	723
Net Cash Provided by (Used in) Investing Activities	<u>723</u>
Net Increase (Decrease) in Cash and Cash Equivalents	214,599
Cash and Cash Equivalents, Beginning of Year	<u>259,981</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 474,580</u></u>

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

**Town of Many, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

**Exhibit I
(Concluded)**

**Utility System
Enterprise Fund**

**Reconciliation of Operating Income (Loss) to
Net Cash Provided by (Used in) Operating Activities**

Operating income (loss)	\$ (193,834)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Depreciation	442,336
Change in deferred outflows of pension resources	(82,461)
Change in deferred inflows of pension resources	(17,633)
On-behalf payments through pension plan	13,411
Changes in assets and liabilities	
Receivables	(66,379)
Accounts and contracts payable	(5,195)
Accrued expenses	147
Compensated absences	(9,576)
Meter deposits payable	5,869
Net pension liability	<u>158,561</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 245,246</u>

Additional required disclosures:

There were no material noncash operating, noncapital financing, capital and related financing, or investing activities for the year ended June 30, 2017.

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

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

1. Organization and Significant Accounting Policies

The Town of Many (the Town), Louisiana was incorporated November 1, 1878, under the provisions of a special home rule charter. The Town began operating under the provisions of the Lawrason Act in January 1996 as a result of an election that was held in the fall of 1995. The Town operates under a Mayor - Board of Aldermen form of government.

The accounting and reporting policies of the Town conform with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations) constitutes GAAP for governmental units. The accounting and reporting policies of the Town conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the Louisiana Governmental Audit Guide.

The accounting and reporting framework and the more significant accounting policies used by the Town are described below.

A. The Financial Reporting Entity

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

In accordance with GAAP, the basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has established criteria to be considered in determining financial accountability, which includes:

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

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

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

B. Basis of Presentation and Accounting

The accounting system is organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The Town's funds are grouped into two broad fund categories and three generic fund types for financial statement presentation purposes. Governmental funds include the general fund and one special revenue fund. The proprietary fund consists of the utility system enterprise fund.

Government-Wide Financial Statements

The government-wide financial statements, Statement of Net Position and Statement of Activities, report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Eliminations have been made to minimize the effect of interfund activities upon resources and expenses.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Net position is reported as restricted when constraints placed on net positions are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

The government-wide Statement of Activities presents a comparison between expenses (both direct and indirect) and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by fund type. Each major fund is presented in a separate column. All funds of the Town are major funds. Separate financial statements are provided for governmental funds and proprietary funds.

Nonspendable fund balances include amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. Restricted fund balances represent those portions of fund balance that are restricted to specific purposes by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is the Town's Board of Aldermen. Formal action of the Town to establish or rescind committed funds requires adopting a resolution in a public meeting. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balances. In cases where restricted and unrestricted monies are received by the Town for the same function or purpose, the restricted monies are used first. Unrestricted monies are then spent in the following order: committed, assigned, and unassigned.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Town has one major special revenue fund:

Street Special Revenue Fund accounts for the share of the Town's sales tax dedicated to streets and sidewalks.

A separate fund is used by the Town to account for proceeds of the Town's 1% sales tax. One-half of the sales tax is dedicated to General Fund operations and the remaining one-half is dedicated to streets and sidewalks. The activity in the sales tax fund is reported in the General Fund and the Street Special Revenue Fund in the accompanying fund financial statements in accordance with accounting principles generally accepted in the United States of America.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

Revenue Recognition – In applying the susceptible-to-accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current period or within 60 days after year end and available to pay obligations of the current period): ad valorem taxes, franchise taxes, sales taxes, grants, interest revenue, and charges for services. Fines, permits, and license revenues are generally not susceptible to accrual because they are not measurable until received in cash. Reimbursements due for federal and state funded projects are accrued as revenue at the time the expenditures are made. When received in advance, the advance is not recognized as revenue until the related expenditure is incurred.

Ad valorem taxes are recognized as revenue in the year in which final approval is received from the Louisiana Tax Commission, at which time a valid claim exists, to the extent considered available. Ad valorem taxes are considered 'measurable' at the time of levy. Substantially all other non-governmental revenues are susceptible to accrual and are recognized when earned or the underlying transaction occurs.

Expenditure Recognition – GAAP requires that all liabilities and expenditures reported in governmental funds be recognized when the liability is incurred – that is, on the accrual basis – absent a specific requirement (modification) to do otherwise. Debt service expenditures (principal and interest) on general long-term debt, which has not matured, are recognized when paid. Compensated absences and claims and judgments are recognized only to the extent that the liabilities are normally expected to be liquidated with expendable available financial resources.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus is concerned with determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned, and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Town has one proprietary fund, which is classified as an enterprise fund.

Enterprise funds account for operations 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 where the governing body has decided that the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The major enterprise fund of the Town is the utility system enterprise fund, which accounts for water and sewer services provided to residents of the Town and general surrounding areas.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Budgets and Budgetary Accounting

Operating budgets of proposed expenditures and the means of financing them were adopted for the General Fund and the Street Special Revenue Fund.

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

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and the Board no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance.
5. Budgetary amendments involving the transfers 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. All expenditures in excess of budgeted amounts are approved by the Board.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen.

D. Cash, Cash Equivalents, and Investments

Cash includes amounts on hand, in demand deposits, and in time deposits. For the purpose of the statement of cash flows, the Town considers all highly liquid investments with maturity of three months or less when acquired to be cash equivalents.

Under state law, the Town may deposit funds in demand deposits (interest bearing or non-interest bearing), money market accounts, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana. The Town may invest in United States bonds, treasury notes, investments as stipulated in state law, or any other federally insured investments. At year-end, the Town had no investments.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

E. Receivables and Bad Debts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. None of the governmental funds receivable were considered uncollectible at year-end.

F. Internal Balances (Due from/to Other Funds)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the statement of net position and as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

G. Inventories

Inventories are accounted for in the General Fund and Enterprise Fund as expenditures or expenses when purchased. Amounts on hand, if any, are immaterial.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year-end are recorded as prepaid expenses using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which it is consumed.

I. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds.

In the government-wide financial statements, capital assets, including general capital assets are capitalized and depreciated on a straight-line basis over their estimated useful lives. Public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets, drainage systems, and lighting systems are capitalized. The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. Donated capital assets are valued at estimated fair value on date of donation. The minimum capitalization threshold is as follows:

Land	All costs
Infrastructure	\$ 10,000
Equipment	2,500
Vehicles	7,500
All other	5,000

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

The Town qualifies as a Phase Three government exempting them from reporting infrastructure on a retroactive basis. Due to this qualification, the Town has elected to report infrastructure on a prospective basis. Acquisitions made on or after July 1, 2003, and meeting the above capitalization thresholds, have been capitalized and depreciated in the government-wide financial statements. Capital assets are not capitalized in the governmental fund financial statements.

Capital assets in the proprietary fund are capitalized in the fund. The valuation basis for proprietary fund capital assets is the same as those used for general capital assets.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the current period.

In the government-wide financial statements and proprietary fund financial statements, capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Water system	10 – 60
Sewer system	5 – 60
Buildings and improvements	10 – 40
Infrastructure	10 – 30
Fixtures and equipment	5 – 60
Trucks and machinery	3 – 5

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently the Town has only one item that qualifies for reporting in this category: deferred outflows related to pensions.

In addition to liabilities, the Statement of Financial Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenues) until then. The Town has only one item that qualifies for reporting in this category: deferred inflows related to pensions.

K. Short-Term Liabilities

Short-term liabilities with maturity of one year or less are reported as liabilities in the governmental funds balance sheet.

L. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are not reported in the Balance Sheet for the fund financial statements; however, such long-term obligations are reported in the Statement of Net Position in the government-wide financial statements. Interest expense on long-term debt is recognized in the government-wide financial statements as the interest accrues, regardless of when it is due. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in that fund.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

M. Compensated Absences

Vested or accumulated leave is accrued in the period the liability is incurred. Compensated absences expected to be financed from governmental funds are not reported in the Balance Sheet of the fund financial statements; however, compensated absences are reported in the statement of Net Position in the government-wide financial statements. Vested or accumulated leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

N. Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

O. Supplemental Wages

Certain employees of the police department are eligible for and receive supplemental wages from the State of Louisiana. These supplemental wages are recognized as intergovernmental revenue and public safety expenditures in the General Fund.

P. Estimates

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

2. Ad Valorem Taxes

Levied ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and are payable upon receipt of notice. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Sabine Parish.

For the current year, property taxes were levied for 5.65 mills on property with assessed valuations totaling \$20,787,388 and were dedicated for general alimony purposes. Total taxes levied were \$117,448.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

3. Dedication of Proceeds and Flow of Funds - Sales Tax

Proceeds of the Town's 1% sales and use tax are dedicated to the following purposes:

- (a) One-half is transferred to the Street Special Revenue Fund for maintenance and construction of streets and sidewalks.
- (b) One-half is transferred to the General Fund for general operating expenditures or any other use as designated by the Board.

4. Cash and Cash Equivalents

Under state law, the Town may deposit funds with 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.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Cash and cash equivalents consist of both non-interest bearing and interest bearing bank accounts with area financial institutions. Interest bearing and non-interest bearing accounts were insured by the FDIC up to \$250,000 per institution. Banks are required by R.S. 49:321 to pledge security for deposits in excess of FDIC coverage. Louisiana revised statutes require the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Town that the pledging bank has failed to pay deposited funds upon demand. At year-end, the Town's deposits were covered by depository insurance or collateral held by the Town or its agent in the Town's name. The Town was not exposed to custodial credit risk at year-end.

5. Receivables

Receivables, as shown in the government-wide financial statements, consist of the following:

	Governmental Funds	Proprietary Funds	Total
Taxes			
Sales taxes	\$ 112,714	\$ -	\$ 112,714
Franchise taxes	52,887	-	52,887
Ad valorem taxes	17,614	-	17,614
Intergovernmental	-	11,557	11,557
Customers			
Uncollected cycle billings	-	375,581	375,581
Estimated unbilled services	-	80,344	80,344
Other	8,780	-	8,780
Gross receivables	191,995	467,482	659,477
Allowance for estimated uncollectible	-	(212,000)	(212,000)
	\$ 191,995	\$ 255,482	\$ 447,477

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

6. Internal Balances (Due from/to Other Funds)

Amounts due from and to other funds, as reported in the fund financial statements, consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Utility System Enterprise Fund	\$ 1,498,761
Street Special Revenue Fund	General Fund	1,886,725
		\$ 3,385,486

The balances reflected in interfunds represent either routine charges for goods and services or transfers from one fund to another. These balances are settled as funds become available. Complete settlement is not expected within the next fiscal year.

7. Capital Assets and Depreciation

	July 1, 2016	Increases	Decreases	June 30, 2017
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 344,977	\$ 109,740	\$ -	\$ 454,717
Construction in progress	27,880	-	(27,880)	-
Other capital assets				
Buildings and improvements	3,780,446	332,703	-	4,113,149
Infrastructure	1,243,396	405,996	-	1,649,392
Machinery and equipment	1,097,478	13,782	(4,980)	1,106,280
Automobiles and trucks	307,677	57,874	-	365,551
Total other capital assets	6,428,997	810,355	(4,980)	7,234,372
Accumulated depreciation				
Buildings and improvements	(1,190,514)	(170,685)	4,849	(1,356,350)
Infrastructure	(700,012)	(86,257)	-	(786,269)
Machinery and equipment	(888,901)	(33,286)	6,378	(915,809)
Automobiles and trucks	(254,186)	(33,895)	-	(288,081)
Total accumulated depreciation	(3,033,613)	(324,123)	11,227	(3,346,509)
Other capital assets, net	3,395,384	486,232	6,247	3,887,863
 Net Capital Assets	 \$ 3,768,241	 \$ 595,972	 \$ (21,633)	 \$ 4,342,580

Depreciation was charged to Governmental Activities as follows:

General government	\$ 167,607
Public safety	25,343
Public works	114,148
Culture and recreation	17,025
	\$ 324,123

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

	<u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 38,999	\$ -	\$ -	\$ 38,999
Other capital assets				
Water system	13,355,232	63,814	-	13,419,046
Sewer system	4,483,027	-	(3,700)	4,479,327
Furniture and fixtures	35,253	-	(4,995)	30,258
Trucks and equipment	<u>189,995</u>	<u>29,647</u>	<u>-</u>	<u>219,642</u>
Total other capital assets	18,063,507	93,461	(8,695)	18,148,273
Accumulated depreciation				
Water system	(3,678,492)	(301,127)	-	(3,979,619)
Sewer system	(2,307,530)	(122,980)	3,700	(2,426,810)
Furniture and fixtures	(25,120)	(1,192)	4,995	(21,317)
Trucks and equipment	<u>(142,260)</u>	<u>(17,037)</u>	<u>-</u>	<u>(159,297)</u>
Total accumulated depreciation	<u>(6,153,402)</u>	<u>(442,336)</u>	<u>8,695</u>	<u>(6,587,043)</u>
Other capital assets, net	<u>11,910,105</u>	<u>(348,875)</u>	<u>-</u>	<u>11,561,230</u>
 Net Capital Assets	 <u>\$ 11,949,104</u>	 <u>\$ (348,875)</u>	 <u>\$ -</u>	 <u>\$ 11,600,229</u>

Depreciation in the amount of \$442,336 was charged to Utility System expenses.

8. Long-Term Liabilities

Governmental activities' long-term liabilities are direct obligations and pledge the full faith and credit of the Town. The Town incurred these liabilities to provide funds for operations. In addition, the Town's obligation relative to the governmental funds' liability for compensated absences is reported as a governmental activities' long-term liability.

The Town entered into agreements with the Louisiana Department of Transportation and Development (LDOTD) for utility relocation assistance funding. Issuance of future permits to the Town by the LDOTD for location of additional longitudinal facilities within any state owned right of way is contingent upon repayment of this funding. As of year-end, LDOTD had invoiced the Town for these projects, but a payment schedule has not been established.

A summary of long-term debt as of year-end follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Governmental activities				
General obligation				
Certificate of indebtedness, Series 2011 - operations	2018 – 2020	5%	\$ 384,000	\$ -
Compensated absences			22,407	-
Business-type activities				
LDOTD note payable - construction	Open ended	N/A	-	670,782
Meter deposits payable			-	107,965
Compensated absences			<u>-</u>	<u>25,936</u>
			<u>\$ 406,407</u>	<u>\$ 804,683</u>

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

For the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due Within One Year</u>
Governmental activities					
Certificates of indebtedness	\$ 500,000	\$ -	\$ (116,000)	\$ 384,000	\$ 122,000
Compensated absences	23,114	-	(707)	22,407	-
Business-type activities					
LDOTD notes payable	670,782	-	-	670,782	-
Meter deposits payable	102,096	5,869	-	107,965	-
Compensated absences	35,512	-	(9,576)	25,936	-
	<u>\$ 1,331,504</u>	<u>\$ 5,869</u>	<u>\$ (126,283)</u>	<u>\$ 1,211,090</u>	<u>\$ 122,000</u>

The annual requirements to amortize outstanding governmental activities long-term debt excluding compensated absences are as follows:

<u>Year ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2018	\$ 122,000	\$ 19,200	\$ 141,200
2019	128,000	13,100	141,100
2020	134,000	6,700	140,700
	<u>\$ 384,000</u>	<u>\$ 39,000</u>	<u>\$ 423,000</u>

9. Compensation Paid to Mayor and Board of Aldermen

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to the Mayor and members of the Board of Aldermen of the Town of Many, Louisiana, for the fiscal year ending June 30, 2017.

Mayor Kenneth Freeman	\$ 30,000
Board of Aldermen	
Barbara Peterson, Mayor Pro Tem	9,300
Veda Gay Corley	9,000
Anita W. Darwin	9,000
Bobby Guay Jackson	9,000
James D. Kennedy	9,000

10. Supplemental Pay

Certain employees meeting statutory qualifications in the police department receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$59,404 is recognized as intergovernmental revenue in the General Fund and as public safety expenditures.

11. Defined Benefit Pension Plans

The Town contributes to the Municipal Police Employees' Retirement System and Municipal Employees' Retirement System.

Town of Many, Louisiana
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Notes to Basic Financial Statements

The following recap shows the total deferred outflows and inflows of pension resources and net pension liability, as reported in the Statement of Net Position, for each of these plans, which is explained further in this note disclosure.

	Deferred Outflows of Pension Resources	Deferred Inflows of Pension Resources	Net Pension Liability
Municipal Police Employees' Retirement System (MPERS)	\$ 236,316	\$ 365,186	\$ 502,299
Municipal Employees' Retirement System (MERS)	495,511	52,485	727,082
Total	\$ 731,827	\$ 417,671	\$ 1,229,381

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

General Information about the Pension Plan

Plan Description

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS 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. MPERS 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 MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233. MPERS issues a publicly available financial report that is available for download at www.lampers.org.

Benefits Provided

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

A member who has joined MPERS before January 1, 2013, is eligible for regular retirement after he has been a member of the MPERS 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 MPERS 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.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

The eligibility of a member who joins MPERS on or after January 1, 2013, for regular retirement, early retirement, disability, and survivor benefits is 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 MPERS 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 MPERS 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 MPERS 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 deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

The Board of Trustees of MPERS 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 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.

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 MPERS 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 MPERS 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 MPERS' 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 MPERS' 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.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

In 1999, the State Legislature authorized MPERS 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 thirty six 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

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

For the plan year ended June 30, 2016, total contributions due from employers and employees was 39.5%. 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 29.5% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013, were 31.5% and 8%, respectively. The 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 32% and 7.5%, respectively.

Non-Employer Contributions

MPERS 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. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions were recognized as revenue during the plan year ended June 30, 2016, and excluded from pension expense.

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

At June 30, 2017, the Town of Many, Louisiana reported a liability of \$502,299 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2016, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The Town of Many's proportion of the NPL 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, 2016, The Town's proportion was .053591%, which was a decrease of 0.021389% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized a pension benefit of \$143,181.

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,340
Changes of assumptions	34,169	51
Difference between projected and actual earnings on pension plan investments	129,872	63,849
Changes in proportion and differences between employer contributions and proportionate share of contributions	775	290,946
Employer contributions subsequent to the measurement date	71,500	-
Total	\$ 236,316	\$ 365,186

The \$71,500 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>			
2018		\$	(179,745)
2019			(40,281)
2020			24
2021			19,632

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2016 valuation were based on the assumptions used in the June 30, 2016 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.5%, net of investment expense
Expected Remaining Service Lives	2016 - 4 years 2015 - 4 years 2014 - 4 years
Inflation Rate	2.875%

**Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements**

Salary increases, including inflation and merit

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1 – 2	9.75%
3 – 23	4.75%
Over 23	4.25%

Mortality Rate Assumption

RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.
 RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.
 RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost-of-Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by MPERS 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 discount rate used to measure the total pension liability was 7.5%. 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 Public Employee's Retirement Systems Actuarial Committee (PERSAC) taking into consideration the recommendation of MPERS actuary. Based on those assumptions, MPERS' 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 Discount Rate

The following presents the Employer's proportionate share of the NPL using the discount rate of 7.5%, as well as what the employers' proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	<u>1.0% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1.0% Increase (8.50%)</u>
Employer's proportionate share of the net pension liability	\$ 669,607	\$ 502,299	\$ 361,828

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

Support of Non-employer Contributing Entities

In accordance with state statute, MPERS receives insurance premium tax monies. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. For the plan year ended June 30, 2016, the proportionate share of these monies received by the MPERS on behalf of the Town of Many, was \$9,971.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued audit report online at www.lampers.org.

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

General Information about the Pension Plan

Plan Description

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the MERS. For the plan year ended June 30, 2016, there were 82 contributing municipalities in Plan A and 68 in Plan B. The Town of Many participates in Plan B.

The following is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information. MERS issues a publicly available financial report that is available for download at www.mersla.com.

Eligibility Requirements

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in MERS with exceptions as outlined in the statutes. Any person eligible for membership but whose first employment making him eligible for membership in MERS occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of MERS as a condition of employment.

Benefits Provided

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following is a brief description of Plan B benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

Retirement Benefits

Any member of Plan B who commenced participation in MERS prior to January 1, 2013 can retire providing he meets one of the following criteria: (1) Any age with thirty (30) years of creditable service; (2) Age 60 with a minimum of ten (10) or more years of creditable service; (3) Any age with ten (10) years of creditable service eligible for disability benefits; (4) Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if the member meets one of the following requirements: (1) Seven (7) years or more of service, at age sixty-seven (67) or thereafter; (2) Ten (10) years or more of service, at age sixty-two (62), or thereafter; (3) Thirty (30) years or more of service, at age fifty-five (55) or thereafter; or (4). Twenty-five (25) years of service credit at any age, exclusive of military service and unused annual sick leave.

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

Survivor Benefits

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits

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

Town of Many, Louisiana
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Notes to Basic Financial Statements

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

Disability Benefits

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

Cost of Living Increases

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

Deferred Benefits

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

Employer Contributions

According to state statute, contribution for all employers are actuarially determined each year. For the plan year ending June 30, 2016, the employer contribution rate was 9.50% for Plan B.

Non-Employer Contributions

According to state statute, MERS also receives one-fourth (1/4) of 1 % of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. MERS also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements

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

At June 30, 2017, the Town of Many, Louisiana reported a liability of \$727,082 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2016, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The Town of Many's proportion of the NPL 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, 2016, The Town's proportion was 0.877156%, which was an increase of 0.167887% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized a pension expense of \$178,225.

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,963	\$ 8,779
Changes of assumptions	29,297	-
Net difference between projected and actual earnings on pension plan investments	298,996	18,122
Changes in proportion and differences between Employer contributions and proportionate share of contributions	88,449	25,584
Employer contributions subsequent to the measurement date	<u>72,806</u>	<u>-</u>
Total	\$ 495,511	\$ 52,485

The \$72,806 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2018	\$ 109,502
2019	112,078
2020	121,513
2021	27,127

**Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements**

Actuarial Methods and Assumptions

The NPL 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 the total pension liability as of June 30, 2016, are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.50%, net of investment expense
Projected Salary Increases	5.00% (2.875 Inflation, 2.125% Merit)
Mortality Rates	
Annuitant and beneficiary	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee mortality	RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.
Expected Remaining Service Lives	4 years for Plan B

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by Public Employee's Retirement Systems Actuarial Committee (PERSAC). Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Town of Many, Louisiana
June 30, 2017
Notes to Basic Financial Statements**

Sensitivity to Changes in Discount Rate

The following presents the Employer's proportionate share of the NPL using the discount rate of 7.50%, as well as what the employers' proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of the net pension liability	\$ 940,576	\$ 727,082	\$ 544,929

Support of Non-employer Contributing Entities

In accordance with state statute, MERS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. For the year ended June 30, 2017, the proportionate share of these monies received by the MERS on behalf of the Town of Many was \$21,598.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued audit report online at www.mersla.com.

12. Contingencies

The Town is periodically the subject of litigation by a variety of plaintiffs. The Town's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

The Town receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement of disallowed costs under the terms of the grant agreements.

The Louisiana Legislative Auditor's office issued an investigative report, dated August 5, 2015, regarding allegations relating to employees no longer in the employment of the Town. In summary, the allegations include the following matters: recordkeeping and payments made to an employee performing services for Gulf States Regional Center for Public Safety Innovations (GSRCPPI), retirement contributions and supplemental pay to certain employees, and reimbursements due to the Town under the GSRCPPI agreement.

In response to the allegations, the Town immediately implemented revisions and clarifications to its policies and procedures with respect to pay increases, use of time cards, recordkeeping for leave, and verification of eligibility of employees for supplemental pay and retirement benefits. The Board of Aldermen adopted Ordinance #10 of 2015 on July 21, 2015, amending Section 14:5-16(a) of the Code of Ordinances of the Town of Many to prevent future hiring of employees for the purpose of loaning them to another agency. The Town also made inquiries of its attorneys and appearances before regulatory boards in response to assessments related to these claims.

Town of Many, Louisiana
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Notes to Basic Financial Statements

As of the date of this audit report, the Town had recovered \$20,260 from a former employee for excess salary and related benefits paid to her during the period April 2013 to June 2013. The Town also issued a demand letter to Northwestern State University for payment of outstanding invoices dated October 4, 2013 and December 30, 2013, totaling \$15,576. No payment has been received with respect to this demand.

Charges against the former employee are pending and final outcome of the status of retirement payments and supplemental pay have not yet been determined. The Town does not believe that it has liability for such payments. Accordingly, the accompanying financial statements do not reflect liabilities or receivables that might result from the outcome of the investigation.

13. Risk Management

The Town is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town carries commercial insurance to cover various risks of loss. The Town covers all other losses, claim settlements, and judgments from General Fund and Enterprise Fund resources. The Town currently reports its risk management activities in its General Fund and Enterprise Funds. Claims expenditures and liabilities are reported when it is probable that a loss not covered by insurance has occurred and the amount of that loss can be reasonably estimated. Settlements have not exceeded insurance coverage for each of the prior three fiscal years.

Required Supplemental Information – Part II

**Town of Many, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017**

Schedule 1

Variance with
Final Budget -
Positive
(Negative)

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem and franchise taxes	\$ 362,500	\$ 362,500	\$ 333,530	\$ (28,970)
Sales taxes	642,131	626,131	632,211	6,080
Intergovernmental	442,000	442,000	453,746	11,746
Fines	195,000	195,000	227,251	32,251
Licenses and permits	231,700	231,700	266,278	34,578
Charges for services	366,469	341,469	341,893	424
Investment earnings	300	300	1,110	810
Miscellaneous	24,000	24,000	28,503	4,503
Total Revenues	<u>2,264,100</u>	<u>2,223,100</u>	<u>2,284,522</u>	<u>61,422</u>
Expenditures				
Current				
General government	397,709	397,709	449,465	(51,756)
Public safety	907,383	907,383	883,554	23,829
Sanitation	349,587	349,587	355,423	(5,836)
Culture and recreation	39,100	39,100	36,652	2,448
Capital outlay	392,700	427,700	461,696	(33,996)
Debt service				
Principal	141,000	141,000	116,000	25,000
Interest and other charges	-	-	25,122	(25,122)
Total Expenditures	<u>2,227,479</u>	<u>2,262,479</u>	<u>2,327,912</u>	<u>(65,433)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>36,621</u>	<u>(39,379)</u>	<u>(43,390)</u>	<u>(4,011)</u>
Other Financing Sources (Uses)				
Capital contributions	-	-	34,866	34,866
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>34,866</u>	<u>34,866</u>
Net Change in Fund Balances	36,621	(39,379)	(8,524)	30,855
Fund Balances, Beginning of Year	<u>503,255</u>	<u>503,255</u>	<u>503,255</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 539,876</u>	<u>\$ 463,876</u>	<u>\$ 494,731</u>	<u>\$ 30,855</u>

See Independent Auditor's Report.

**Town of Many, Louisiana
 Budgetary Comparison Schedule
 Street Special Revenue Fund
 For the Year Ended June 30, 2017**

Schedule 2

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
	Revenues			
Sales taxes	\$ 642,131	\$ 626,131	\$ 632,211	\$ 6,080
Intergovernmental	10,000	7,600	56,636	49,036
Investment earnings	300	250	913	663
Miscellaneous	-	-	1,500	1,500
Total Revenues	652,431	633,981	691,260	57,279
Expenditures				
Current				
Public works	367,255	387,255	438,747	(51,492)
Capital outlay	38,900	438,900	431,016	7,884
Total Expenditures	406,155	826,155	869,763	(43,608)
Excess (Deficiency) of Revenue over Expenditures	246,276	(192,174)	(178,503)	13,671
Other Financing Sources (Uses)				
Capital contributions	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	246,276	(192,174)	(178,503)	13,671
Fund Balances, Beginning of Year	2,554,513	2,554,513	2,554,513	-
Fund Balances, End of Year	\$ 2,800,789	\$ 2,362,339	\$ 2,376,010	\$ 13,671

See Independent Auditor's Report.

Town of Many, Louisiana
Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees' Retirement System (MPERS)

Schedule 3

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.053591%	0.07498%	0.09020%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 502,299	\$ 587,390	\$ 564,285
Employer's Covered-Employee Payroll	\$ 151,121	\$ 200,591	\$ 272,169
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	332.38%	292.83%	207.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.04%	70.73%	75.10%
The amounts presented have a measurement date of:	6/30/2016	6/30/2015	6/30/2014

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

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See Independent Auditor's Report.

**Town of Many, Louisiana
Schedule of Employer Contributions
Municipal Police Employees' Retirement System (MPERS)**

Schedule 4

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
6/30/2015	\$ 63,178	\$ 63,178	\$ -	\$ 200,566	31.50%
6/30/2016	62,943	62,943	-	199,840	31.50%
6/30/2017	71,500	71,500	-	225,196	31.75%

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

50 See Independent Auditor's Report.

Town of Many, Louisiana
Notes to Required Supplemental Information
Municipal Police Employees' Retirement System (MPERS)
For the Year Ended June 30, 2017

Schedule 5

Changes in Benefit Terms

There were no changes in benefit terms for the plan year ended June 30, 2016.

Changes of Actuarial Assumptions

There were no changes in benefit assumptions for the plan year ended June 30, 2016.

See Independent Auditor's Report.

Town of Many, Louisiana
Schedule of Employer's Share of Net Pension Liability
Municipal Employees' Retirement System (MERS)

Schedule 6

	6/30/2017	6/30/2016	6/30/2015
Employer's Proportion of the Net Pension Liability (Asset)	0.877156%	0.709269%	0.80866%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 727,082	\$ 482,053	\$ 379,664
Employer's Covered-Employee Payroll	\$ 644,449	\$ 492,005	\$ 507,376
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	112.82%	97.98%	74.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.34%	68.71%	76.94%
 The amounts presented have a measurement date of:	 6/30/2016	 6/30/2015	 6/30/2014

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

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See Independent Auditor's Report.

**Town of Many, Louisiana
Schedule of Employer Contributions
Municipal Employees' Retirement System (MERS)**

Schedule 7

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
6/30/2015	\$ 46,685	\$ 46,703	\$ 18	\$ 491,423	9.50%
6/30/2016	61,302	61,302	-	645,284	9.50%
6/30/2017	72,806	72,806	-	661,871	11.00%

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

5 See Independent Auditor's Report.

**Town of Many, Louisiana
Notes to Required Supplemental Information
Municipal Employee's Retirement System (MERS)
For the Year Ended June 30, 2017**

Schedule 8

Changes in Benefit Terms

There were no changes in benefit terms for the plan year ended June 30, 2016.

Changes of Actuarial Assumptions

There were no changes in actuarial assumptions for the plan year ended June 30, 2016.

See Independent Auditor's Report.

Other Information

**Town of Many, Louisiana
Schedule of Compensation, Benefits, and Other
Payments to the Agency Head
For the Year Ended June 30, 2017**

Schedule 9

Agency Head: Honorable Mayor Kenneth Freeman

	Purpose	Amount
Salary		\$ 30,000
Benefits - medicare		430
Benefits - life insurance		-
Benefits - health insurance		-
Benefits - retirement		3,300
Benefits - social security		1,839
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		162
Travel		327
Registration fees		-
Conference travel		2,321
Continuing professional education fees		-
Unvouchered expenses		-
Special meals		-
		-
Total		\$ 38,379

See Independent Auditor's Report.

Town of Many, Louisiana
Unaudited Summary of Utility Service Customers
June 30, 2017

Schedule 10

<u>Type of Customers</u>	<u>Number of Customers</u>
Residential	1,008
Non-Residential	<u>265</u>
	<u><u>1,273</u></u>

See Independent Auditor's Report.

Town of Many, Louisiana
Unaudited Schedule of Insurance in Force
June 30, 2017

Schedule 11

Insurer	Expiration Date	Coverage	Limits
Louisiana Municipal Risk Management Agency	March 9, 2019	Commercial General Liability	
		Combined Single Limit	\$ 500,000
		Medical Payments	
		Per Person	1,000
		Per Occurrence	10,000
Louisiana Municipal Risk Management Agency	March 9, 2019	Fire Legal Liability per Occurrence	50,000
		Deductible	-
Louisiana Municipal Risk Management Agency	March 9, 2019	Law Enforcement Officer	
		Combined Single Limit	500,000
Louisiana Municipal Risk Management Agency	March 9, 2019	Deductible	1,000
		Errors and Omissions	
Louisiana Municipal Risk Management Agency	March 9, 2019	Combined Single Limit	500,000
		Deductible	1,000
Louisiana Municipal Risk Management Agency	March 9, 2019	Automobile Liability	
		Combined Single Limit	500,000
Western Surety Company	Continuous	Deductible	-
		Public employee honesty bond	20,000
		Public official honesty bond	80,000

See Independent Auditor's Report.

**Town of Many, Louisiana
 Unaudited List of Governing Body -
 Positions and Terms
 June 30, 2017**

Schedule 12

Name	Position	Address	Telephone Number	Term Expires
Kenneth Freeman	Mayor	1055 Alabama Street, Many, LA 71449	(318)256-0268	6/30/2017
Gay Corley	Aldерwoman	515 Trace Street, Many, LA 71449	(318)256-2154	6/30/2017
Anita Darwin	Aldерwoman	339 Day Street, Many, LA 71449	(318)379-8683	6/30/2017
Bobbie Jackson	Aldерwoman	206 Trace Street, Many, LA 71449	(318)590-1054	6/30/2017
James Kennedy	Alderman	1315 Kenilworth, Many, LA 71449	(318)256-6579	6/30/2017
Barbara Peterson	Mayor Pro-Tem	5010 Vandegaer, Many, LA 71449	(318)256-2123	6/30/2017

Elections were held for subsequent terms effective 7/1/2017 through 6/30/2021 with all persons listed above being re-elected.

See Independent Auditor's Report.

**Other Report Required by
*Government Auditing Standards***

**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***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

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

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Many, Louisiana (the Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in Finding 2017-002 in the accompanying schedule of findings and responses to be a material weakness.

REBECCA B. MORRIS, C.P.A.
MICHAEL A. JONCAU, C.P.A.
CINDY L. HUMPHRIES, C.P.A.

DEBORAH R. DUNN, C.P.A.
REBECCA G. NATION, C.P.A.
EVELYN T. RENFROW, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor
and Members of the Board of Aldermen
Town of Many, Louisiana

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Finding 2017-001 in the accompanying schedule of findings and responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as Finding 2017-003.

Town of Many, Louisiana's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying Management's Corrective Action Plan. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, Louisiana

December 15, 2017

**Town of Many, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2017**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:			Unmodified
Internal control over financial reporting:			
Material weaknesses identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> None reported
Noncompliance material to financial statements noted?	<u> X </u>	Yes	<u> </u> No

Management's Corrective Action Plan See attached

Management's Summary Schedule of Prior Audit Findings See attached

Other Comments and Recommendations None reported

Part II – Findings Related to the Financial Statements which are Required to be Reported Under Government Auditing Standards

Finding 2017-001 Identification and Recording of Noncash Transactions

Criteria: Financial reporting in accordance with accounting principles generally accepted in the United States of America, requires that noncash transactions affecting the reporting entity's assets, liabilities, revenues, and expenses be identified and recorded.

Condition: Noncash contributions occurred but were not identified and recorded in the financial statements.

Cause and Effect: The value of land and a vehicle donated to the Town were not reflected in the financial statements prior to audit adjustments. The value of the unrecorded contributions totaled \$32,000.

Recommendation: We recommend that procedures to identify and record noncash transactions be reviewed, revised, or implemented as considered necessary to properly and timely identify transactions that affect the entity's assets, liabilities, revenues, and expenses. Such transactions should be recorded in the financial statements as they occur.

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

Town of Many, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Finding 2017-002 Utility Billings and Collections

Criteria: The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Conditions: We noted items related to utility system billings and collections as discussed below:

- The general ledger control accounts for customer receivables and meter deposits were not routinely reconciled to the respective subsidiary ledgers during the year ended June 30, 2017.
- Of the 28 adjustments to customer utility accounts selected for inspection, adequate supporting documentation was not available for 13 adjustments.
- Two new commercial accounts were not activated in the utility billing system and were not being billed for utility services. Usage for the two accounts for the period not billed is estimated to be \$28,448.

Cause and Effect: Noncompliance with established policies and procedures resulted in undocumented adjustments to customer accounts and unreconciled balances between control accounts and subsidiary accounts. Inadequate controls over establishing and monitoring new accounts resulted in two commercial accounts receiving services without charge.

Recommendations: We recommend that:

- The customers' receivable subsidiary and the meter liability subsidiary ledgers should be reconciled to the related general ledger control accounts at least monthly. Any differences should be investigated and corrected as needed.
- All adjustments to customer accounts should be properly initiated, documented, approved, and reviewed to ensure that only such adjustments are made. Records of all adjustments should be properly maintained.
- Procedures for identifying and establishing new customer accounts should be reviewed and revised to ensure that all services provided are timely billed.

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

Finding 2017-003 Budget Compliance

Criteria: Louisiana Revised Statute (RS) 39:1311 requires an amendment to the budgets of the general fund and/or special revenue funds if total revenue 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, or if 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.

Town of Many, Louisiana
Schedule of Findings and Responses
For the Year Ended June 30, 2017

Condition: Actual expenditures in the Street Special Revenue Fund exceeded budgeted expenditures by 5.28%.

Cause and Effect: Potential noncompliance with RS 39:1311.

Recommendation: We recommend that the Town comply with the provision of RS 39:1311.

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

Part III - Findings and Questioned Costs for Federal Awards

Not Applicable

Management's Corrective Action Plan

Town of Many

The Heart of Toledo Bend

MAYOR
Kenneth A. Freeman

CHIEF OF POLICE
Roger Freeman

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MANY, LA 71449
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(318) 256-4013 FAX

ALDERMEN
Barbara Peterson
James Kennedy
Gay Corley
Anita Darwin
Bobbie Jackson

The Town of Many respectfully submits the following corrective action plan for the year ended June 30, 2017.

Independent Public Accounting Firm: Payne, Moore, & Herrington, LLP
P.O. Box 13200
Alexandria, La 71315-3200
(318) 443-1893

Auditee Contact Person: Honorable Mayor Kenneth Freeman
Town of Many, Louisiana
P.O. Box 1330
Many, LA 71449
(318) 256-3651

Audit Period: July 1, 2016 through June 30, 2017

The findings from the Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the preceding Schedule.

Part I – Findings Related to the Financial Statements

Finding 2017-001 Identifying and Recording Noncash Transactions

Condition: Noncash contributions to the Town occurred but were not identified and recorded in the financial statements prior to audit adjustments.

Recommendation: We recommend that procedures to identify and record noncash transactions be reviewed, revised, or implemented as considered necessary to properly and timely identify transactions that affect the entity's assets, liabilities, revenues, and expenses. Such transactions should be recorded in the financial statements as they occur.

Management's Response: We concur with the auditor's recommendations and will formally acknowledge noncash contributions in minutes of meetings so they may be identified and recorded in the Town's financial statements.

Finding 2017-002 Utility Billings and Collections

Conditions: We noted items related to utility system billings and collections as discussed below:

- The general ledger control accounts for customer receivables and meter deposits were not routinely reconciled to the respective subsidiary ledgers during the year ended June 30, 2017.
- Of the 28 adjustments to customers utility accounts selected for inspection, adequate supporting documentation was not available for 13 adjustments.

Town of Many

The Heart of Toledo Bend

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- Two new commercial accounts were not activated in the utility billing system and were not being billed for utility services. Usage for the two accounts for the period not billed is estimated to be \$28,448.

Recommendations: We recommend that:

- The customers' receivable subsidiary and the meter liability subsidiary ledgers should be reconciled to the related general ledger control accounts at least monthly. Any differences should be investigated and corrected as needed.
- All adjustments to customer accounts should be properly initiated, documented, approved, and reviewed to ensure that only such adjustments are made. Records of all adjustments should be properly maintained.
- Procedures for identifying and establishing new customer accounts should be reviewed and revised to ensure that all services provided are timely billed.

Management's Response: We concur with the auditor's recommendations and will review, revise, or implement policies and procedures to ensure that subsidiary ledgers for customer receivables are reconciled to the general ledger regularly and all adjustments to customer accounts are properly initiated, documented, approved, and reviewed and record of adjustments are maintained. To timely identify new customer accounts, we have implemented procedures to coordinate with permitting officials to verify that the utility department is aware of new construction and/or business to determine that services are being billed.

Finding 2017-003 Budget Compliance

Condition: Actual expenditures in the Street Special Revenue Fund exceeded budgeted expenditures by 5.28%.

Recommendation: We recommend that the Town comply with the provision of RS 39:1311.

Management's Response: Management did make a budget amendment for the additional expenditures in the Street Special Revenue Fund, however, the actual expenditures exceeded the amended budget slightly more than expected. The Town will make every effort to fully comply with all provisions of RS 39:1311.

Respectfully submitted,

Kenneth Freeman
Mayor

Management's Summary Schedule of Prior Audit Findings



Town of Many

The Heart of Toledo Bend

MAYOR
Kenneth A. Freeman

CHIEF OF POLICE
Roger Freeman

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Management's Summary Schedule of Prior Audit Findings Year Ended June 30, 2017

Finding 2016-001 Reporting of Supplemental Pay and Related Payroll Liabilities

Condition: Payments made directly to the Town's qualifying police officers for supplemental pay may not be correctly reported in wages in the period received, and the related payroll liabilities and retirement may not be correctly calculated and remitted. Since the supplemental payments are included in the employee's Form W-2 from the Town, wages may be underreported to certain employees.

Current Status: Resolved.

Finding 2016-002 Utility Billings and Collections

Conditions: The auditors noted several items related to utility system billings and collections as discussed below:

- Established cut-off policies and procedures were not consistently applied resulting in some accounts continuing to receive service when these accounts should have been terminated in accordance with established policies.
- Comparison of billing system rate codes to rates provided in the ordinances indicated that certain rate codes did not agree to rates provided in the ordinances. The estimated under billing related to differences in rate codes totaled \$7,460 for the year ended June 30, 2016.
- The general ledger control accounts for customer receivables and meter deposits were not routinely reconciled to the respective subsidiary listings during the year ended June 30, 2016. Discussion with Town personnel indicated the utility billings and collections software was not producing reliable reports subsequent to November 2015 apparently due to database corruption, therefore preventing reconciliations.
- The auditors noted two dates for which all of that day's receipts on account were not timely posted to the customers' receivable subsidiary resulting, in some cases, in customers being incorrectly charged late fees.
- Some accounts were not properly closed in the billing system resulting in the continued generation of invoices after service was terminated.
- Certain fees were recorded twice in the customers' receivable control account in the general ledger resulting in an overstatement of the control account.

Town of Many

The Heart of Toledo Bend

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- Refunds to customers on closed accounts were not always posted to their account in the subsidiary resulting in incorrect credit balances in the subsidiary.
- Meter deposits received were not always timely deposited in the bank. The auditors noted a September 2015 deposit that included meter deposits received in June, July, August, and September of 2015.

Current Status: Partially resolved. See Finding 2017-002.

Finding 2016-003 Budget Compliance

Condition: Actual revenues and other sources in the General Fund were 6.89% less than budgeted revenues and other sources. Actual expenditures in the Street Special Revenue Fund exceeded budgeted expenditures by 5.94%.

Current Status: Partially resolved. See Finding 2017-003.

Respectfully submitted,

Kenneth Freeman
Mayor

Town of Many

Statewide Agreed-Upon Procedures Report

Many, Louisiana

June 30, 2017



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Kenneth Freeman, Mayor,
Members of the Board of Aldermen,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Town of Many (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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





PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor,
Members of the Board of Aldermen,
and the Louisiana Legislative Auditor

- 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.

Results: The Entity does not have formal written policies and procedures for Ethics or Debt Service. The written policies and procedures for purchasing do not address how vendors are added to the vendor list.

Management's Response: Although the Town does not have written policies and procedures with respect to Ethics or Debt Service, the Town complies with laws and regulations related to Ethics and with provisions of debt instruments.

Although there are no written policies and procedures regarding how vendors are added, all significant expenditures are discussed and approved as necessary in morning meetings and, if appropriate, in council meetings. In addition, all payments to vendors are reviewed and checks are signed by two individuals, with one being either the Mayor or Mayor Pro Tem.

Board (or Finance Committee, if applicable)

- 2. **Procedure:** Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report 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.



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor,
Members of the Board of Aldermen,
and the Louisiana Legislative Auditor

- b) Report 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).
 - 1. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report 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, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Report 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.

Results: No exceptions noted.

Bank Reconciliations

- 3. **Procedure:** Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Result: No exceptions noted.

- 4. **Procedure:** Using the listing provided by management, select all of the entity's bank accounts (if five (5) accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five (5) accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report 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 six (6) months as of the end of the fiscal period.



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Results:

- a) No exceptions noted.
- b) No exceptions noted.
- c) The Entity did not have documentation indicating that the following reconciling items outstanding for more than six (6) months had been reviewed:

<u>Check Number</u>	<u>Date</u>	<u>Amount</u>
MSB Fines:		
5597	08/04/2014	\$ 18.00
5614	12/03/2014	25.00
5628	09/14/2015	9.00
5516	06/16/2016	25.00
MSB Payroll:		
10396	08/29/2013	149.43
15303	01/04/2016	28.00
1	10/03/2016	23.37
15428	10/03/2016	118.28
MSB Water:		
6252	07/23/2013	60.62
11273	07/30/2013	102.88
11270	07/30/2013	96.12
11272	07/30/2013	82.60
11271	07/30/2013	52.45
11269	07/30/2013	47.21
11280	07/30/2013	46.82
11278	07/30/2013	44.85
11277	07/30/2013	44.85
11282	07/30/2013	37.32
11233	07/30/2013	17.18
11274	07/30/2013	16.12
11275	07/30/2013	15.84
11276	07/30/2013	12.83
11241	07/30/2013	5.62



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<u>Check Number</u>	<u>Date</u>	<u>Amount</u>
11252	07/30/2013	5.28
11227	07/30/2013	5.18
11261	07/30/2013	4.63
11287	07/30/2013	2.12
11565	01/10/2014	50.00
11925	07/23/2014	49.48
12035	09/23/2014	18.29
12059	09/30/2014	255.00
12059	09/30/2014	255.00
12127	11/13/2014	57.36
12204	12/30/2014	43.48
12343	03/16/2015	15.00
12374	03/30/2015	11.40
12497	06/08/2015	64.82
12541	06/29/2015	5.54
12542	07/01/2015	36.34
12677	08/27/2015	25.22
12683	08/31/2015	70.00
12681	08/31/2015	70.00
12684	08/31/2015	14.08
12682	08/31/2015	11.40
12993	02/04/2016	115.05
13172	04/29/2016	50.00
13499	10/07/2016	27.47
13496	10/07/2016	4.86

Management's Response: The majority of the items over six months are believed to be checks that were voided or reissued but not voided on the bank reconciliation. Effective immediately, the Town will review and investigate items six (6) months or older and document such actions.

Collections

- 5. Procedure:** Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: No exceptions noted.



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6. **Procedure:** Using the listing provided by management, select all of the Entity's cash collection locations (if five (5) locations or less) or one-third of the collection locations on a three year rotating basis (if more than five (5) locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report 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) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report 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) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 1. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 2. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results:

- a) The Entity does not have written documentation supporting the policy or procedure stating that the employee responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account.



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- b) The Entity does have written documentation and procedures for reconciling cash collections to the general ledger; however, the person responsible for cash collections may also be responsible for reconciling to the general ledger.
- c) 1. The following items were not deposited within one (1) day of receipt:

<u>Receipt #/Transaction ID</u>	<u>Amount</u>	<u>Number of Days From Collection to Deposit</u>
217677	\$ 5.00	130
2264	50.00	5
2265	25.00	5
2005	30.00	4
2004	30.00	4
217703	316.00	8
15675	77.31	5
Cash	125.00	5

2. No exceptions noted.

Management's Response: Due to the limited staff size, the Entity's policy and procedures for collections does not preclude employees who collect cash from depositing, recording, and reconciling bank accounts. However, the Town's procedures do include review functions by another employee, the Town Clerk, and the Mayor and Council to help mitigate the lack of segregation that would be ideal if the Town had larger staff.

It is the Town's policy to make deposits daily when practical. In the future, the Town will continue to make efforts to make all deposits within one day.

- 7. **Procedure:** Obtain existing written documentation (e.g. policy manual, written procedure) and report 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.



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Results: The Entity does not have formal written policies and procedures for determining the completeness of all collections for each revenue source by a person who is not responsible for those collections.

Management's Response: Although the Town does not have formal written policies and procedures for determining completeness of all collections for each revenue source by a person not responsible for collections, there are procedures in place for daily cash reports that are prepared and reviewed by the employees and Town Clerk. The small staff size precludes ideal segregation of duties but where practical, review functions are implemented to mitigate risks.

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

8. **Procedure:** Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: No exceptions noted.

9. **Procedure:** Using the disbursement population from #8 above, randomly select twenty-five (25) disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than twenty-five (25) transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report 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; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.



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Results: Twenty (20) of the twenty-five (25) items selected were either under \$100 or were for regular monthly bills and did not require a purchase order by the Entity's purchasing policy. Four (4) of the twenty-five (25) items selected that would require a purchase order under the Entity's policy did not have one.

Management's Response: The Town's policy requires purchase orders for purchases of \$100 or more that are not regular, recurring monthly bills. During morning meetings, each department head reports items of significance and budgetary reviews are done regularly to ensure that expenditures are appropriate by department. Further, all invoices and payments are reviewed and schedules and reports are presented at council meetings. The Town will review purchase order use requirements, and where deemed practical, amend and enforce the use of purchase orders.

10. **Procedure:** Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: The Entity does not have formal written policies and procedures regarding who is responsible for adding vendors to the purchasing/disbursement system.

Management's Response: Although there are no written policies and procedures regarding who is responsible for adding vendors, all significant expenditures are discussed and approved as necessary in morning meetings and, if appropriate, in council meetings. In addition, all payments to vendors are reviewed and checks are signed by two individuals, with one being either the Mayor or Mayor Pro Tem.

11. **Procedure:** Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: The Entity does not have formal written policies and procedures stating that persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating purchases.

Management's Response: Due to the small staff size, it is impractical to prohibit persons with signatory authority or who make final authorization for disbursements to have no responsibility for initiating purchases. However, all checks require two signatures and supporting documentation for expenditures is presented for review and approval at the time checks are presented for signing. We believe this secondary review and approval helps mitigate the risk of improper disbursements by persons who may have signatory authority and other authorization and initiation responsibilities.



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- 12. Procedure:** Inquire of management and observe 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 report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: Check stock is maintained in a locked location, but is accessible by some authorized check signers.

Management's Response: Due to the limited staff size, it is impractical to prohibit all persons with signatory authority from access to check stock. However, all checks require two signatures and at least one of the signers must be the Mayor or Mayor Pro Tem, neither of whom have access to check stock.

- 13. Procedure:** If a signature stamp or signature machine is used, inquire 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. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: No exceptions noted.

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

- 14. Procedure:** Obtain 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. Obtain management's representation that the listing is complete.

Results: No exceptions noted.

- 15. Procedure:** Using the listing prepared by management, randomly select ten (10) cards (or at least one-third of the cards if the entity has less than ten (10) cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select 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:



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- a) Report 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: No exceptions noted.

16. **Procedure:** Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the ten (10) cards selected (i.e. each of the ten (10) cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - 1. An original itemized receipt (i.e., identifies precisely what was purchased).
 - 2. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - 3. Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare 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 report any exceptions.
- c) For each transaction, compare 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. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.



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Results: We noted one (1) instance of a charge on the Wal-Mart credit card for which there was no original itemized receipt. None of the Fuelman items selected for testing were supported by an original receipt.

Management's Response: It is the Town's policy that original receipts be provided for credit card purchases and that department heads review and approve credit card statements for Fuelman charges. The receipt for the Wal-Mart purchase was misplaced, but the statement indicated that it was for first aid kits. Effective immediately, each department head will be responsible for providing original receipts and matching them to the Fuelman statement prior to payment processing.

Travel and Expense Reimbursement

17. **Procedure:** Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: No exceptions noted.

18. **Procedure:** Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: No exceptions noted.

19. **Procedure:** Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain 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 (3) travel expenses selected:

a) Compare expense documentation to written policies and report 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, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

b) Report whether each expense is supported by:



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1. 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.]
 2. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 3. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) Compare 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). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.

Contracts

20. Procedure: Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: No exceptions noted.

21. Procedure: Using the listing above, select the five (5) contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.



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- b) Compare 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:
 - 1. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - 2. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: No exceptions noted.

Payroll and Personnel

- 22. Procedure:** Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five (5) employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.



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Results: No exceptions noted.

- 23. Procedure:** Obtain 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, randomly select twenty-five (25) employees/officials (or randomly select one-third of employees/officials if the entity had less than twenty-five (25) employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report 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.

Results: No exceptions noted.

- 24. Procedure:** Obtain 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, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: No exceptions noted.

- 25. Procedure:** Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report 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.

Results: No exceptions noted.



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Ethics

26. **Procedure:** Using the five (5) randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: No exceptions noted.

27. **Procedure:** Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review 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. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: No exceptions noted.

Debt Service (excluding nonprofits)

28. **Procedure:** If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: No debt was issued during the fiscal period.

29. **Procedure:** If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: No exceptions noted.

30. **Procedure:** If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: No exceptions noted.



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Other

31. Procedure: Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions noted.

32. Procedure Observe and report 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.

Results: No exceptions noted.

33. Procedure: If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions noted.

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.

A handwritten signature in blue ink that reads "Payne, Moore & Herrington, LLP".

Payne, Moore & Herrington, LLP
Alexandria, Louisiana

December 15, 2017