

TOWN OF MERRYVILLE, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019

Table of Contents

	Statement	Page(s)
INDEPENDENT AUDITOR’S REPORT	-	1-2
BASIC FINANCIAL STATEMENTS:		
Statement of Net Position	A	4
Statement of Activities	B	5
Balance Sheet – Governmental Funds	C	6
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position	D	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	E	8
Reconciliation of the Statement of Revenues Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	F	9
Statement of Net Position – Proprietary Fund	G	10
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	H	11
Statement of Cash Flows – Proprietary Fund	I	12-13
Notes to the Financial Statements	-	15-26
Required Supplemental Information		
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	1	28
Special Revenue Fund – Sales Tax Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	2	29
Other Supplemental Information		
Schedule of Per Diem Paid to Board Members	3	31
Combining Schedule of Net Position	4	32
Combining Schedule of Revenues, Expenses and Changes in Net Position	5	33
Schedule of Compensation, Benefits and Other Payments to Agency Head	6	34
Other Reports		
Schedule of Prior Year Audit Findings	7	36
Schedule of Current Year Audit Findings and Management’s Response	8	37-38
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 <i>Government Auditing Standards</i>	-	39-40
Independent Accountant’s Report on Applying Agreed-Upon Procedures	-	41-48

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## INDEPENDENT AUDITOR'S REPORT

The Honorable David Eaves, Mayor  
and Members of the Board of Aldermen  
Town of Merryville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Merryville, Louisiana as of and for the year ended June 30, 2019, 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.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Merryville, Louisiana as of June 30, 2019, 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.

The Honorable David Eaves, Mayor  
and Members of the Board of Aldermen  
Town of Merryville, Louisiana

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and budgetary comparison information, on pages 28 through 29 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 the 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 inquires 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.

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

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Merryville, Louisiana's basic financial statements. The schedule of per diem paid to board members, combining schedule of net position, combining schedule of revenues, expenses and changes in net position, and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, on our consideration of the Town of Merryville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Merryville, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana  
November 26, 2019

## BASIC FINANCIAL STATEMENTS

Statement of Net Position  
June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 42,323	\$ 113,292	\$ 155,615
Receivables:			
Ad valorem	39	-	39
Sales taxes	29,761	-	29,761
Franchise taxes	6,171	-	6,171
Traffic fines	3,196	-	3,196
Accounts	41	18,395	18,436
Intergovernmental:			
Alcohol taxes	584	-	584
State mowing contract	3,170	-	3,170
Restricted Federal grant	-	137,428	137,428
Due from utility fund	8,525	-	8,525
Restricted cash and cash equivalents	31,209	-	31,209
Capital assets not being depreciated	10,600	472,462	483,062
Capital assets being depreciated, net	380,475	2,619,613	3,000,088
<b>Total assets</b>	<b>\$ 516,094</b>	<b>\$ 3,361,190</b>	<b>\$ 3,877,284</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 18,268	\$ 11,465	\$ 29,733
Contracts payable	-	137,428	137,428
Payroll taxes payable	8,319	2,866	11,185
Due to general fund	-	8,525	8,525
Noncurrent liabilities:			
Customer deposits	-	19,592	19,592
<b>Total liabilities</b>	<b>\$ 26,587</b>	<b>\$ 179,876</b>	<b>\$ 206,463</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 391,075	\$ 3,092,075	\$ 3,483,150
Restricted for:			
Sales taxes	60,389	-	60,389
Unrestricted	38,043	89,239	127,282
<b>Total net position</b>	<b>\$ 489,507</b>	<b>\$ 3,181,314</b>	<b>\$ 3,670,821</b>
<b>Total liabilities and net position</b>	<b>\$ 516,094</b>	<b>\$ 3,361,190</b>	<b>\$ 3,877,284</b>

The accompanying notes are an integral part of this statement.

Statement of Activities  
For the Year Ended June 30, 2019

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Program Activities							
Governmental activities:							
General government and administration	\$ 177,565	\$ -	\$ -	\$ -	\$ (177,565)	\$ -	\$ (177,565)
Public safety	281,383	250,317	-	-	(31,066)	-	(31,066)
Public works	239,585	46,139	-	15,800	(177,646)	-	(177,646)
Total governmental activities	<u>\$ 698,533</u>	<u>\$ 296,456</u>	<u>\$ -</u>	<u>\$ 15,800</u>	<u>\$ (386,277)</u>	<u>\$ -</u>	<u>\$ (386,277)</u>
Business-type activities:							
Water and sewer	452,660	220,608	-	157,429	-	(74,623)	(74,623)
Total government	<u>\$ 1,151,193</u>	<u>\$ 517,064</u>	<u>\$ -</u>	<u>\$ 173,229</u>	<u>\$ (386,277)</u>	<u>\$ (74,623)</u>	<u>\$ (460,900)</u>
General revenues:							
Taxes:							
Ad valorem					36,330	-	36,330
Sales					333,216	-	333,216
Alcohol					2,325	-	2,325
Franchise					38,496	-	38,496
Occupational licenses and permits					38,161	-	38,161
Investment earnings					-	78	78
Gain on sale of assets					1,751	-	1,751
Rentals					6,144	-	6,144
Refunds					1,584	-	1,584
Miscellaneous					1,349	-	1,349
Transfers					(98,558)	98,558	-
Total general revenues and transfers					<u>360,798</u>	<u>98,636</u>	<u>459,434</u>
Change in net position					(25,479)	24,013	(1,466)
Net position at beginning of year					514,986	3,157,301	3,672,287
Net position at end of year					<u>\$ 489,507</u>	<u>\$ 3,181,314</u>	<u>\$ 3,670,821</u>

The accompanying notes are an integral part of this statement.

Balance Sheet  
Governmental Funds  
June 30, 2019

	<u>General</u>	<u>Major Fund Special Revenue Fund Sales Tax Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 42,323	\$ -	\$ 42,323
Receivables:			
Ad valorem taxes	39	-	39
Sales taxes	-	29,761	29,761
Franchise taxes	6,171	-	6,171
Traffic fines	3,196	-	3,196
Accounts	41	-	41
Intergovernmental:			
Alcohol taxes	584	-	584
State mowing contract	3,170	-	3,170
Due from utility fund	8,525	-	8,525
Restricted cash and cash equivalents	-	31,209	31,209
<b>Total assets</b>	<b><u>\$ 64,049</u></b>	<b><u>\$ 60,970</u></b>	<b><u>\$ 125,019</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 17,687	\$ 581	\$ 18,268
Payroll taxes payable	8,319	-	8,319
<b>Total liabilities</b>	<b><u>\$ 26,006</u></b>	<b><u>\$ 581</u></b>	<b><u>\$ 26,587</u></b>
Fund Balances:			
Unassigned	\$ 38,043	\$ -	\$ 38,043
Restricted	-	60,389	60,389
<b>Total fund balances</b>	<b><u>\$ 38,043</u></b>	<b><u>\$ 60,389</u></b>	<b><u>\$ 98,432</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 64,049</u></b>	<b><u>\$ 60,970</u></b>	<b><u>\$ 125,019</u></b>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Position  
June 30, 2019

Total fund balance - total governmental funds	\$	98,432
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		<u>391,075</u>
Net position of governmental activities	\$	<u><u>489,507</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

	General Fund	Major Fund	Total Governmental Funds
		Special Revenue Fund	
		Sales Tax Fund	
Revenues			
Taxes:			
Ad valorem	\$ 36,330	\$ -	\$ 36,330
Sales	-	333,216	333,216
Franchise	38,496	-	38,496
Charges for services	46,139	-	46,139
Intergovernmental:			
Alcohol taxes	2,325	-	2,325
State grants	15,800	-	15,800
Occupational licenses and permits	357	37,804	38,161
Fines and forfeitures	250,317	-	250,317
Rentals	6,144	-	6,144
Refunds	1,584	-	1,584
Miscellaneous	1,349	-	1,349
Total revenues	<u>\$ 398,841</u>	<u>\$ 371,020</u>	<u>\$ 769,861</u>
Expenditures			
General government	\$ 159,575	\$ 6,902	\$ 166,477
Public safety	267,695	-	267,695
Public works	230,238	-	230,238
Capital outlay	32,655	-	32,655
Total expenditures	<u>\$ 690,163</u>	<u>\$ 6,902</u>	<u>\$ 697,065</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (291,322)</u>	<u>\$ 364,118</u>	<u>\$ 72,796</u>
Other financing sources (uses)			
Transfer in	\$ 264,818	\$ 725	\$ 265,543
Transfer out	-	(364,101)	(364,101)
Gain on sale of assets	1,751	-	1,751
Total other financing sources (uses)	<u>\$ 266,569</u>	<u>\$ (363,376)</u>	<u>\$ (96,807)</u>
Net change in fund balance	\$ (24,753)	\$ 742	\$ (24,011)
Fund balances at beginning of year	<u>62,796</u>	<u>59,647</u>	<u>122,443</u>
Fund balances at end of year	<u><u>\$ 38,043</u></u>	<u><u>\$ 60,389</u></u>	<u><u>\$ 98,432</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds	\$	(24,011)
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(34,123)
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		<u>32,655</u>
Change in net position of governmental activities	\$	<u><u>(25,479)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position  
Proprietary Fund  
June 30, 2019

	Business-type Activities - <u>Enterprise Fund</u> Water and Sewer
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 113,292
Receivables:	
Accounts	18,395
Intergovernmental:	
Restricted federal grant	<u>137,428</u>
Total current assets	<u>\$ 269,115</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 472,462
Capital assets being depreciated, net	<u>2,619,613</u>
Total noncurrent assets	<u>\$ 3,092,075</u>
 Total assets	 <u><u>\$ 3,361,190</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 11,465
Payroll taxes payable	2,866
Due to general fund	<u>8,525</u>
Total current liabilities	<u>\$ 22,856</u>
Liabilities payable from restricted assets	
Contracts payable	<u>\$ 137,428</u>
Noncurrent Liabilities	
Customer deposits	<u>\$ 19,592</u>
 Total liabilities	 <u>\$ 179,876</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 3,092,075
Unrestricted	<u>89,239</u>
 Total net position	 <u>\$ 3,181,314</u>
 Total liabilities and net position	 <u><u>\$ 3,361,190</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Fund  
 For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Fund Water and Sewer
Operating revenues	
Charges for services	\$ 220,608
Operating expenses	
Personal services	\$ 156,383
Supplies	28,765
Contractual services	170,387
Depreciation	96,949
Total operating expenses	\$ 452,484
Income (loss) from operations	\$ (231,876)
Nonoperating revenues (expenses)	
Investment income	\$ 78
Interest expense	(176)
Total nonoperating revenues (expenses)	\$ (98)
Income (loss) before contributions and transfers	\$ (231,974)
Transfers in	\$ 100,893
Transfers out	(2,335)
Capital contributions	157,429
Change in net position	\$ 24,013
Net position at beginning of year	\$ 3,157,301
Net position at end of year	\$ 3,181,314

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2019

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 222,695
Cash payments to suppliers for goods and services	(194,950)
Cash payments to employees for services	(157,104)
Net cash used by operating activities	<u>\$ (129,359)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 100,893
Transfers out to other funds	(2,335)
Funds received from general fund	1,436
Net cash provided by noncapital financing activities	<u>\$ 99,994</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (24,596)
Interest paid on bonds	(1,569)
Retirement of bonds	(31,375)
Capital contributions received	26,868
Net cash used by capital and related financing activities	<u>\$ (30,672)</u>
Cash flow from investing activities:	
Interest on cash and investments	<u>\$ 78</u>
Net increase (decrease) in cash and cash investments	\$ (59,959)
Cash and cash equivalents, July 1, 2018	173,251
Cash and cash equivalents, June 30, 2019	<u>\$ 113,292</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds
	Water and Sewer
Reconciliation of income (loss) from operations to net cash used by operating activities:	
Loss from operations	\$ (231,876)
Adjustments to reconcile income (loss) from operations to net cash used by operating activities:	
Depreciation	\$ 96,949
Change in assets and liabilities:	
Decrease in accounts receivable	596
Decrease in payroll taxes payable	(721)
Increase in accounts payable	4,202
Increase in customer deposits payable	1,491
Net cash used by operating activities	\$ (129,359)
	(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Town of Merryville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2019

**INTRODUCTION**

The Town of Merryville was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Merryville conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The Town maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 15 miles of roads and streets, water and sewer, and garbage collection services to approximately 600 residents.

The Town is located within Beauregard Parish in the southwestern part of the State of Louisiana and is comprised of approximately 1,200 residents. The governing board is composed of five elected aldermen that are compensated for regular and special board meetings. There are approximately thirteen employees who maintain the water and sewer systems and handle the clerical work for the Town. The police department consists of an elected chief of police and approximately four patrolmen.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except for those in another fund.

The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources, that are restricted, or committed to expenditures for specific purposes other than debt service or capital projects.

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments' enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Town's enterprise fund. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The municipality has not established a policy for use of its unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

**C. Deposits and Investments**

The municipality’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality’s investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the Town. Collections are remitted to the Town monthly. The Town recognizes property tax revenues when levied.

<u>Property Tax Calendar</u>	
Assessment date	January 1, 2018
Levy date	June 30, 2018
Tax bills mailed	October 15, 2018
Total taxes are due	December 31, 2018
Penalties & interest due	January 31, 2019
Lien date	January 31, 2019
Tax sale	May 15, 2019

For the year ended June 30, 2018, taxes of 8.50 mills were levied on property with an assessed valuation totaling \$2,555,009, and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			Renewed Annually
General corporate tax	8.50	8.50	

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff’s sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected; therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer’s deposit, any allowance account would be immaterial, therefore one has not been established.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

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

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Central Louisiana Electric, Co.	Utility	\$ 188,430	7.37%	\$ 1,602
Texas Petroleum Investment Co.	Gas & Oil	236,636	9.26%	2,011
Total		<u>\$ 425,066</u>	<u>16.63%</u>	<u>\$ 3,613</u>

*Sales Tax*

The Town of Merryville receives a one-percent sales and use tax, for a period of twenty years beginning January 1, 2013 and ending December 31, 2033, the revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and maintaining streets for the Town.

The Town of Merryville also receives a one-percent sales and use tax for a period of twenty years beginning January 1, 2013 and ending December 31, 2033. The revenues derived from said sales and use tax to be dedicated and used for the purpose of operating, maintaining and administering solid waste disposal facilities.

The Town of Merryville receives a one-percent perpetual sales and use tax. The revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewage disposal works.

**E. Restricted Assets**

Certain proceeds of construction project grants, enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by grant agreements and applicable bond covenants.

Sinking fund – The Utility Revenue Bonds dated August 10, 1978 require that a sinking fund be established. Money in this account is used to pay the maturing principal and interest on the bonds.

Bond reserve fund – The Utility Revenue Bonds dated August 10, 1978 require that a reserve fund be established. Money in this account is used to pay the maturing principal and interest on the bonds when sufficient money is not available in the sinking fund.

Depreciation and contingency fund – The Utility Revenue Bonds dated August 10, 1978 require that a depreciation and contingency fund be established. Money in this account is used for extensions, additions, improvements and replacements necessary to properly operate the system.

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the Town of Merryville was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

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

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the current fiscal year was \$176. No interest was included as part of the cost of capital assets under construction in construction projects.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

**G. Compensated Absences**

The municipality has the following policy relating to vacation and sick leave:

Each full-time and part-time permanent municipal employee shall earn annual vacation and sick leave as follows:

Vacation

- Five (5) days with pay after one (1) year employment.
- Ten (10) days with pay after two (2) years employment.

Vacation days cannot be carried over from year to year.

The least amount of vacation taken at one time is one half (1/2) day.

The board may, at its discretion, pay as terminal pay all accumulated unused annual leave time up to a maximum of ten (10) days of such annual leave upon the retirement or resignation of an employee. An employee dismissed for cause shall not be paid for any accumulated annual leave.

Employees required to work on an observed holiday shall receive compensatory time off. Holidays observed by the municipality shall not be counted as vacation leave.

Leave from work with pay may be charged as sick leave if the absence is due to sickness, bodily injury, quarantine, required physical or dental examinations, or treatment, exposure to a contagious disease when continued work might jeopardize the health of others, illness in the immediate family of the employee which requires the care of the employee. All such absences, except those resulting from intemperance or immorality, shall be charged against the sick leave credit of the employee. Immediate family as used here shall consist of the husband or wife, as the case may be the father or mother, or children of the employee whether half or full blood.

Each employee shall earn two and one half (2 ½) days after six (6) months of employment and two and one half (2 ½) days will be earned every six months thereafter with a maximum of five (5) days per year being earned.

The least amount of time taken for sick leave is one half (1/2) day.

Sick leave may not be accumulated for an indefinite period, and there is no maximum amount of sick leave, which may be accumulated.

Notes to the Financial Statements (Continued)

The supervising board or official shall determine when a certificate from a doctor is required to substantiate the necessity of sick leave, provided that sick leave claimed for three days or less shall not require such certificate. Department heads and/or the board are responsible for the application of this provision so that there will be no abuse of sick leave privileges.

There will be no pay for unused sick leave upon resignation or retirement of an employee.

Sick leave may be used as maternity leave.

**H. Long-Term Obligations**

In the government-wide financial statements, and the proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**I. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

**J. Estimates**

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

**K. Fund Balances**

- |            |  |
|------------|--|
| Unassigned | Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.  |
| Restricted | Amounts that are restricted to a specific purpose should be reported as restricted fund balance. Fund balance should be reported as restricted when constraints placed on the use of resources are either: <ol style="list-style-type: none"><li>a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or</li><li>b. imposed by law through constitutional provisions or enabling legislation.</li></ol> |

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

**L. Restricted Net Position**

For government-wide statement of net position and the proprietary fund net position, net position is reported as restricted when constraints placed on net position use either:

1. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION* The municipality uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit it to the Board of Aldermen 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 notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts or as originally adopted, or as amended from time to time by the Board of Aldermen.

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS* The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2019.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 664,204	\$ 680,204	\$ 690,163	\$ 9,959

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2019, the municipality has cash and cash equivalents (book balances) totaling \$186,824 as follows:

Demand deposits	\$ 95,037
Petty cash	200
Money market investment accounts	91,587
Total	<u>\$ 186,824</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the municipality has \$199,308 in deposits (collected bank balances). These deposits are secured from risk by \$199,308 of federal deposit insurance.

**4. RECEIVABLES**

The receivables of \$198,785 at June 30, 2019, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:				
Ad valorem	\$ 39	\$ -	\$ -	\$ 39
Sales and use	-	29,761	-	29,761
Franchise	6,171	-	-	6,171
Accounts	41	-	18,395	18,436
Traffic fines	3,196	-	-	3,196
Intergovernmental:				
Alcohol taxes	584	-	-	584
State mowing contract	3,170	-	-	3,170
Federal grant	-	-	137,428	137,428
Total	<u>\$ 13,201</u>	<u>\$ 29,761</u>	<u>\$ 155,823</u>	<u>\$ 198,785</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019, for the primary government is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 10,600	\$ -	\$ -	\$ 10,600
Total capital assets not being depreciated	<u>\$ 10,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,600</u>
Capital assets being depreciated:				
Buildings	\$ 317,938	\$ -	\$ -	\$ 317,938
Vehicles	60,062	-	-	60,062
Improvements other than buildings	342,756	17,410	-	360,166
Machinery and equipment	228,269	15,245	-	243,514
Total capital assets being depreciated	<u>\$ 949,025</u>	<u>\$ 32,655</u>	<u>\$ -</u>	<u>\$ 981,680</u>
Less accumulated depreciation for:				
Buildings	\$ 140,372	\$ 9,277	\$ -	\$ 149,649
Vehicles	28,855	8,269	-	37,124
Improvements other than buildings	202,652	12,026	-	214,678
Machinery and equipment	195,203	4,551	-	199,754
Total accumulated depreciation	<u>\$ 567,082</u>	<u>\$ 34,123</u>	<u>\$ -</u>	<u>\$ 601,205</u>
Total capital assets being depreciated, net	<u>\$ 381,943</u>	<u>\$ (1,468)</u>	<u>\$ -</u>	<u>\$ 380,475</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 37,666	\$ -	\$ -	\$ 37,666
Construction in progress	278,530	156,266	-	434,796
Total capital assets not being depreciated	<u>\$ 316,196</u>	<u>\$ 156,266</u>	<u>\$ -</u>	<u>\$ 472,462</u>
Capital assets being depreciated				
Buildings	\$ 18,328	\$ -	\$ -	\$ 18,328
Improvements other than buildings	6,647,086	-	-	6,647,086
Machinery and equipment	224,979	-	-	224,979
Total capital assets being depreciated	<u>\$ 6,890,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,890,393</u>
Less accumulated depreciation for:				
Buildings	\$ 4,449	\$ 459	\$ -	\$ 4,908
Improvements other than buildings	3,981,112	91,785	-	4,072,897
Machinery and equipment	188,270	4,705	-	192,975
Total accumulated depreciation	<u>\$ 4,173,831</u>	<u>\$ 96,949</u>	<u>\$ -</u>	<u>\$ 4,270,780</u>
Total capital assets being depreciated, net	<u>\$ 2,716,562</u>	<u>\$ (96,949)</u>	<u>\$ -</u>	<u>\$ 2,619,613</u>

Depreciation expense of \$34,123 for the year ended June 30, 2019, was charged to the following governmental functions:

Public works	\$ 9,347
Public safety	13,688
General administration	11,088
Total	<u>\$ 34,123</u>

**6. CONSTRUCTION COMMITMENTS**

The municipality had an active construction project as of June 30, 2019. The municipality is in the process of improving its sewer system. At year end the commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Goss Road Sewer Expansion	<u>\$ 434,796</u>	<u>\$ 295,000</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

**7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

As of year-end three one-percent sales and use taxes had passed and were being collected and deposited into a special revenue sales tax fund. The money is then transferred out of the sales tax fund and split between the general fund and proprietary fund according to the percentage found in the sales tax resolution. These transfers are completed on a monthly basis and are routine transfers for the town.

	<u>Transfer in</u>	<u>Transfer out</u>
Special revenue fund	\$ 725	\$ 364,101
General fund	264,818	-
Proprietary fund	100,893	2,335
Total	<u>\$ 366,436</u>	<u>\$ 366,436</u>

**8. ACCOUNTS AND OTHER PAYABLES**

The payables of \$197,938 at June 30, 2019, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Payroll taxes	\$ 8,319	\$ -	\$ 2,866	\$ 11,185
Accounts	17,687	581	11,465	29,733
Contracts payable	-	-	137,428	137,428
Customer deposits	-	-	19,592	19,592
Total	<u>\$ 26,006</u>	<u>\$ 581</u>	<u>\$ 171,351</u>	<u>\$ 197,938</u>

**9. DUE TO/FROM OTHER FUNDS**

The composition of interfund balances on June 30, 2019, are as follows:

	<u>Due to</u>	<u>Due from</u>
General fund	\$ -	\$ 8,525
Utility fund	8,525	-
Total	<u>\$ 8,525</u>	<u>\$ 8,525</u>

These small balances result from one fund paying expenditures/expenses of another fund and will be liquidated during the following year.

**10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2019.

	<u>Bonded Debt</u>
Long-term obligations at beginning of year	\$ 31,375
Additions	-
Deductions	(31,375)
Long-term obligations at end of year	<u>\$ -</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Concluded)

**11. RESTRICTED FUND BALANCE**

The Special Revenue Fund – The Sales Tax Fund had restricted fund balance as follows:

Restricted assets:	
Cash	\$ 31,209
Accounts receivable	<u>29,761</u>
Total	<u>\$ 60,970</u>
Less:	
Liabilities payable from restricted assets:	
Sales tax collection fees	<u>\$ 581</u>
Restricted fund balance	<u>\$ 60,389</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 35,000	\$ 35,000	\$ 36,330	\$ 1,330
Franchise fees	39,000	39,000	38,496	(504)
Charges for services	41,340	41,340	46,139	4,799
Intergovernmental:				
Alcohol taxes	3,000	3,000	2,325	(675)
State grants	35,000	15,000	15,800	800
Permits	2,000	2,000	357	(1,643)
Fines and forfeitures	250,000	250,000	250,317	317
Rentals	6,500	6,500	6,144	(356)
Refunds	5,000	5,000	1,584	(3,416)
Miscellaneous	44,500	2,500	1,349	(1,151)
Total revenues	<u>\$ 461,340</u>	<u>\$ 399,340</u>	<u>\$ 398,841</u>	<u>\$ (499)</u>
Expenditures				
General government and administration	\$ 285,675	\$ 290,675	\$ 159,575	\$ 131,100
Public safety	244,429	255,429	267,695	(12,266)
Public works	125,100	134,100	230,238	(96,138)
Capital outlay	9,000	-	32,655	(32,655)
Total expenditures	<u>\$ 664,204</u>	<u>\$ 680,204</u>	<u>\$ 690,163</u>	<u>\$ (9,959)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (202,864)</u>	<u>\$ (280,864)</u>	<u>\$ (291,322)</u>	<u>\$ (10,458)</u>
Other financing sources:				
Transfer in	\$ 253,000	\$ 263,000	\$ 264,818	\$ 1,818
Gain on sale of assets	-	-	1,751	1,751
Total other financing sources	<u>\$ 253,000</u>	<u>\$ 263,000</u>	<u>\$ 266,569</u>	<u>\$ 3,569</u>
Net change in fund balance	\$ 50,136	\$ (17,864)	\$ (24,753)	\$ (6,889)
Fund balances at beginning of year	<u>60,000</u>	<u>62,796</u>	<u>62,796</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 110,136</u></u>	<u><u>\$ 44,932</u></u>	<u><u>\$ 38,043</u></u>	<u><u>\$ (6,889)</u></u>

Special Revenue Fund  
Sales Tax Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 345,000	\$ 345,000	\$ 333,216	\$ (11,784)
Occupational licenses	31,000	31,000	37,804	6,804
Total revenues	<u>\$ 376,000</u>	<u>\$ 376,000</u>	<u>\$ 371,020</u>	<u>\$ (4,980)</u>
Expenditures				
General government and administration	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 6,902</u>	<u>\$ 1,098</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 368,000</u>	<u>\$ 368,000</u>	<u>\$ 364,118</u>	<u>\$ (3,882)</u>
Other financing sources (uses):				
Transfers out	\$ (368,000)	\$ (368,000)	\$ (364,101)	\$ 3,899
Transfers in	-	-	725	725
Total other financing sources (uses)	<u>\$ (368,000)</u>	<u>\$ (368,000)</u>	<u>\$ (363,376)</u>	<u>\$ 4,624</u>
Net change in fund balance	\$ -	\$ -	\$ 742	\$ 742
Fund balances at beginning of year	<u>60,000</u>	<u>59,647</u>	<u>59,647</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 60,000</u></u>	<u><u>\$ 59,647</u></u>	<u><u>\$ 60,389</u></u>	<u><u>\$ 742</u></u>

OTHER SUPPLEMENTAL INFORMATION

Schedule of Per Diem Paid to Board Members  
Year Ended June 30, 2019

<u>Board Members</u>	<u>Total Paid</u>
Sara Sellers	\$ 1,250
Dale Reinhardt	1,250
Alison Robberson	1,250
Shelia Smith	1,250
Charlie Thompson	1,250
	<u>\$ 6,250</u>

Combining Schedule of Net Position  
 Proprietary Fund  
 June 30, 2019

	Business-type Activities - Enterprise Fund		
	Water System	Sewer System	Utility Fund Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 36,246	\$ 77,046	\$ 113,292
Receivables:			
Accounts	7,896	10,499	18,395
Intergovernmental:			
Restricted Federal grant	-	137,428	137,428
Capital assets not being depreciated	541	471,921	472,462
Capital assets being depreciated, net	343,366	2,276,247	2,619,613
<b>Total assets</b>	<b>\$ 388,049</b>	<b>\$ 2,973,141</b>	<b>\$ 3,361,190</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,040	\$ 7,425	\$ 11,465
Contracts payable	-	137,428	137,428
Payroll taxes payable	1,101	1,765	2,866
Customer deposits	7,641	11,951	19,592
Due to general fund	-	8,525	8,525
<b>Total liabilities</b>	<b>\$ 12,782</b>	<b>\$ 167,094</b>	<b>\$ 179,876</b>
<b>NET POSITION</b>			
Net Investment in capital assets	\$ 343,907	\$ 2,748,168	\$ 3,092,075
Unrestricted	31,360	57,879	89,239
<b>Total net position</b>	<b>\$ 375,267</b>	<b>\$ 2,806,047</b>	<b>\$ 3,181,314</b>
<b>Total liabilities and net position</b>	<b>\$ 388,049</b>	<b>\$ 2,973,141</b>	<b>\$ 3,361,190</b>

Combining Schedule of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Fund		
	Water System	Sewer System	Utility Fund Total
Operating revenues			
Charges for services	\$ 101,559	\$ 119,049	\$ 220,608
Operating expenses			
Personal services	\$ 60,989	\$ 95,394	\$ 156,383
Supplies	11,218	17,547	28,765
Contractual services	66,451	103,936	170,387
Depreciation	24,508	72,441	96,949
Total operating expenses	\$ 163,166	\$ 289,318	\$ 452,484
Income (loss) from operations	\$ (61,607)	\$ (170,269)	\$ (231,876)
Nonoperating revenues (expenses)			
Investment income	\$ 30	\$ 48	\$ 78
Interest expense	-	(176)	(176)
Total nonoperating revenues (expenses)	\$ 30	\$ (128)	\$ (98)
Income (loss) before contributions and transfers	\$ (61,577)	\$ (170,397)	\$ (231,974)
Transfers in	\$ 39,348	\$ 61,545	\$ 100,893
Transfers out	(628)	(1,707)	(2,335)
Capital contributions	-	157,429	157,429
Change in net position	\$ (22,857)	\$ 46,870	\$ 24,013
Net position at beginning of year	398,124	2,759,177	3,157,301
Net position at end of year	\$ 375,267	\$ 2,806,047	\$ 3,181,314

Schedule of Compensation, Benefits and  
Other Payments to Agency Head  
For the Year ended June 30, 2019

<u>Agency Head Name - David Eaves</u>	<u>Amount</u>
Salary	\$ 8,400
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

## OTHER REPORTS

Schedule of Prior Year Audit Findings  
Year Ended June 30, 2019

There were no prior year audit findings as of June 30, 2018.

Schedule of Current Year Audit Findings and Management's Response  
Year Ended June 30, 2019

Finding – Financial Statement Audit

Audit Finding No. 2019-1

Payroll tax deposit penalties

Condition: On several occasions Federal payroll tax deposits were paid late creating late payment penalties for the Town.

Criteria: Internal Revenue Service regulations have specific dates that Federal payroll tax deposits are due depending on the size of the payroll.

Cause and Condition: At times cash flow was insufficient to pay both payroll and payroll tax deposits and the payroll tax deposits were not timely made.

Effect of Condition: Violation of Federal payroll tax deposit regulations.

Recommendation: We recommend that cash flow be monitored in advance of payroll and payroll tax deposits in order to maintain sufficient funds to pay salaries and timely make the Federal payroll tax deposits.



# Town of Merryville

1009 Hwy 110 W.  
Merryville, LA 70653  
Phone: (337) 825-8740

David E. Eaves, Jr.  
Mayor

Shelia L. Smith  
Mayor Pro-Tem

Mr. Daryl G. Purpera, CPA, CFE

Louisiana Legislative Auditor

1600 North Third Street

P.O. Box 94397

Baton Rouge, La 70804-9397

To Whom It May Concern:

The Town of Merryville had one finding for the audit performed for the fiscal year of July 1, 2018 through June 30, 2019.

On several occasions' Federal payroll tax were paid late creating late payment penalties for the Town.

The Internal Revenue Service regulations have specific dates that Federal payroll taxes are due depending on the size of payroll.

At times cash flow was insufficient to pay both payroll and payroll tax deposits and the payroll taxes were not paid in a timely manner.

The Town of Merryville will monitor its cash flow in advance of payroll and payroll tax deposits in order to maintain sufficient funds to pay salaries and timely make the Federal payroll tax deposits.

Sincerely yours,

  
David E. Eaves, Jr.

Mayor

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USDA, Director, Office of Civil Rights, Washington, DC 20250-9410

# Windham & Reed, L.L.C.

*Certified Public Accountants*

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John A. Windham, CPA  
Charles M. Reed, Jr., CPA

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

The Honorable David Eaves, Mayor  
and the Members of the Board of Aldermen  
Town of Merryville, 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, each major fund, and the aggregate remaining fund information of the Town of Merryville, Louisiana as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Merryville, Louisiana's basic financial statements, and have issued our report thereon dated November 26, 2019.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Merryville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and management's response as Audit Finding No. 2019-1.

The Honorable David Eaves, Mayor  
and Members of the Board of Aldermen  
Town of Merryville, Louisiana

**Town of Merryville, Louisiana’s Response to Findings**

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

**Purpose of this Report**

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



DeRidder, Louisiana  
November 26, 2019

# Windham & Reed, L.L.C.

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

The Honorable David Eaves, Mayor  
and the Members of the Board of Aldermen  
Town of Merryville, Louisiana

We have performed the procedures enumerated below, which were agreed to by Town of Merryville, Louisiana (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, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget  
*No exceptions noted.*
  - 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.  
*No exceptions noted.*
  - c) **Disbursements**, including processing, reviewing, and approving.  
*No exceptions noted.*
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

*No exceptions noted.*

- 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.

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

- 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.

*No exceptions noted.*

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

*No exceptions noted.*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The Town does not have a written Disaster Recovery/Business Continuity Plan.*

### **Board or Finance Committee**

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*The board meets monthly with a quorum.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*The minutes do not reference monthly budget to actual comparisons for the general fund or the special revenue fund.*

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

*Not applicable.*

#### ***Bank Reconciliations - Not Applicable***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

#### ***Collections (excluding EFTs) - Not Applicable***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
  7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
    - a) Observe that receipts are sequentially pre-numbered.
    - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
    - c) Trace the deposit slip total to the actual deposit per the bank statement.
    - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
    - e) Trace the actual deposit per the bank statement to the general ledger.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases) - Not Applicable***

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8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.)]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

***Credit Cards/Debit Cards/Fuel Cards/P-Cards - Not Applicable***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), 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) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

***Travel and Travel-Related Expense Reimbursements (excluding card transactions) - Not Applicable***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Contracts - Not Applicable***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

***Payroll and Personnel - Not Applicable***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (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) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

***Ethics - Not Applicable***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

***Debt Service - Not Applicable***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

***Other - Not Applicable***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We 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 Honorable David Eaves, Mayor  
and Members of the Board of Aldermen  
Town of Merryville, Louisiana

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.

Windham & Reed CPA, L.L.C.  
DeRidder, Louisiana  
November 26, 2019

Balance Sheet  
Governmental Funds  
June 30, 2019

ASSETS	<u>Capital Project</u>
Current Assets	
Cash and cash equivalents	\$ 3,578
Grant receivable	<u>137,428</u>
Total current assets	<u>\$ 141,006</u>
Fixed Assets	
Work in progress - Goss Road	<u>\$ 277,368</u>
Total assets	<u><u>\$ 418,374</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Current liabilities	
Contracts payable	\$ 137,428
Fund Balances	
Unassigned	\$ 280,946
Restricted	<u>-</u>
Total fund balances	<u>\$ 280,946</u>
Total liabilities and fund balances	<u><u>\$ 418,374</u></u>

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund  
For the Year Ended June 30, 2019

	<u>Capital Project</u>
Revenues	
LCDBG grant	157,429
Total revenues	\$ 157,429
Expenditures	
Goss Rd Sewer Expansion	\$ 157,429
Total expenditures	\$ 157,429
Excess (deficiency) of revenues over expenditures	\$ -
Net change in fund balance	\$ -
Fund balances at beginning of year	280,946
Fund balances at end of year	\$ 280,946