

TOWN OF BUNKIE, LOUISIANA

Financial Report

Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

The Honorable Michael Robertson, Mayor,
and Members of the Board of Aldermen
Town of Bunkie, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bunkie, Louisiana, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Bunkie, Louisiana'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 risks 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 Bunkie, Louisiana, as of June 30, 2016, 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 budgetary comparison information, schedules of funding progress, schedules of employer's share of net pension liability, and schedules of employer contributions on pages 63 through 68 be presented to supplement the basic financial statements. Such information, although not 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.

The Town of Bunkie, Louisiana has omitted management's discussion and analysis that, 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 omitted information.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2016, on our consideration of the Town of Bunkie, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bunkie, Louisiana's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Marksville, Louisiana
December 22, 2016

BASIC FINANCIAL STATEMENTS

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

TOWN OF BUNKIE, LOUISIANA

Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 339,284	\$ 138,999	\$ 478,283
Interest bearing deposits	247,200	-	247,200
Receivables, net	139,926	170,755	310,681
Due from other governmental agencies	172,131	-	172,131
Inventory	-	48,408	48,408
Prepaid items	53,304	-	53,304
Restricted assets:			
Cash and cash equivalents	24,036	3,168,845	3,192,881
Interest bearing deposits	6,382,759	-	6,382,759
Grant receivable	250,246	-	250,246
Capital assets:			
Land and construction in progress	3,743,848	256,493	4,000,341
Capital assets, net	<u>3,346,735</u>	<u>10,879,974</u>	<u>14,226,709</u>
Total assets	<u>14,699,469</u>	<u>14,663,474</u>	<u>29,362,943</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>564,556</u>	<u>47,071</u>	<u>611,627</u>
LIABILITIES			
Accounts and other payables	93,576	47,617	141,193
Customer deposits	6,100	110,052	116,152
Long-term liabilities:			
Capital lease obligations due within one year	71,272	-	71,272
Bonds payable due within one year	140,000	80,000	220,000
Capital lease obligations due in more than one year	43,604	-	43,604
Bonds due in more than one year	6,042,061	3,135,309	9,177,370
Net pension liability	1,635,984	131,613	1,767,597
OPEB obligation payable	<u>217,947</u>	<u>26,938</u>	<u>244,885</u>
Total liabilities	<u>8,250,544</u>	<u>3,531,529</u>	<u>11,782,073</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>234,594</u>	<u>14,945</u>	<u>249,539</u>
NET POSITION			
Net investment in capital assets	6,862,217	10,982,944	17,845,161
Restricted for:			
Health and Welfare	274,282	-	274,282
Streets	229,462	-	229,462
Capital outlay	55,986	-	55,986
Unrestricted net position (deficit)	<u>(643,060)</u>	<u>181,127</u>	<u>(461,933)</u>
Total net position	<u>\$ 6,778,887</u>	<u>\$ 11,164,071</u>	<u>\$ 17,942,958</u>

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

TOWN OF BUNKIE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2016

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	Total
Governmental activities:							
General government -							
Finance and administrative	\$ 961,603	\$ -	\$ -	\$ -	\$ (961,603)	\$ -	\$ (961,603)
Judicial	65,019	-	-	-	(65,019)	-	(65,019)
Public safety -							
Fire protection	545,861	-	-	-	(545,861)	-	(545,861)
Police protection	666,240	16,828	2,275	-	(647,137)	-	(647,137)
Animal control	12,386	-	-	-	(12,386)	-	(12,386)
Public works -							
Streets	474,919	-	17,643	-	(457,276)	-	(457,276)
Airport	43,586	11,101	-	196,749	164,264	-	164,264
Drivers license office	12,520	-	-	-	(12,520)	-	(12,520)
Culture and recreation	102,772	21,075	-	-	(81,697)	-	(81,697)
Health and welfare	20,018	-	300,146	-	280,128	-	280,128
Juvenile Justice	1,817	-	-	797,957	796,140	-	796,140
Industrial park	5,988	-	-	751,928	745,940	-	745,940
Total governmental activities	<u>2,912,729</u>	<u>49,004</u>	<u>320,064</u>	<u>1,746,634</u>	<u>(797,027)</u>	<u>-</u>	<u>(797,027)</u>
Business-type activities:							
Water	500,123	675,609	-	-	-	175,486	175,486
Sewer	945,851	695,226	-	124,058	-	(126,567)	(126,567)
Total business-type activities	<u>1,445,974</u>	<u>1,370,835</u>	<u>-</u>	<u>124,058</u>	<u>-</u>	<u>48,919</u>	<u>48,919</u>
Total	<u>\$ 4,358,703</u>	<u>\$ 1,419,839</u>	<u>\$ 320,064</u>	<u>\$ 1,870,692</u>	<u>(797,027)</u>	<u>48,919</u>	<u>(748,108)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					97,056	-	97,056
Property taxes, levied for specific purposes					428,665	-	428,665
Sales and use taxes, levied for general purposes					586,396	-	586,396
Sales and use taxes, levied for streets					586,396	-	586,396
Franchise taxes					196,647	-	196,647
Beer taxes					8,964	-	8,964
Licenses and permits					175,361	-	175,361
Intergovernmental					266,181	-	266,181
Nonemployer pension contributions					39,059	2,219	41,278
Miscellaneous					92,644	25,058	117,702
Special Item - gain on sale of capital assets					9,732	-	9,732
Transfers					570,226	(570,226)	-
Total general revenues, special items, and transfers					<u>3,057,327</u>	<u>(542,949)</u>	<u>2,514,378</u>
Change in net position					2,260,300	(494,030)	1,766,270
Net position - July 1, 2015					<u>4,518,587</u>	<u>11,658,101</u>	<u>16,176,688</u>
Net position - June 30, 2016					<u>\$ 6,778,887</u>	<u>\$ 11,164,071</u>	<u>\$ 17,942,958</u>

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

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

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated and used for the purpose of constructing, paving, resurfacing, improving and maintaining public streets, sidewalks and bridges. The proceeds may also be used to pay principal and interest for bonds issued in connection with those activities.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Industrial Park Grant Fund

To account for state grant proceeds and capital outlay expenditures related to constructing an industrial park.

Juvenile Justice Grant Fund

To account for state grant proceeds and capital outlay expenditures related to constructing a juvenile justice facility.

Enterprise Funds

Enterprise funds are used to account for activities for which a fee is charged to external users for goods and services.

Water System Fund

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

Sewer System Fund

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

TOWN OF BUNKIE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Sales Tax Fund	Industrial Park Grant Fund	Juvenile Justice Grant Fund	Total
ASSETS					
Cash and cash equivalents	\$ 307,334	\$ -	\$55,986	\$ -	\$ 363,320
Interest bearing deposits	6,405,985	223,974	-	-	6,629,959
Receivables:					
Taxes	114,703	-	-	-	114,703
Due from other governmental agencies	172,131	-	-	-	172,131
Other	269,217	6,252	-	-	275,469
Prepaid items	53,304	-	-	-	53,304
Total assets	<u>\$ 7,322,674</u>	<u>\$ 230,226</u>	<u>\$ 55,986</u>	<u>\$ -</u>	<u>\$ 7,608,886</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 55,864	\$ 669	\$ -	\$ -	\$ 56,533
Accrued liabilities	36,948	95	-	-	37,043
Customer deposits payable	6,100	-	-	-	6,100
Total liabilities	<u>98,912</u>	<u>764</u>	<u>-</u>	<u>-</u>	<u>99,676</u>
Deferred inflows of resources					
Unavailable revenue	<u>199,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,846</u>
Fund balances:					
Nonspendable	53,304	-	-	-	53,304
Restricted for:					
Streets	-	229,462	-	-	229,462
Capital outlay	6,382,759	-	55,986	-	6,438,745
Unassigned	587,853	-	-	-	587,853
Total fund balances	<u>7,023,916</u>	<u>229,462</u>	<u>55,986</u>	<u>-</u>	<u>7,309,364</u>
Total liabilities and fund balances	<u>\$ 7,322,674</u>	<u>\$ 230,226</u>	<u>\$ 55,986</u>	<u>\$ -</u>	<u>\$ 7,608,886</u>

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

TOWN OF BUNKIE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total fund balances for governmental funds at June 30, 2016		\$ 7,309,364
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 832,112	
Construction in progress	2,911,736	
Buildings and improvements, net of \$1,517,125, accumulated depreciation	2,659,221	
Equipment, vehicles, furniture, and fixtures net of \$1,043,881, accumulated depreciation	459,443	
Infrastructure, net of \$95,075, accumulated depreciation	<u>228,071</u>	7,090,583
The deferred outflows of contributions to various retirement systems are not available resources, and therefore, are not reported in the funds		
		564,556
A portion of grants receivable is not available for current expenditures and, therefore, is a deferred inflow in the governmental funds.		
		199,846
Long-term liabilities at June 30, 2016:		
Bonds payable		(6,182,061)
Capital leases payable		(114,876)
Net pension liability		(1,635,984)
OPEB obligation		(217,947)
The deferred inflows of contributions to the retirement systems are not payable from current expendable resources, and therefore, are not reported in the funds		
		<u>(234,594)</u>
Net position at June 30, 2016		<u>\$ 6,778,887</u>

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

TOWN OF BUNKIE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Sales Tax Fund	Industrial Park Grant Fund	Juvenile Justice Grant Fund	Total
Revenues:					
Taxes -					
Ad Valorem	\$ 525,721	\$ -	\$ -	\$ -	\$ 525,721
Sales	586,396	586,396	-	-	1,172,792
Franchise	196,647	-	-	-	196,647
Other	8,964	-	-	-	8,964
Fees and fines	16,828	-	-	-	16,828
Licenses and permits	175,361	-	-	-	175,361
Intergovernmental	583,148	-	751,928	797,957	2,133,033
Other	111,608	219	12,994	-	124,821
Total revenues	<u>2,204,673</u>	<u>586,615</u>	<u>764,922</u>	<u>797,957</u>	<u>4,354,167</u>
Expenditures:					
General government -					
Finance and administrative	592,715	68,782	602	-	662,099
Judicial	57,612	-	-	-	57,612
Public safety -					
Fire protection	484,024	-	-	-	484,024
Police protection	656,819	-	-	-	656,819
Animal control	12,386	-	-	-	12,386
Public works -					
Streets	415,517	-	-	-	415,517
Airport	31,103	-	-	-	31,103
Drivers license office	12,520	-	-	-	12,520
Culture & recreation	26,628	-	-	-	46,646
Health & welfare	20,018	-	-	-	20,018
Capital outlay	53,072	69,439	712,151	803,457	1,638,119
Debt service	47,902	42,347	-	-	90,249
Total expenditures	<u>2,410,316</u>	<u>180,568</u>	<u>712,753</u>	<u>803,457</u>	<u>4,127,112</u>
Excess (deficiency) of revenues over expenditures	<u>(205,643)</u>	<u>406,047</u>	<u>52,169</u>	<u>(5,500)</u>	<u>247,073</u>
Other financing sources (uses):					
Operating transfers in	955,154	-	-	5,500	960,654
Operating transfers out	-	(390,428)	-	-	(390,428)
Proceeds from the sale of capital assets	18,549	16,000	-	-	34,549
Proceeds from issuance of bonds	6,182,061	-	-	-	6,182,061
Proceeds from capital lease	28,591	46,492	-	-	75,083
Interest expense	(107,101)	-	-	-	(107,101)
Bond issuance costs	(155,437)	-	-	-	(155,437)
Total other financing sources (uses)	<u>6,921,817</u>	<u>(327,936)</u>	<u>-</u>	<u>5,500</u>	<u>6,599,381</u>
Net changes in fund balances	6,716,174	78,111	52,169	-	6,846,454
Fund balances, beginning	<u>307,742</u>	<u>151,351</u>	<u>3,817</u>	<u>-</u>	<u>462,910</u>
Fund balances, ending	<u>\$ 7,023,916</u>	<u>\$ 229,462</u>	<u>\$ 55,986</u>	<u>\$ -</u>	<u>\$ 7,309,364</u>

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

TOWN OF BUNKIE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

Total net changes in fund balances for the year ended June 30, 2016 per the statement of revenues, expenditures and changes in fund balances		\$ 6,846,454
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay which is considered expenditures on the statement of revenues, expenditures and changes in fund balance	\$1,638,119	
Depreciation expense for the year ended June 30, 2016	<u>(233,544)</u>	1,404,575
Gain on disposal of assets		9,732
Proceeds from sale of asset		(34,549)
Governmental funds report bond proceeds as income. However, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of activities.		
Less: Proceeds from bonds		(6,182,061)
Governmental funds report capital lease proceeds as income. However, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, the repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of activities.		
Less: Proceeds from capital lease	(75,083)	
Principal paid on capital lease	<u>90,249</u>	15,166
Nonemployer contributions to the retirement systems for the year ended June 30, 2016		39,059
Net OPEB obligation at June 30, 2016 not requiring the use of current economic resources, and therefore, is not recorded as a fund expenditure		(56,507)
Pension benefit not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure		18,585
Revenue unavailable for use is reported as a deferred inflow of resources in the governmental funds		<u>199,846</u>
Total changes in net position for the year ended June 30, 2016 per the statement of activities		<u>\$ 2,260,300</u>

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

TOWN OF BUNKIE, LOUISIANA

Statement of Net Position
 Proprietary Funds
 June 30, 2016

	Business - Type Activities - Enterprise Funds		
	Water	Sewer	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 28,087	\$ 110,912	\$ 138,999
Receivables			
Accounts, net	89,760	80,995	170,755
Inventory	47,891	517	48,408
Total current assets	<u>165,738</u>	<u>192,424</u>	<u>358,162</u>
Noncurrent assets:			
Restricted assets -			
Cash and cash equivalents	107,059	3,061,786	3,168,845
Capital assets:			
Land and construction in progress	45,546	210,947	256,493
Depreciable assets	9,446,705	8,132,795	17,579,500
Accumulated depreciation	<u>(3,434,028)</u>	<u>(3,265,498)</u>	<u>(6,699,526)</u>
Total non current assets	<u>6,165,282</u>	<u>8,140,030</u>	<u>14,305,312</u>
Total assets	<u>6,331,020</u>	<u>8,332,454</u>	<u>14,663,474</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>-</u>	<u>47,071</u>	<u>47,071</u>
LIABILITIES			
Current liabilities, payable from current assets:			
Accounts payable	34,939	9,963	44,902
Accrued liabilities	89	900	989
Accrued interest payable	-	1,726	1,726
Revenue bond payable	<u>-</u>	<u>80,000</u>	<u>80,000</u>
Total current liabilities, payable from current assets	<u>35,028</u>	<u>92,589</u>	<u>127,617</u>
Noncurrent liabilities:			
Customer deposits payable	110,052	-	110,052
Revenue bond payable	-	3,135,309	3,135,309
Net pension liability	-	131,613	131,613
OPEB obligation payable	<u>4,898</u>	<u>22,040</u>	<u>26,938</u>
Total noncurrent liabilities	<u>114,950</u>	<u>3,288,962</u>	<u>3,403,912</u>
Total liabilities	<u>149,978</u>	<u>3,381,551</u>	<u>3,531,529</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>-</u>	<u>14,945</u>	<u>14,945</u>
NET POSITION			
Net investment in capital assets	6,058,223	4,924,721	10,982,944
Unrestricted	<u>122,819</u>	<u>58,308</u>	<u>181,127</u>
Total net position	<u>\$ 6,181,042</u>	<u>\$ 4,983,029</u>	<u>\$ 11,164,071</u>

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

TOWN OF BUNKIE, LOUISIANA

Statement of Revenues, Expenses, and Change in Fund Net Position -
Proprietary Funds
For the Year Ended June 30, 2016

	Business - Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Operating revenues:			
Charges for services	\$ 637,174	\$ 607,557	\$ 1,244,731
Delinquent and other charges	38,435	87,669	126,104
Total operating revenues	<u>675,609</u>	<u>695,226</u>	<u>1,370,835</u>
Operating expenses:			
Salaries	42,181	151,197	193,378
Employee benefits	15,823	46,308	62,131
OPEB expense	3,294	3,483	6,777
Pension expense (benefit)	-	(1,239)	(1,239)
Chemicals and supplies	41,421	45,911	87,332
Repairs and maintenance	41,218	17,803	59,021
Gasoline and oil	-	6,579	6,579
Utilities and telephone	44,325	65,468	109,793
Depreciation expense	300,502	217,130	517,632
Other operating expenses	11,359	12,102	23,461
Total operating expenses	<u>500,123</u>	<u>564,742</u>	<u>1,064,865</u>
Operating income	<u>175,486</u>	<u>130,484</u>	<u>305,970</u>
Nonoperating revenues (expenses):			
Nonemployer pension contribution	-	2,219	2,219
Interest income	110	24,948	25,058
Grant revenues	-	124,058	124,058
Bond issue cost	-	(374,859)	(374,859)
Interest expense	-	(6,250)	(6,250)
Total nonoperating revenues	<u>110</u>	<u>(229,884)</u>	<u>(229,774)</u>
Income before transfers	175,596	(99,400)	76,196
Operating transfers in (out)	<u>(431,919)</u>	<u>(138,307)</u>	<u>(570,226)</u>
Change in net position	(256,323)	(237,707)	(494,030)
Net position, beginning	<u>6,437,365</u>	<u>5,220,736</u>	<u>11,658,101</u>
Net position, ending	<u>\$6,181,042</u>	<u>\$ 4,983,029</u>	<u>\$11,164,071</u>

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

TOWN OF BUNKIE, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 629,347	\$ 563,160	\$1,192,507
Payments to suppliers	(156,105)	(165,526)	(321,631)
Payments to employees	(61,966)	(204,566)	(266,532)
Other receipts	38,435	87,669	126,104
Net cash provided by operating activities	<u>449,711</u>	<u>280,737</u>	<u>730,448</u>
Cash flows from noncapital financing activities:			
Nonemployer pension contribution	-	2,219	2,219
Transfers to other funds	(432,405)	(137,821)	(570,226)
Net cash used by noncapital financing activities	<u>(432,405)</u>	<u>(135,602)</u>	<u>(568,007)</u>
Cash flows from capital and related financing activities:			
Capital purchase and construction of capital assets	(14,233)	(247,206)	(261,439)
Proceeds from grants	-	124,058	124,058
Proceeds from revenue bonds	-	3,215,309	3,215,309
Principal paid on revenue bonds	-	(105,000)	(105,000)
Bond issue costs paid	-	(374,859)	(374,859)
Interest paid on revenue bonds	-	(6,250)	(6,250)
Net cash provided (used) by capital and related financing activities	<u>(14,233)</u>	<u>2,606,052</u>	<u>2,591,819</u>
Cash flows from investing activities:			
Interest	110	24,948	25,058
Net cash provided by investing activities	<u>110</u>	<u>24,948</u>	<u>25,058</u>
Net increase in cash and cash equivalents	3,183	2,776,135	2,779,318
Cash and cash equivalents, beginning of period	<u>131,963</u>	<u>396,563</u>	<u>528,526</u>
Cash and cash equivalents, end of period	<u>\$ 135,146</u>	<u>\$3,172,698</u>	<u>\$3,307,844</u>

(continued)

TOWN OF BUNKIE, LOUISIANA

Statement of Cash Flows
 Proprietary Funds (Continued)
 For the Year Ended June 30, 2016

	Water System	Sewer System	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 175,486	\$ 130,484	\$ 305,970
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	300,502	217,130	517,632
Changes in current assets and liabilities:			
Increase in accounts receivable	(7,484)	(44,397)	(51,881)
Increase (decrease) in inventory	(1,592)	225	(1,367)
Increase in deferred outflows of resources	-	(33,173)	(33,173)
Decrease in accounts and other payables	(16,858)	(19,247)	(36,105)
Decrease in customer deposits	(343)	-	(343)
Increase in net pension liability	-	47,415	47,415
Decrease in deferred inflows of resources	-	(17,700)	(17,700)
Net cash provided by operating activities	<u>\$ 449,711</u>	<u>\$ 280,737</u>	<u>\$ 730,448</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position			
Cash and cash equivalents, beginning of period -			
Cash and cash equivalents - unrestricted	\$ 34,333	\$ 18,235	\$ 52,568
Cash and cash equivalents - restricted	<u>97,630</u>	<u>378,328</u>	<u>475,958</u>
Total cash and cash equivalents, beginning of period	<u>131,963</u>	<u>396,563</u>	<u>528,526</u>
Cash and cash equivalents, end of period -			
Cash and cash equivalents - unrestricted	28,087	110,912	138,999
Cash and cash equivalents - restricted	<u>107,059</u>	<u>3,061,786</u>	<u>3,168,845</u>
Total cash and cash equivalents, end of period	<u>135,146</u>	<u>3,172,698</u>	<u>3,307,844</u>
Net increase	<u>\$ 3,183</u>	<u>\$2,776,135</u>	<u>\$2,779,318</u>

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

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The Town of Bunkie, Louisiana was incorporated under the provisions of Louisiana Law in 1885. The Town is governed by its Mayor and a Board of Aldermen consisting of five members.

This report includes all funds that are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

The Town of Bunkie is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Town. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Town uses the following funds, grouped by fund type.

Governmental Funds –

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

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 government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Town. The following are the Town's major Special Revenue Funds:

The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for constructing, paving, resurfacing, improving and maintaining public streets, sidewalks, and bridges.

Capital Projects Funds

Capital Projects Funds are used to report resources that are restricted, committed, or assigned to expenditures for major capital acquisition and construction separately from ongoing operational activities. The Town has the following capital projects funds:

Industrial Park Grant Fund

The Industrial Park Grant Fund is used to account for state grant proceeds and capital outlay expenditures related to the Industrial Park Grant.

Juvenile Justice Grant Fund

The Juvenile Justice Grant fund is used to account for state grant proceeds and capital outlay expenditures related to the Juvenile Justice Grant.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proprietary Funds –

Proprietary funds are used to account for the Town's ongoing operations and activities which are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The proprietary funds maintained by the Town are enterprise funds.

Enterprise Funds

Enterprise funds are proprietary funds that are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise funds are the Water and Sewer funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position and cash flows

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Town considers reimbursement amounts received within one year as available. The Town accrues intergovernmental revenue, ad valorem and sales tax

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

revenue, franchise fees, charges for services, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measureable and available only when cash is received by the Town. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Town and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

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

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposits of the Town. Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Town may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

For the purpose of the proprietary funds statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. All receivables were considered collectible at June 30, 2016. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans are reported as "advances from and to other funds." Interfund receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted for in the General Fund as assets when purchased and recorded as expenditures when consumed. Inventory items consumed by other funds are recorded through the interfund receivable/payable accounts.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016 are recorded as prepaid items.

Restricted Assets

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

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

Buildings and improvements	40 years
Equipment, furniture and fixtures	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

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

Compensated Absences

The Town does not accumulate unpaid vacation. Sick pay may be accumulated not to exceed 30 days; however, it is not payable upon resignation or termination. Therefore, there is no compensated absences payable at June 30, 2016 .

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the general obligation bonds payable.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reported deferred outflows of resources related to pensions of \$611,627 at June 30, 2016.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resources related to pensions of \$249,539 at June 30, 2016 .

See Note 11 for additional information related to deferred outflows of resources and deferred inflows of resources related to pensions.

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The Town's nonspendable fund balance includes inventories and prepaid items.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Town through formal legislative action of the Mayor and Council and does not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of an ordinance (Law) by the Mayor and Council.
- d. Assigned includes fund balance amounts that are constrained by the Town's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Town administrator and approval of a resolution by the Mayor and Board of Alderman.
- e. Unassigned includes fund balance amounts which have not been classified within the above mentioned categories.

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

The propriety fund equity is classified the same as in government-wide statements.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Revenues

The Town considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Town generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The Town's major revenue sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are two classifications of programmatic revenues for the Town, grant revenue and program revenue. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole. Programs revenues reduce the cost of the function to be financed from the Town's general revenues. The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and earned income in connection with the operation of the Town's utility system.

Interest income is recorded as earned in the fund holding the interest bearing asset.

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

Expenditures/Expenses

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

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

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions on Use</u>
Ad valorem	See Note 9
Sales tax	See Note 10
Sewer revenue	Debt service and utility operations

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

G. Capitalization of Interest Expense

It is the policy of the Town of Bunkie to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2016, there was no interest expense capitalized.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principle offices in Louisiana. At June 30, 2016, the Town had cash and interest-bearing deposits (book balances) totaling \$10,301,123 as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Demand deposits	\$ 587,294	\$9,690,603	\$10,277,897
Time deposits	23,226	-	23,226
Total	<u>\$ 610,520</u>	<u>\$9,690,603</u>	<u>\$10,301,123</u>

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be covered or will not be able to recover the collateral securities that are in the possession of an outside party. Under state law, 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 bank. 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. The following is a summary of deposit balances (bank balances) at June 30, 2016, and the related federal insurance and pledged securities:

Bank balances	<u>\$10,247,936</u>
Insured	1,061,850
Uninsured and collateral held by pledging bank not in the Town's name	<u>9,186,086</u>
Total	<u>\$10,247,936</u>

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Receivables

Receivables at June 30, 2016 of \$310,681 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Receivables			
Charges for services	\$ -	\$ 164,976	\$ 164,976
Taxes:			
Property taxes - general	5,053	52	5,105
Property taxes - restricted for fire	105,888	-	105,888
Franchise taxes	3,762	-	3,762
Sales taxes	-	5,727	5,727
Other	<u>25,223</u>	<u>-</u>	<u>25,223</u>
Total accounts receivable	<u>\$ 139,926</u>	<u>\$ 170,755</u>	<u>\$ 310,681</u>

(4) Due from Other Governmental Units

The amounts due from other governmental units of \$172,131 at June 30, 2016 consisted of the following:

Due from other governmental agencies:	
Due from the State of Louisiana DOTD - Airport grant	\$ 163,723
State of Louisiana - video poker	2,156
State of Louisiana - Department of Motor Vehicles	<u>6,252</u>
Total due from other governmental agencies	<u>\$ 172,131</u>

(5) Restricted Assets

Restricted assets of \$9,825,886 at June 30, 2016 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Customer utility deposits	\$ -	\$ 107,059	\$ 107,059
Grant proceeds	274,282	-	274,282
General obligation bond fund	<u>6,382,759</u>	<u>3,061,786</u>	<u>9,444,545</u>
	<u>\$6,657,041</u>	<u>\$3,168,845</u>	<u>\$9,825,886</u>

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 832,112	\$ -	\$ -	\$ 832,112
Construction in progress	1,614,128	1,297,608	-	2,911,736
Other capital assets:				
Buildings and improvement	3,957,337	219,009	-	4,176,346
Equipment, furniture and fixtures	1,464,158	121,501	82,335	1,503,324
Infrastructure	323,146	-	-	323,146
Total capital assets	<u>8,190,881</u>	<u>1,638,118</u>	<u>82,335</u>	<u>9,746,664</u>
Less accumulated depreciation				
Buildings	1,399,335	117,790	-	1,517,125
Equipment, furniture and fixtures	998,112	103,287	57,518	1,043,881
Infrastructure	82,608	12,467	-	95,075
Total accumulated depreciation	<u>2,480,055</u>	<u>233,544</u>	<u>57,518</u>	<u>2,656,081</u>
Governmental activities, capital assets, net	<u>\$5,710,826</u>	<u>\$1,404,574</u>	<u>\$ 24,817</u>	<u>\$7,090,583</u>

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
Business-type activities:				
Capital assets not being depreciated:				
Land and rights of way	\$ 45,546	\$ -	\$ -	\$ 45,546
Utility construction in process	4,345	206,603	-	210,948
Other capital assets:				
Waterworks system	9,374,350	7,843	-	9,382,193
Sewer treatment plan	4,354,532	28,014	-	4,382,546
Sewer Collection system	3,622,767	-	-	3,622,767
Utility equipment	121,421	6,390	-	127,811
Vehicles	64,181	-	-	64,181
Total capital assets	<u>17,587,142</u>	<u>248,850</u>	<u>-</u>	<u>17,835,992</u>
Less accumulated depreciation:				
Waterworks system	3,094,727	297,130	-	3,391,857
Sewer treatment plan	2,022,031	112,793	-	2,134,824
Sewer Collection system	926,930	101,693	-	1,028,623
Utility equipment	78,351	3,656	-	82,007
Vehicles	59,854	2,360	-	62,214
Total accumulated depreciation	<u>6,181,893</u>	<u>517,632</u>	<u>-</u>	<u>6,699,525</u>
Business-type activities, capital assets, net	<u>\$11,405,249</u>	<u>\$ (268,782)</u>	<u>\$ -</u>	<u>\$11,136,467</u>

Depreciation expense was charged to governmental activities as follows:

Finance and administrative	\$ 20,465
Judicial	6,932
Fire protection	40,458
Police protection	17,880
Streets	51,980
Airport	12,483
Industrial Park	5,386
Juvenile Justice	1,817
Culture and recreation	76,143
Total depreciation expense	<u>\$233,544</u>

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Water	\$ 300,502
Sewer	<u>217,130</u>
Total depreciation expense	<u>\$ 517,632</u>

(7) Accounts, Salaries, and Other Payables

The accounts and other payables consisted of the following at June 30, 2016:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 56,533	44,902	\$ 101,435
Other liabilities	<u>37,043</u>	<u>2,715</u>	<u>39,758</u>
Totals	<u>\$ 93,576</u>	<u>\$ 47,617</u>	<u>\$ 141,193</u>

(8) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General obligation bonds	\$ 6,182,061	\$ -	\$ 6,182,061
Sewer Utility Bonds	-	3,215,309	3,215,309
Capital leases	<u>114,876</u>	<u>-</u>	<u>114,876</u>
Total obligations	<u>\$ 6,296,937</u>	<u>\$ 3,215,309</u>	<u>\$ 9,512,246</u>
Due within one year	\$ 211,272	\$ 80,000	\$ 291,272
Due in more than one year	<u>6,085,665</u>	<u>3,135,309</u>	<u>9,220,974</u>
Total obligations	<u>\$ 6,296,937</u>	<u>\$ 3,215,309</u>	<u>\$ 9,512,246</u>

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt activity for the year ended June 30, 2016 is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Capital lease - John Deere	\$ 3,614	\$ -	\$ 3,614	\$ -
Capital lease - Republic First National	78,535	-	38,229	40,306
Capital lease - Government Capital	47,892	-	15,370	32,522
Capital lease - John Deere	-	28,591	9,673	18,918
Capital lease - Kubota	-	46,492	23,362	23,130
General obligation bonds	-	6,182,061	-	6,182,061
Subtotal	130,041	6,257,144	90,248	6,296,937
Business-type activities				
General obligation bonds	105,000	-	105,000	-
Sewer Utility bonds	-	3,215,309	-	3,215,309
Subtotal	105,000	3,215,309	105,000	3,215,309
Total long-term debt	<u>\$235,041</u>	<u>\$9,472,453</u>	<u>\$195,248</u>	<u>\$9,512,246</u>

Sewer Utility Bonds

Amounts outstanding at year end consist of Sewer utility Revenue Bonds, Series 2015. Portions of the bond issue mature each year with the final installment due November 1, 2040. Amounts maturing each year range from \$80,000 to \$190,000 with interest rates ranging from 2.0% to 4.0%. The bonds are scheduled to mature as follows:

Year Ended June 30th	Sewer Utility Bonds	
	Principal	Interest
2017	\$ 80,000	\$ 100,893
2018	95,000	99,143
2019	100,000	97,243
2020	100,000	95,343
2021	105,000	93,395
2022-2026	545,000	430,000
2027-2031	625,000	349,933
2032-2036	885,000	272,466
2037-2041	715,000	58,500
Sub-Total	<u>3,250,000</u>	<u>1,596,913</u>
Less: Unamortized Discount	<u>(34,691)</u>	<u>-</u>
Total	<u>\$3,215,309</u>	<u>\$1,596,913</u>

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

General Obligation Bonds

Amounts outstanding at year end consist of General Obligation Refunding Bonds, Series 2015. Portions of the bond issue mature each year with the final installment due September 1, 2040. Amounts maturing each year range from \$140,000 to \$400,000 with interest rates ranging from 3.0% to 4.0%. The bonds are scheduled to mature as follows:

Year Ended June 30th	General Obligation Bonds	
	Principal	Interest
2017	\$ 140,000	\$ 208,413
2018	150,000	204,213
2019	155,000	199,713
2020	160,000	195,063
2021	170,000	190,263
2022-2026	975,000	870,313
2027-2031	1,225,000	707,200
2032-2036	1,880,000	538,213
2037-2041	1,145,000	93,000
Sub-Total	<u>6,000,000</u>	<u>3,206,388</u>
Plus: Unamortized Premium	<u>182,061</u>	<u>-</u>
Total	<u>\$6,182,061</u>	<u>\$3,206,388</u>

Capital Lease Obligations

Capital lease obligations outstanding at year end consist of an agreement with Republic First National Corporation dated May 26, 2010 for a fire truck with an original cost of \$295,928, bearing interest at a rate of 5%, payable in seven (7) annual installments beginning February 1, 2011 and ending February 1, 2017; an agreement with John Deere Credit dated March 26, 2014 for a track loader with an original cost of \$79,151, bearing interest a rate of 3.75% payable in five (5) annual installments beginning March 26, 2014 and ending March 26, 2018. The town entered into a capital lease agreement with Government Capital Corporation dated December 21, 2015 for an extraction tool with an original cost of \$28,591, bearing interest at a rate of 4.99% payable in three (3) annual installments beginning on April 25, 2016 and ending on April 25, 2018. The town also entered into a capital lease agreement with Kubota Leasing dated September 24, 2015 for an excavator with an original cost of \$46,492, bearing interest at a rate of 0% payable in five (5) annual installments beginning on January 1, 2016 and ending on January 1, 2020. Future minimum lease payments under these capital lease arrangements are presented as follows:

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Year Ended June 30th	Fire Truck		Mini Excavator	
	Principal	Interest	Principal	Interest
2017	\$ 40,305	\$ 2,189	\$ 5,783	\$ -
2018	-	-	5,783	-
2019	-	-	5,783	-
2020	-	-	5,783	-
Total	<u>\$ 40,305</u>	<u>\$ 2,189</u>	<u>\$ 23,132</u>	<u>\$ -</u>

Year Ended June 30th	Track Loader		Extraction Tool	
	Principal	Interest	Principal	Interest
2017	15,956	1,081	\$ 9,228	\$ 945
2018	16,566	472	9,689	484
Total	<u>\$ 32,522</u>	<u>\$ 1,553</u>	<u>\$ 18,917</u>	<u>\$ 1,429</u>

Leased equipment and vehicles under capital leases are included in capital assets at June 30, 2016 as follows:

Equipment and vehicles	\$ 450,162
Less: Accumulated depreciation	<u>(150,699)</u>
Net	<u>\$ 299,463</u>

Depreciation on leased equipment and vehicles under capital leases in the amount of \$150,699 for the year ended June 30, 2016 is included in depreciation expense.

(9) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor and are collected by the Sheriff.

For the year ended June 30, 2016, taxes of a total of 30.66 mills, consisting of 5.66 mills for general corporate purposes and 25.0 mills for the payment of general obligation bonds, were levied on property with assessed valuations totaling \$17,146,803

Total taxes levied were \$525,721. Taxes receivable at June 30, 2016 totaled \$5,105.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the Town of Bunkie, Louisiana, (2016 collections \$586,396) are dedicated for the following purposes:

Constructing, paving, resurfacing, improving and maintaining public streets, sidewalks and bridges. Proceeds may also be used to pay principal and interest for bonds issued in connection with those activities.

Proceeds of two 1/2% sales and use tax levied by the Town of Bunkie, Louisiana, (2016 collections \$586,396) are dedicated for the following purposes:

Paying salaries and related benefits for police, fire and other city employees.

(11) Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Louisiana, Municipal Police Employees' Retirement System (MPERS), Louisiana State Employees' Retirement System (LASERS), and Firefighters' Retirement System (FRS), and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. Municipal Employees Retirement System of Louisiana (MERS) -

Plan Description: Employees of the Town are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town are members of Plan A. The system issues a publicly available financial report that may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

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

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

- a. Any age with twenty-five (25) or more years of creditable service.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. Age 60 with a minimum of ten (10) years of creditable service.
- c. Any age with five (5) years of creditable service eligible for disability benefits.
- d. Survivor's benefits require five (5) years creditable service at death of member.
- e. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for Retirement for Plan A members hired on or after January 1, 2013 is as follows:

- a. Age 67 with seven (7) or more years of creditable service.
- b. Age 62 with ten (10) or more years of creditable service.
- c. Age 55 with thirty (30) or more years of creditable service.
- d. Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three 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.

Survivor Benefits: Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan A, 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.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A 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.

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,

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

payments into the DROP fund cease and the person resumes active contributing membership in MERS.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five 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 A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three 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 A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2015, the actual employer contribution rate was 19.75% for Plan A. For the year ended June 30, 2016, the actuarially determined employer contribution rate was 22.92% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. 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. Contributions to the pension plan from the Town were \$75,602 and \$86,625 for the years ended June 30, 2016 and 2015, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2016 the Town reported a liability of \$910,796 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.254971%, which was an increase of 0.0026155% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town's MERS plan recognized pension expense of \$67,143.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ 32,142	\$ -	\$ 5,517
Change in assumptions	64,939	-	11,146	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	48,709	63,658	7,899	9,428
Net difference between projected and actual earnings on plan investments	98,750	-	16,950	-
Contributions subsequent to the measurement date	<u>64,527</u>	<u>-</u>	<u>11,076</u>	<u>-</u>
Total	<u>\$276,925</u>	<u>\$ 95,800</u>	<u>\$ 47,071</u>	<u>\$ 14,945</u>

Deferred outflows of resources of \$75,603 related to MERS resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense (benefit) as follows:

<u>Year Ended</u> <u>June 30:</u>	
2017	\$ (6,288)
2018	78,497
2019	25,131
2020	<u>39,029</u>
	<u>\$ 136,369</u>

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

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	7.75%, net of investment expense
Projected Salary Increases	5.0% (2.875% Inflation, 2.125% Merit)
Mortality rates	RP-2000 Employer Table for active members (set back 2 years for males and females) RP-2000 Healthy Anuitant Table for healthy annuitants (set forward 2 years for males and 1 year for females) RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)
Expected Remaining Service Life	<u>Plan A</u> 2015 3 years 2014 3 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a reliable experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates range of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 2.4% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.3% for the year ended June 30, 2015.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocations as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.95%
Public fixed income	15%	0.89%
Alternatives	<u>35%</u>	<u>2.06%</u>
Totals	100%	5.90%
Inflation		<u>2.40%</u>
Expected Arithmetic Nominal Return		<u>8.30%</u>

Discount rate: The discount rate used to measure MERS's 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 PRSAC taking into consideration the recommendation of MERS's actuary. Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents MERS's net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2015:

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net Pension Liability	\$1,191,955	\$ 910,796	\$ 671,245

B. Municipal Employees Police Retirement System of Louisiana (MPERS) –

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the 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. MPERS issues a publicly available financial report that may be obtained by

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

writing to the Municipal Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013 - A member is eligible for regular retirement after he has been a member of 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 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 \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013 - Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of 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.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments 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

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in 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's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based of MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan: 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 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

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

For the year ended June 30, 2015, total contributions due for employers and employees was 41.5%. 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 31.5% and 10.0%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.5% 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 34.0% and 7.5%, respectively. The actuarial required employer and employee combined contribution for June 30, 2014 was 41.53%. Contributions to the pension plan from the Town totaled \$57,006 for the year ended June 30, 2016.

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

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2015 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, 2016, the Town reported a liability of \$452,716 for its proportionate share of the Net Pension Liability of MPERS. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.057789%, which was an increase of 0.013358% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2016, the Town's MPERS plan recognized pension expense of \$39,658.

At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ 8,319
Changes of assumptions	39,503	65
Change in proportion and differences between the employer's contributions and the proportionate share of contributions	88,768	62,242
Net difference between projected and actual earnings on pension plan investments	-	8,597
Contributions subsequent to the measurement date	<u>57,006</u>	<u>-</u>
Total	<u>\$ 185,277</u>	<u>\$ 79,223</u>

Deferred outflows of resources of \$57,006 related to MPERS resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended <u>June 30:</u>	
2017	\$ 2,700
2018	2,700
2019	30,459
2020	<u>13,189</u>
	<u>\$ 49,048</u>

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

A summary of the actuarial methods and assumptions used in determining MPERS total pension liability as of June 30, 2015 are as follows:

Valuation Date	June 30, 2016	
Actuarial Cost Method	Entry Age Normal Cost	
Investment rate of return	7.75%, net of investment expense	
Expected Remaining		
Service Lives	2015-4 Years	
Inflation rate	2.875%	
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%

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

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>	
	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	52.00%	3.47%
Fixed Income	20.00%	0.46%
Alternative	23.00%	1.15%
Other	<u>5.00%</u>	<u>0.20%</u>
Totals	100.00%	5.28%
Inflation		<u>3.00%</u>
Expected Nominal Return		8.28%

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Discount Rate: The discount rate used to measure MPERS’s 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 PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the MPERS’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 629,453	\$ 452,716	\$ 304,615

C. Firefighters Retirement System of Louisiana (FRS) –

Plan Description: The Firefighters’ Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in FRS is a condition of employment for any full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the FRS. The FRS provides retirement benefits for their members. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the FRS 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 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general informational purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the FRS, unless the person becomes a member by reasons of a merger or unless the FRS received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen year shall become a member of the FRS. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits there from may become a member of FRS, provided the person meets

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with the FRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Deferred Benefits: After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan: Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Contributions: Employer contributions are actuarially determined each year. For the year ended June 30, 2015, employer and employee contributions for members above the poverty line were 29.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 31.25% and 8.0%, respectively. Contributions to the pension plan from the Town totaled \$46,817 for the year ended June 30, 2016.

Non-employer Contributions: FRS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2015 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, 2016, the Town reported a liability of \$358,855 for its proportionate share of the Net Pension Liability of FRS. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.066491%, which was a decrease of 0.009911% from its proportion measured as of June 30, 2014.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

For the year ended June 30, 2015, the Town's FRS plan recognized pension expense of \$43,980 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$1,046.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governemental Activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ -	\$ 16,401
Changes of assumptions	4,498	151
Change in proportion and differences between the employer's contributions and proportionate share of contributions	5,478	42,106
Net difference between projected and actual earnings on plan investments	38,490	-
Contributions subsequent to the measurement date	<u>46,817</u>	<u>-</u>
Total	<u>\$ 95,283</u>	<u>\$ 58,658</u>

Deferred outflows of resources of \$46,817 related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Year Ended June 30:</u>	
2017	\$ (165)
2018	(165)
2019	6,400
2020	<u>(16,262)</u>
	<u>\$ (10,192)</u>

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

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability of FRS as of June 30, 2015 are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Live	2015 - 4 Years 2014 - 7 Years
Investment rate of return	7.75% per annum
Inflation rate	2.875% per annum
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2004 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the FRS's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting and expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 8.24% as of June 30, 2015. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Fixed Income	24%	1.84%
Equity	51%	6.50%
Alternatives	15%	6.96%
Other	<u>10%</u>	<u>4.36%</u>
Totals	100%	19.66%
Inflation		<u>3.00%</u>
Expected Nominal Return		22.66%

Discount Rate: 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

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the FRS's actuary. Based on those assumptions, FRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents FRS's net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability 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.

	1% Decrease 635.00%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 509,077	\$ 358,859	\$ 232,585

D. Louisiana State Employees' Retirement System (LASERS)

Plan Description: Certain employees of the Town are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefits terms, investments, and funding of the plan. LSERS issues a publicly available financial report that can be obtained at www.lasers.net.

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

Retirement: The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of credible service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirement, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred Retirement Benefits: The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits: All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor Benefits: Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Permanent Benefit Increases/Cost-of-Living Adjustments: As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions: Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2016 for the various plans follow:

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Plan	Plan Status ORP	Employee Contribution Rate	Employer Contribution Rate
Regular Employees and Appellate Law Clerks			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	37.2%
Pre Act 75 (hired after 6/30/2006)	Open	8.0%	37.2%
Optional Retirement Plan (ORP)			
Pre Act 75 (hired before 7/1/2006)	Closed	7.5%	37.2%
Pre Act 75 (hired after 6/30/2006)	Closed	8.0%	37.2%
Legislators	Closed	11.5%	39.7%
Special Legislative Employees	Closed	9.5%	39.7%
Judges hired before 1/1/2011	Closed	11.5%	38.1%
Judges hired after 12/31/2010	Open	13.0%	39.3%
Corrections Primary	Closed	9.0%	32.6%
Corrections Secondary	Closed	9.0%	33.5%
Wildlife Agents	Closed	9.5%	37.6%
Peace Officers	Closed	9.0%	35.3%
Alcohol Tobacco Control	Closed	9.0%	33.3%
Bridge Police	Closed	8.5%	35.8%
Hazardous Duty	Open	9.5%	37.6%

The agency's contractually required composite contribution rate for the year ended June 30, 2016 was 36.2% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Town totaled \$4,920 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2016, the Town reported a liability of \$45,230 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Obligation was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.00067%, which was an increase of 0.00004% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$1,300.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 60	\$ 370
Net difference between projected and actual earnings on pension plan investments	-	41
Change in proportion and differences between employer contributions and proportionate share of contributions	2,091	502
Contributions subsequent to the measurement date	<u>4,920</u>	<u>-</u>
Total	<u>\$ 7,071</u>	<u>\$ 913</u>

Deferred outflows of resources related to pensions of \$4,920 resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<u>Year Ended June 30:</u>	
2017	\$ 111
2018	489
2019	(339)
2020	<u>977</u>
	<u>\$ 1,238</u>

Contributions – Proportionate Share: Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

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

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015, and 2014 are as follows:

Valuation Date	June 30, 2015 and 2014	
Actuarial cost method	Entry Age Normal Cost	
Amorization approach	Closed	
Actuarial Assumptions:		
Excepted remaining service lives	3 years	
Investment rate of return	7.75 per annum	
Inflation rate	3.0% per annum	
Mortality rates	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with motality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.	
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected bassed on a five year (2009-2013) experience study if the System's members.	
Salary increases	Salary increases were projected based on a 2009-2013 experience study of the System'smembers. The salary increase ranges for specific types of members are:	
	Lower	Upper
	<u>Range</u>	<u>Range</u>
	Regular	4.0% 13.0%
	Judges	3.0% 5.5%
	Corrections	3.6% 14.5%
	Hazardous Duty	3.6% 14.5%
	Wildlife	3.6% 14.5%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.	
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.	

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.66% for 2015. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	24.00%
Domestic equity	4.56%
International equity	5.67%
Domestic Fixed Income	2.24%
International Fixed Income	3.64%
Alternative Investments	7.82%
Global Asset Allocation	3.70%
Total	5.78%

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	1% Decrease <u>6.75%</u>	Current Discount Rate <u>7.75%</u>	1% Increase <u>8.75%</u>
Net Pension Liability	\$ 57,519	\$ 45,570	\$ 35,422

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2015 Comprehensive Annual Financial Report at www.lasersonline.org.

(12) Social Security System

Employees of the Town of Bunkie who are not eligible to participate in any other retirement system are members of the Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (6.20 percent contributed by the Town; 6.20 percent contributed by the employee). The Town's contributions during the year ending June 30, 2016 amounted to \$15,555.

(13) Litigation and Claims

At June 30, 2016, the Town is a defendant in pending litigation. While substantial damages are alleged, their outcome cannot be predicted with certainty.

(14) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Interfund Transactions

- A. The Town of Bunkie had no interfund receivables or payables at June 30, 2016.
- B. Transfers consisted of the following at June 30, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General fund	\$955,154	
Sales Tax Fund	-	390,428
Industrial Park Grant Fund	-	-
Juvenile Justice Grant Fund	5,500	-
Total governmental funds	<u>960,654</u>	<u>390,428</u>
Proprietary Funds:		
Water System Fund	-	431,919
Sewer System Fund	-	<u>138,307</u>
Total proprietary funds	<u>-</u>	<u>570,226</u>
Total	<u>\$960,654</u>	<u>\$960,654</u>

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

(16) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2016 as follows:

Michael Robertson, Mayor	\$ 24,960
Aldermen:	
Travis Armand	4,200
Clayton "Rick" Henderson	4,200
Brenda Sampson	4,200
Greg Prudhomme	4,200
Lem Thomas	<u>4,200</u>
	<u>\$ 45,960</u>

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Compensation Benefits and Other Payments to Mayors

A detail of compensation, benefits and other payments made to Mayor Michael Robertson for the year ended June 30, 2016 as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 24,960
Benefits - payroll taxes	321
Benefits - retirement	6,826
Benefits - insurance	14,838
Expense allowance	<u>1,200</u>
	<u>\$ 48,145</u>

(18) Post Retirement Health Care and Life Insurance Benefits

Plan Description: Continuing health care benefits are provided for those retired employees who have reached the normal retirement age while employed by the Town. The plan is a multiple-employer defined benefit health care plan administered by Risk Management through Louisiana Municipal Association. The Mayor and Council have the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

Funding Policy: The benefits for retirees and similar benefits for active employees are provided through Blue Cross with the monthly premiums being paid solely by the Town. The Town recognizes the cost as expenditure when paid during the year. The benefits are financed on a pay-as-you-go basis.

Annual OPEB Cost: The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Town utilizes the level-dollar amortization method to amortize the unfunded actuarial accrued liability.

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 97,599
Interest on net OPEB obligation	7,423
Adjustment to annual required contribution	<u>(12,171)</u>
Annual OPEB cost (expense)	92,851
Contributions made	<u>(33,529)</u>
Increase in net OPEB obligation	59,322
Net OPEB obligation - beginning of year	<u>185,563</u>
Net OPEB obligation - end of year	<u>\$ 244,885</u>

The Town's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the prior three years assuming the plan is not prefunded:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$97,558	68.1%	\$ 160,326
6/30/2015	\$96,898	74.0%	\$ 185,563
6/30/2016	\$92,851	36.1%	\$ 244,885

The net OPEB benefit payable balance of \$244,885 is included in the statement of net position long-term liabilities. Of this amount, \$217,947 is applicable to governmental activities and \$26,938 is applicable to business-type activities.

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2016, was as follows:

Actuarial accrued liability (AAL)	\$ 827,521
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 827,521</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$1,149,275
UAAL as a percentage of covered payroll	72%

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Town’s actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress included in required supplementary information following the notes to the financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2010 was the year of implementation of GASB Statement No. 45, and the Town elected to apply the statement prospectively, accordingly only two valuations have been performed thus far.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 4.0% per annum, compounded annually.
2. Retirement Rates

Age	Rate	
	Male	Female
41-59	6.0%	6.0%
60-65	14.0%	14.0%
66+	100.0%	100.0%

3. 40% of employees who elect coverage while in active employment and who are eligible for retiree medical benefits are assumed to elect continued medical coverage in retirement. Active employees with life insurance coverage are assumed to elect retiree life coverage
4. 80% of members electing coverage are assumed to also elect coverage for a spouse

TOWN OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

5. Medical Inflation

<u>Year</u>	<u>Pre-65 Trend</u>	<u>Post-65 Trend</u>
2015-2016	4.90%	620.00%
2017	5.00%	5.70%
2018	6.80%	7.20%
2019	7.10%	7.20%
2020	5.80%	5.70%
2021	5.80%	5.60%
2022	5.70%	5.60%
2023	5.60%	5.50%
2024	2.60%	5.40%
2025-2033	2.50%	5.40%
2034-2041	5.50%	5.50%
2042	5.40%	5.50%
2043	5.30%	5.40%
2044	5.30%	5.30%
2045	5.20%	5.30%
2046	5.20%	5.20%
2047	5.10%	5.20%
2048	5.10%	5.20%
2049-2050	5.10%	5.10%
2051-2053	5.00%	5.10%
2054-2059	5.00%	5.00%
2060-2061	4.90%	5.00%
2062-2063	4.90%	4.90%
2064	4.80%	4.90%
2065	4.70%	4.80%
2066	4.70%	4.70%
2074+	4.10%	4.10%

6. It is assumed that 100% of active employees who currently elect life insurance will continue upon retirement.

(19) On-Behalf Payment of Salaries

The State of Louisiana paid the Town’s policemen and firemen \$41,584 of supplemental pay during the year ended June 30, 2016. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF BUNKIE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes -				
Property taxes	\$ 526,644	\$ 523,681	\$ 525,721	\$ 2,040
Sales	560,810	560,804	586,396	25,592
Other	26,750	26,786	8,964	(17,822)
Fees and Fines	15,000	13,189	16,828	3,639
Licenses and permits	177,000	170,030	175,361	5,331
Intergovernmental	277,163	685,314	583,148	(102,166)
Franchise fees	239,730	194,062	196,647	2,585
Other	100,215	120,354	111,608	(8,746)
Total revenues	<u>1,923,312</u>	<u>2,294,220</u>	<u>2,204,673</u>	<u>(89,547)</u>
Expenditures:				
General government -				
Finance and administrative	512,169	611,661	592,715	18,946
Judicial	68,879	56,711	57,612	(901)
Public safety -				
Fire protection	453,427	481,598	484,024	(2,426)
Police protection	755,445	690,930	656,819	34,111
Animal control	12,545	16,102	12,386	3,716
Public works -				
Streets	484,061	443,682	415,517	28,165
Airport	25,508	322,370	31,103	291,267
Drivers license office	12,340	13,468	12,520	948
Culture and recreation	31,991	37,649	26,628	11,021
Health and welfare	-	47,839	20,018	27,821
Capital expenditures	2,500	43,321	53,072	(9,751)
Debt service	42,493	42,493	47,902	(5,409)
Total expenditures	<u>2,401,358</u>	<u>2,807,824</u>	<u>2,410,316</u>	<u>397,508</u>
Deficiency of revenues over expenditures	<u>(478,046)</u>	<u>(513,604)</u>	<u>(205,643)</u>	<u>307,961</u>
Other financing sources (uses):				
Operating transfers out	935,136	922,895	955,154	32,259
Proceeds from the sale of capital assets	-	18,549	18,549	-
Proceeds from the issuance of bonds	6,182,061	6,182,061	6,182,061	-
Proceeds from capital lease	-	-	28,591	28,591
Interest expense	(107,000)	(107,000)	(107,101)	(101)
Bond issuance costs	-	-	(155,437)	(155,437)
Total other financing sources	<u>7,117,197</u>	<u>7,123,505</u>	<u>6,921,817</u>	<u>60,850</u>
Net change in fund balance	6,639,151	6,609,901	6,716,174	106,273
Fund balance, beginning	<u>307,742</u>	<u>307,742</u>	<u>307,742</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,946,893</u>	<u>\$ 6,917,643</u>	<u>\$ 7,023,916</u>	<u>\$ 106,273</u>

TOWN OF BUNKIE, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes -				
Sales	\$ 560,811	\$ 572,748	\$ 586,396	\$ 13,648
Other	-	187	219	32
Total revenues	<u>560,811</u>	<u>572,935</u>	<u>586,615</u>	<u>13,680</u>
Expenditures:				
General government -				
Finance and administrative	93,088	77,390	68,782	8,608
Public works -				
Streets	6,800	-	-	-
Capital outlay	5,000	69,439	69,439	-
Debt service	20,693	44,055	42,347	1,708
Total expenditures	<u>125,581</u>	<u>190,884</u>	<u>180,568</u>	<u>10,316</u>
Excess of revenues over expenditures	<u>435,230</u>	<u>382,051</u>	<u>406,047</u>	<u>23,996</u>
Other financing sources (uses):				
Operating transfers out	(405,136)	(405,834)	(390,428)	15,406
Proceeds from sale of capital assets	-	-	16,000	16,000
Proceeds from capital lease	-	46,492	46,492	-
Total other financing sources (uses)	<u>(405,136)</u>	<u>(359,342)</u>	<u>(327,936)</u>	<u>31,406</u>
Net change in fund balance	30,094	22,709	78,111	39,402
Fund balance, beginning	<u>151,351</u>	<u>151,351</u>	<u>151,351</u>	<u>-</u>
Fund balance, ending	<u>\$ 181,445</u>	<u>\$ 174,060</u>	<u>\$ 229,462</u>	<u>\$ 39,402</u>

TOWN OF BUNKIE, LOUISIANA

Schedule of Funding Progress
For the Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	\$ -	\$ 647,912	\$ 647,912	0.0%	\$ 926,987	70%
July 1, 2013	\$ -	\$ 977,611	\$ 977,611	0.0%	\$ 1,181,872	83%
July 1, 2015	\$ -	\$ 827,521	\$ 827,521	0.0%	\$ 1,149,275	72%

TOWN OF BUNKIE, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2016 *

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System					
2016	0.254971%	\$ 910,796	\$ 435,171	209.3%	66.18%
2015	0.228816%	\$ 587,244	\$ 481,053	122.1%	73.99%
Municipal Police Employees' Retirement System					
2016	0.057789%	\$ 452,716	\$ 153,730	294.5%	70.73%
2015	0.044431%	\$ 277,964	\$ 186,555	149.0%	75.10%
Firefighter's Retirement System					
2016	0.066491%	\$ 358,855	\$ 141,306	254.0%	72.45%
2015	0.076402%	\$ 339,978	\$ 156,269	217.6%	76.02%
Louisiana State Employees' Retirement System					
2016	0.000670%	\$ 45,230	\$ 11,670	387.6%	62.70%
2015	0.000630%	\$ 39,582	\$ 11,385	347.7%	65.00%

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

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

TOWN OF BUNKIE, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2016

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Municipal Employees' Retirement System					
2016	\$ 83,271	\$ 83,271	\$ -	\$ 421,626	19.75%
2015	\$ 85,946	\$ 85,946	\$ -	\$ 435,171	19.75%
Municipal Police Employees' Retirement System					
2016	\$ 59,243	\$ 59,243	\$ -	\$ 188,072	31.50%
2015	\$ 48,425	\$ 48,425	\$ -	\$ 153,730	31.50%
Firefighter's Retirement System					
2016	\$ 40,916	\$ 40,916	\$ -	\$ 150,152	27.25%
2015	\$ 41,332	\$ 41,332	\$ -	\$ 141,306	29.25%
Louisiana State Employees' Retirement System					
2016	\$ 4,920	\$ 4,920	\$ -	\$ 11,630	42.30%
2015	\$ 4,318	\$ 4,318	\$ -	\$ 11,670	37.00%

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

TOWN OF BUNKIE, LOUISIANA

Notes to the Required Supplementary Information
Year Ended June 30, 2016

(1) Budget and Budgetary Accounting

The Town Charter establishes the fiscal year as the twelve-month period beginning July 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The Mayor and Town Clerk prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. 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, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

(2) Pension Plans

Changes in Assumption – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining services lives that are provided with pensions through the pension plans.

**INTERNAL CONTROL,
COMPLIANCE AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC OFFICES

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* A Professional Accounting Corporation

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 Michael Robertson, Mayor
and Members of the Board of Aldermen
Town of Bunkie, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bunkie, Louisiana (the Town) as of and for the year ended June 30, 2016, 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 22, 2016.

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 summary schedule of current and prior year audit findings and corrective action plan, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 2016-001, 2016-002, 2016-003 and 2016-004 to be significant deficiencies.

Compliance and Other Matters

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

Town of Bunkie, Louisiana's Response to Audit Findings.

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

Purpose of this report

This 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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Marksville, Louisiana
December 22, 2016

TOWN OF BUNKIE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2016

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

A. Internal Control Over Financial Reporting

2016-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2007

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

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

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

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

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

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

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

TOWN OF BUNKIE, LOUISIANA

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2016-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2015

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

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

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

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

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

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

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

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does

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not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town will segregate duties to ensure that these accounting functions are not performed by the same individual.

2016-003 Policies and procedures

Fiscal year finding initially occurred: 2015

CONDITION: Neither the Town nor Police Department have adopted any formal adopted written policies and procedures.

CRITERIA: Written policies and procedures are necessary to provide a clear understanding of day to day operations.

CAUSE: The Town of Bunkie has not properly documented policies and procedures that should be followed.

EFFECT: Failure to have written policies and procedures increases the risk of not having continuity of operations and the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should adopt formal written policies and procedures for each function of the Town's operations.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Administration is in the process of drafting a formal, written policy and procedure manual to establish guidelines that will be followed for all operations.

2016-004 Traffic Tickets

Fiscal year finding initially occurred: 2015

CONDITION: The Chief of Police is not ensuring that all tickets and citations are accounted for in accordance with La R.S 32:398.1 and 32:398.2

CRITERIA: La R.S. 32:398.1 and La R.S 32:398.2

CAUSE: The Bunkie Police Department has not accounted for all tickets and citations.

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EFFECT: Failure to account for all tickets and citations increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: The Chief of Police should ensure that all tickets and citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Police Department has a software program for traffic tickets and citations. All ticket information is entered into the software. Police personnel are unable to print a report to assure all tickets are accounted for. The Chief of Police will work with the program to ensure all tickets are accounted for and reported.

B. Compliance

There are no compliance findings

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2015-001 Application of Generally Accepted Accounting Principles (GAAP)

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

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

CURRENT STATUS: Unresolved. See item 2016-001.

2015-003 Inadequate Segregation of Functions

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

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

TOWN OF BUNKIE, LOUISIANA

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CURRENT STATUS: Unresolved. See item 2016-002.

2015-004 Capital Assets and Inventory

CONDITION: The Town nor the Police Department has a written capital assets policy. In addition, the Town and Police Department staff does not periodically conduct a physical inventory of all the property and equipment. Failure to identify and periodically account for assets/property exposes the Town and Police Department to possible theft, loss, and misuse of its assets.

RECOMMENDATION: Management needs to adopt formal written policies and procedures for each function of the Town's operations.

CURRENT STATUS: Unresolved. See item 2016-003.

2015-005 Collections and Deposit Processes

CONDITION: Controls over collection and deposit processes need to be improved:

* Police Department personnel collect money but do not record these collections in a ledger/log nor do they give written receipts to customers.

* City Court has one employee performing all accounting related duties (e.g., collecting fines and making deposits) and does not have fidelity bond insurance coverage on this employee.

* No records were maintained to account for the receipt and expenditure of cash donations made to the Police Department.

* City Court and Town personnel have not been making deposits on a daily basis in accordance with state law.

RECOMMENDATION: Receipts collected by the police department for incident/accident reports should be documented on a ledger. A copy of the ledger should be turned in with the checks/money orders to the Town Clerk at least once a week.

The City Court Clerk should be bonded and the Mayor and Judge should ensure that all employees who handle or have access to money will be covered by a fidelity bond at all times.

All contributions should be submitted to the Town Clerk.

The Mayor and Judge requires the Town or City Court personnel to make bank deposits in the timeliest manner possible in accordance with La R.S. 39:1212.

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CURRENT STATUS: Resolved.

2015-006 Payroll and Personnel

CONDITION: Controls over payroll and personnel need to be strengthened:

- * Neither the Town or the Police Department have formal written policies and procedures to guide their overall payroll function/activities.
- * The supply of blank payroll checks are not adequately secured.
- * The Town does not have established pay rates/ranges for job positions.
- * Salaried employees are not required to document their time/attendance at work.
- * The Town does not have standardized leave forms for use by employees.

RECOMMENDATION: Management needs to adopt formal written policies and procedures for each function of the Town's operations.

All blank checks should be secured in a locked location.

The town should obtain a standardized leave form for all employees to fill out when they are requesting time off

CURRENT STATUS: Unresolved. See item 2016-003.

2015-007 Confiscated Evidence

CONDITION: Improper internal controls over confiscated evidence.

RECOMMENDATION: The Police Chief should:

- * Consult with the Town's legal counsel to develop policies and procedures covering the process of recording, maintaining, inventorying, and disposing of evidence collected.
- * Ensure that the evidence room is secured and controlled properly.

CURRENT STATUS: Unresolved. See item 2016-003.

2015-008 Traffic Tickets

CONDITION: Controls over traffic tickets are informal in nature.

RECOMMENDATION Controls need to be strengthened to ensure compliance with applicable state laws.

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* The Mayor, Police Chief and City Judge should work together to develop, adopt and implement written policies and procedures for the traffic ticket process.

* Traffic ticket books are secured and managed properly.

* The Chief of Police should ensure that all tickets and citations are accounted for in accordance with La. R.S. 32:398.1 and 32:398.2

* The Chief of Police and Judge should work together to develop and implement a formal process that will require a planned, periodic assessment of ticket/citation data to identify problems and resolve them in a timely manner. This assessment should include a comparative review of issued ticket books; citations turned in to the police department, citations submitted to the Court, and final disposition of citations in City Court.

* The Chief of Police should work with the Mayor's Office and the Judge to establish clear lines of communication ensuring that the Police Department receives the Court's disposition of every citation in compliance with La. R.S. 32:398.2

* The Chief of Police and the Judge should work together to identify tickets that have not been processed properly. They should determine why these tickets are outstanding and should work together to ensure that tickets are processed in accordance with the law and fines are collected.

* The Mayor and City Clerk, with input from the Chief of Police and the Judge, should develop audit procedures that are designed to ensure that all tickets/citations are audited at least quarterly in compliance with La. R.S. 32:398.3(B)

CURRENT STATUS: Unresolved. See items 2016-003 and 2016-004

B. Compliance

2015-002 Confiscated Evidence

CONDITION: The Town of Bunkie's audit report was not completed and submitted prior to December 31, 2015.

RECOMMENDATION: The Town of Bunkie should follow State law and ensure that audit report be completed and submitted six months after the fiscal year end

CURRENT STATUS: Resolved

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2014-003 Policies and procedures for utility bills

CONDITION: The City has no formal adopted written policies and procedures regarding delinquent accounts and when adjustments to utility bills should be made.

RECOMMENDATION: Management needs to adopt formal written policies and procedures that should be followed for every utility customer including employee and elected official accounts. Policies need to address when adjustments should be made to a utility bill (preferably only when extenuating circumstances arise), the level of approval to be required for an adjustment to be made, when to issue disconnect notices, and when to disconnect a service. In addition, Council should get a list of adjustments for review monthly.

CURRENT STATUS: Unresolved. See item 2015-003.