

ALLEN PARISH POLICE JURY
Oberlin, Louisiana

ANNUAL FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

CONTENTS

INDEPENDENT AUDITOR'S REPORT	2-4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position - Governmental Activities	6
Statement of Activities	7
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Fiduciary Funds:	
Statement of Fiduciary Net Position	12
NOTES TO THE FINANCIAL STATEMENTS	14-39
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	40-43
Notes to Budgetary Comparison Schedules	44
Schedule of Police Jury's Proportionate Share of Net Pension Liability	45
Schedule of Police Jury's Contributions	46
Schedule of Funding Progress	47
OTHER SUPPLEMENTARY SCHEDULES	
Schedule of Compensation, Benefits and Other Payments to Agency Head	49
Schedule of Compensation Paid Elected Officials	50
Community Grant Agreement-Coushatta Tribe of Louisiana	51
INDEPENDENT AUDITOR'S REPORT SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53-54
Schedule of Findings and Questioned Costs	55-56
Status of Prior Audit Findings	57

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INDEPENDENT AUDITOR'S REPORT

To the Allen Parish Police Jury
Oberlin, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Allen Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Police Jury's primary government 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information

The financial statements referred to above do not include financial data for the Police Jury's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the Police Jury's primary government

unless the Police Jury also issues financial statements for the financial reporting entity that include the financial data for its component units. The Police Jury has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units is not reasonably determinable. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures of the aggregate remaining fund information is not reasonably determinable.

Adverse Opinion

In my opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Allen Parish Policy Jury as of December 31, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion

In my opinion, except for the effects of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the Allen Parish Policy Jury, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Allen Parish Police Jury as of December 31, 2017, and the respective changes in financial position 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 on pages 40 through 44 and Schedule of Funding Progress on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allen Parish Police Jury's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer on page 49, the schedule of compensation paid elected officials on page 50, and the Community Grant Agreement-Coushatta Tribe of Louisiana on page 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation paid elected officials, the Community Grant Agreement-Coushatta Tribe of Louisiana, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation paid elected officials, the Community Grant Agreement-Coushatta Tribe of Louisiana, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued our report dated June 28, 2018, on my consideration of the Allen Parish Police Jury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Allen Parish Police Jury's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Steven M. DeRouen & Associates
Lake Charles, Louisiana
June 28, 2018

BASIC FINANCIAL STATEMENTS

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Statement of Net Position - Governmental Activities
December 31, 2017

	Governmental Activities
ASSETS	
Cash	\$ 5,491,764
Receivables	2,614,953
Due from other governments	970,745
Inventory	45,179
Prepaid assets	7,432
Capital assets, net of accumulated depreciation	<u>23,646,407</u>
TOTAL ASSETS	<u>32,776,480</u>
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	<u>468,208</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 33,244,688</u>
LIABILITIES	
Accounts payable	928,652
Accrued interest payable	3,524
Unearned revenue	48,703
Bonds payable - due within one year	234,000
Compensated absences payable - due within one year	45,681
OPEB obligations - due in more than one year	1,359,091
Pension liability - due in more than one year	383,866
Bonds payable - due in more than one year	<u>931,000</u>
TOTAL LIABILITIES	<u>3,934,517</u>
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	<u>67,680</u>
NET POSITION	
Net investment in capital assets	22,481,407
Restricted for:	
Inventory	45,179
Judicial	611,041
Other general government	634,469
Public works	3,915,156
Sanitation	311,131
Unrestricted	<u>1,244,108</u>
TOTAL NET POSITION	<u>29,242,491</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 33,244,688</u>

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Statement of Activities
For the Year Ended December 31, 2017

	Expenses	Program Revenues		Governmental	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities Net (Expense) Revenue and Change in Net Position
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental activities:					
General government	\$ 2,290,291	\$ 79,857	\$ 179,765	\$ -	\$ (2,030,669)
Public safety	152,190	-	-	-	(152,190)
Public works	3,460,185	-	-	117,346	(3,342,839)
Economic development	338,512	101,943	-	533,064	296,495
Sanitation	1,820,557	-	-	-	(1,820,557)
Other governments	177,576	-	-	-	(177,576)
Interest on long-term debt	25,611	-	-	-	(25,611)
Total governmental activities	<u>\$ 8,264,922</u>	<u>\$ 181,800</u>	<u>\$ 179,765</u>	<u>\$ 650,410</u>	<u>\$ (7,252,947)</u>
GENERAL REVENUES					
Taxes:					
Ad valorem					3,166,864
Sales and use					1,848,015
Severance					856,126
State revenue sharing					237,040
All other revenues					2,052,427
Investment earnings					6,071
			Total General Revenues		<u>8,166,543</u>
CHANGE IN NET POSITION					913,596
NET POSITION - BEGINNING					28,328,895
NET POSITION - ENDING					<u>\$ 29,242,491</u>

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Balance Sheet, Governmental Funds
December 31, 2017

	MAJOR FUNDS			
	GENERAL FUND	SOLID WASTE FUND	ROAD DISTRICT #2 MTC. FUND	ROAD DISTRICT #3 MTC. FUND
ASSETS				
Cash	\$ 1,279,323	\$ 298,108	\$ 614,059	\$ 1,226,427
Receivables	266,477	-	553,902	528,012
Due from other governments	299,761	139,948	-	-
Inventory	-	-	-	-
Prepaid assets	4,443	-	-	-
TOTAL ASSETS	\$ 1,850,004	\$ 438,056	\$ 1,167,961	\$ 1,754,439
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	15,089	126,945	42,185	41,442
Unearned revenue	-	-	-	-
Total Liabilities	15,089	126,945	42,185	41,442
Deferred inflows of resources:				
Unavailable revenue	17,837	-	46,926	34,236
Total Deferred Inflows of Resources	17,837	-	46,926	34,236
Fund Balances:				
Nonspendable - prepaids	4,443	-	-	-
Nonspendable - inventory	-	-	-	-
Restricted:				
Judicial	-	-	-	-
Other general government	-	-	-	-
Public works	-	-	1,078,850	1,678,761
Sanitation	-	311,111	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed:				
Other general government	-	-	-	-
Assigned:				
Other general government	-	-	-	-
Public works	-	-	-	-
Negative unassigned	-	-	-	-
Unassigned	1,812,635	-	-	-
Total Fund Balances	1,817,078	311,111	1,078,850	1,678,761
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,850,004	\$ 438,056	\$ 1,167,961	\$ 1,754,439

The accompanying notes are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
2,073,847	\$ 5,491,764
1,266,562	2,614,953
531,036	970,745
45,179	45,179
2,989	7,432
<u>\$ 3,919,613</u>	<u>\$ 9,130,073</u>
702,991	\$ 928,652
48,703	48,703
<u>751,694</u>	<u>977,355</u>
115,564	214,563
<u>115,564</u>	<u>214,563</u>
2,989	7,432
45,179	45,179
611,041	611,041
634,469	634,469
1,157,545	3,915,156
-	311,111
-	-
53,723	53,723
-	-
-	-
547,409	2,360,044
<u>3,052,355</u>	<u>7,938,155</u>
<u>\$ 3,919,613</u>	<u>\$ 9,130,073</u>

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2017

TOTAL FUND BALANCE FOR GOVERNMENTAL FUNDS
AT DECEMBER 31, 2017 \$ 7,938,155

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.

Capital assets, net of accumulated depreciation 23,646,407

Certain property tax revenue receivable that will not be
collected within 60 days of year end are not considered
available in the governmental funds.

95,809

Certain revenue sharing receivable that will not be
collected within 60 days of year end are not considered
available in the governmental funds.

118,752

Deferred outflows and inflows or resources related to pensions are
applicable to future periods and, therefore not reported in the funds
Deferred outflows of resources related to pensions

468,208

Deferred inflows of resources related to pensions

(67,680)

Other

2

Certain liabilities are not due and payable in the current
period and accordingly are not reported as fund
liabilities. All liabilities are reported in the statement
of net position.

Bonds payable \$ 1,165,000

Accrued interest payable 3,524

OPEB obligations 1,359,091

Pension liability 383,866

Compensated absences payable 45,681

(2,957,162)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES
AT DECEMBER 31, 2016

\$ 29,242,491

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds
For the Year Ended December 31, 2017

	GENERAL FUND	MAJOR FUNDS		
		SOLID WASTE FUND	ROAD DISTRICT #2 MTC. FUND	ROAD DISTRICT #3 MTC. FUND
REVENUES				
Taxes:				
Ad valorem	\$ 282,300	\$ -	\$ 702,927	\$ 733,079
Sales and use	-	1,786,936	-	-
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	107,831	-	-	-
Intergovernmental revenues:				
Federal and state grants	179,765	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing	19,272	-	50,188	37,340
Severance taxes	856,126	-	-	-
Other state funds	113,868	-	-	-
Fees, charges and commissions				
for services	3,362	-	-	-
Fines and forfeitures	21,548	-	-	-
Gaming revenues	-	-	-	-
Investment earnings	1,194	301	736	1,440
Other revenues	195,377	2,549	15,705	29,686
TOTAL REVENUES	1,780,643	1,789,786	769,556	801,545
EXPENDITURES				
Current:				
General government:				
Legislative	130,259	-	-	-
Judicial	3,457	-	-	-
Elections	34,139	-	-	-
Financial and administrative	97,293	-	-	-
Other	30,866	-	-	-
Public safety	129,014	-	-	-
Public works	-	-	559,911	678,610
Sanitation	-	1,820,557	-	-
Payments to other governments	177,576	-	-	-
Economic development and assistance	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	131,210	321	96,936	128,618
TOTAL EXPENDITURES	733,814	1,820,878	656,847	807,228
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,046,829	(31,092)	112,709	(5,683)
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	-	-	-
Transfers in	-	-	20,000	20,000
Transfers out	(191,970)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(191,970)	-	20,000	20,000
NET CHANGE IN FUND BALANCE	854,859	(31,092)	132,709	14,317
FUND BALANCES(DEFICIT)-BEGINNING	962,219	342,203	946,141	1,664,444
FUND BALANCES(DEFICIT)-ENDING	\$ 1,817,078	\$ 311,111	\$ 1,078,850	\$ 1,678,761

The accompanying notes are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,557,759	\$ 3,276,065
61,079	1,848,015
-	-
54,876	162,707
650,410	830,175
367,585	367,585
119,225	226,025
-	856,126
42,837	156,705
178,438	181,800
277,241	298,789
470,746	470,746
2,400	6,071
367,753	611,070
<u>4,150,349</u>	<u>9,291,879</u>
-	130,259
965,905	969,362
-	34,139
-	97,293
846,568	877,434
-	129,014
1,316,852	2,555,373
-	1,820,557
-	177,576
-	-
153,107	153,107
-	-
229,000	229,000
26,074	26,074
621,500	978,585
<u>4,159,006</u>	<u>8,177,773</u>
<u>(8,657)</u>	<u>1,114,106</u>
-	-
203,681	243,681
<u>(51,711)</u>	<u>(243,681)</u>
<u>151,970</u>	<u>-</u>
143,313	1,114,106
<u>2,909,042</u>	<u>6,824,049</u>
<u>\$ 3,052,355</u>	<u>\$ 7,938,155</u>

ALLEN PARISH POLICE JURY
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2017

NET CHANGE IN FUND BALANCE - TOTAL
 GOVERNMENTAL FUNDS \$ 1,114,106

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

Governmental funds report capital outlays as expenditures,
 however, in the statement of activities the cost of those
 assets is allocated over their estimated useful lives and
 reported as depreciation expense. This is the amount by
 which capital outlay exceeded depreciation expense:

Capital outlay	\$ 978,585	
Depreciation expense	<u>(1,158,781)</u>	(180,196)

Certain property tax revenues receivable will not be collected for several months after year end are not considered available in the governmental funds.		(109,201)
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Other		(16,720)
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Certain revenue sharing receivable will not be collected for several months after year end are not considered available in the governmental funds.		11,015
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Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities in the statement of net position.		229,000
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In the statement of activities some expenses do not require
 the use of current financial resources and therefore are not
 reported as expenditures in the governmental funds.

Cost of pension benefits earned net of employee contributions		(100,746)
Prior year accrued interest payable exceeded the current year		463
Compensated absences payable exceeded prior year payable		(10,007)
OPEB obligations exceed the prior year obligations		<u>(24,118)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>913,596</u></u>
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The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Statement of Fiduciary Net Position
December 31, 2017

	<u>AGENCY FUND</u>
Assets	
Cash and cash equivalents	\$ 132,683
Due from other governments	<u>37,442</u>
Total Assets	<u>\$ 170,125</u>
Liabilities	
Held for others	<u>\$ 170,125</u>
Total Liabilities	<u>\$ 170,125</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements
As of and for the Year Ended December 31, 2017

INTRODUCTION

The Allen Parish Police Jury is the governing authority for Allen Parish and is a political subdivision of the State of Louisiana. The police jury is governed by seven jurors representing the various districts within the parish. The jurors serve four-year terms that expire on January 1, 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Louisiana Revised Statute (R.S.) 33:1236 gives the police jury various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem taxes, sales taxes, beer and alcoholic beverage permits, state revenue sharing, gaming revenues, and various other state and federal grants.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the police jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. These criteria include:

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

Political subdivisions which would be required to be included, based on criteria established by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", issue separate financial statements, and have not been included in the primary government financial statements of the Allen Parish Police Jury. The exclusion of these component units is a departure from generally accepted accounting principles. The financial statements of the component units that are part of the financial reporting entity, but are excluded from the financial statements, are as follows:

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allen Action Agency, Inc.	Recreation District No. 6 of Allen Parish
Allen Parish Ambulance Service District No. 1	Allen Parish Tourist Commission
Allen Parish Assessor	Waterworks District No. 1 of Allen Parish
Allen Parish Clerk of Court	Bayou Blue Gravity Drainage District No. 1
Allen Parish Ward 3 Fire Protection District No. 2	District Attorney of the Thirty-Third Judicial District
Allen Parish Fire Protection District No. 3	East Allen Parish Waterworks District
Fire Protection District No. 4 of Allen Parish	Kinder Gravity Drainage District No. 2
Allen Parish Fire Protection District No. 5	Northwest Allen Parish Waterworks District
Allen Parish Fire Protection District No. 6	Oakdale Recreation District No. 1 of Allen Parish
Hospital Service District No. 3 of the Parish of Allen	Recreation District No. 2 of Allen Parish
Allen Parish Industrial District No. 5	Southwest Allen Parish Water District No. 2
Allen Parish Library	Thirty-Third Judicial District Court Judicial Exp Fund
Allen Parish Mosquito Abatement District	West Allen Parish Water District
Allen Parish Recreation District No. 3	Allen Parish Reservoir District
Allen Parish Recreation District No. 4	
Allen Parish Recreation District No. 5 of Oberlin	

The police jury has chosen to issue financial statements of the primary government (police jury) only; therefore, none of the previously listed component units are included in the accompanying financial statements. Financial statements for these component units can be obtained from the individual component units.

These primary government (police jury) financial statements include all major funds, aggregate non-major funds, and organizations for which the police jury maintains the accounting records. The Thirty-Third Judicial District Criminal Court Fund for which the police jury maintains the accounting records is considered part of the primary government (police jury).

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government (police jury) financial statements are not a substitute for the reporting entity's financial statements. The police jury has chosen to issue financial statements of the primary government only. As such, these financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (police jury).

Considered in the determination of component units of the reporting entity were the Allen Parish School Board and the various municipalities in the parish. It was determined that these governmental entities are not component units of the Allen Parish Police Jury reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Allen Parish Police Jury.

The accompanying financial statements of the Allen Parish Police Jury 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 these notes.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guidance set forth in the industry audit guide, Audits of State and Local Governments, issued by the American Institute of Certified Public Accountants and the Louisiana Governmental Audit Guide.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Governmental funds account for all of the police jury's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term obligations. Governmental funds include the following:

1. The General Fund is the general operating fund of the police jury and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.
3. Debt service funds account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations.
4. Capital projects funds account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses are measured and reported using the economic resources measurement focus and accrual basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Property taxes, interest, state revenue sharing, sales tax revenue, parish transportation fund revenue, grants, severance tax revenue and hotel tax revenue associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

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

The major funds are described below:

The General Fund is the police jury's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Solid Waste Fund accounts for the proceeds of a sales tax to be used for the collection and disposal of solid waste in Allen Parish.

The Road District No. 2 Maintenance Fund accounts for ad valorem taxes and state revenue sharing funds received and for the costs associated with constructing and maintaining the road system within Road District No. 2.

The Road District No. 3 Maintenance Fund accounts for ad valorem taxes and state revenue sharing funds received and for the costs associated with constructing and maintaining the road system within Road District No. 3.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Additionally, the government reports the following fund types:

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the police jury. Fiduciary funds include:

- A. Agency funds account for assets that the police jury holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

When an expense is incurred for which both restricted and unrestricted net position is available, it is the police jury's policy to apply restricted net position first.

C. Deposits and Investments

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

D. Inventories

Inventories are valued at cost which approximates market, using the first-in/first out (FIFO) method and consists of fuel for resale. The costs of inventories are recorded as expenditures when used (consumption method).

E. Receivables and Payables

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

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Receivables and Payables

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Parish wide taxes:			
General	3.27	3.27	-
Courthouse & Jail	4.0	4.0	2022
Special revenue funds:			
District Maintenance taxes:			
No. 1	11.86	11.86	2021
No. 1	22.03	22.03	2025
No. 1A	8.03	8.03	2025
No. 2	5.52	5.52	2021
No. 2	7.37	7.37	2020
No. 2	11.04	11.04	2021
No. 3	10.36	10.36	2021
No. 3	11.27	11.27	2019
No. 3	35.79	35.79	2025
No. 4	30.19	30.19	2025
No. 4	21.14	21.14	2025
No. 5	5.30	5.30	2022
No. 5	8.69	8.69	2019
No. 5A	2.79	2.79	2025

The following are the principal taxpayers for the parish and related ad valorem tax revenue for the police jury:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation
Union Pacific Railroad	Railroad	\$ 6,564,760	6.58%
Cleco Corporation	Utility	5,564,270	5.99%
Texas Eastern Transmission	Utility	4,191,960	5.25%
Total		<u>\$ 16,320,990</u>	<u>17.82%</u>

Sales Taxes. On September 29, 1984, voters of the parish approved a seven-tenths of one per cent sales tax, which is dedicated to the collection and disposal of solid waste. Effective January 1, 1985, the jury entered into an agreement with the Allen Parish School Board whereby the school board will provide collection services for a fee of two percent of total collections. On May 4, 2013, voters of the parish renewed this tax for a fifteen year period beginning on December 1, 2014 and expiring on November 30, 2029.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The police jury maintains a threshold level of \$1,500 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Description	Estimated Lives
Roads, bridges, and infrastructure	40 – 50 years
Buildings and building improvements	20 – 40 years
Furniture and fixtures	5 – 10 years
Vehicles	5 – 10 years
Equipment	5 – 15 years

G. Compensated Absences

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

Employees of the Allen Parish Police Jury receive from 5 to 20 days of vacation leave each year, depending on their length of service. Vacation leave must be used in the year earned or it is forfeited. In addition, police jury employees earn up to 13 days of sick leave each year. Sick leave can be accumulated without limitation, however, accumulated sick leave is forfeited upon termination of employment.

Permanent employees of the Allen Parish Police Jury earn compensatory time at the rate of 1.5 per hour for overtime hours worked. Effective in 2011, any compensatory time accumulated by April 2, 2011 and any compensatory time earned in the months to follow shall all be used or lost on December 31, 2011 and each succeeding year thereafter. Unused compensatory time at the time of termination will be paid to the employee at that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Compensated Absences

The police jury's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches.

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, no compensated absences liability is recorded.

H. Long-Term Obligations

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

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

I. Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position used are either, 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Equity Classifications

Government-wide financial statements –

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, mortgage, 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, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund financial statements –

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows:

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and for property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can only be spent for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Allen Parish Police Jury (the police jury’s highest level of decision-making authority),
4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the police jury or by an official or body to which the police jury delegates the authority,
5. *Unassigned* fund balance category includes amounts that are available for any purpose and are only reported in the general fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Equity Classifications

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the police jury considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the police jury considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the police jury has provided otherwise in its commitment or assignment actions.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

K. Estimates

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

L. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires an entity to delay recognition of decreases in net position/fund balance as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position/fund balance as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The police jury uses the following budget practices:

Preliminary budgets for the ensuing year are prepared on the GAAP basis by the secretary-treasurer beginning in October. The finance committee reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are then advertised in the official journal. Prior to its regular February meeting of the next year, the jury holds a public hearing on the proposed budgets in order to receive comments from citizens. Changes are made to the proposed budgets based on the public hearing and the desires of the police jury as a whole. The budgets are then adopted during January, and notice is published in the official journal.

The secretary-treasurer presents necessary budget amendments to the jury when actual operations are differing materially from those anticipated in the original budget. The jury in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

amendments is included in jury minutes published in the official journal. The police jury exercises budgetary control at the functional level. Within functional levels, the secretary-treasurer has the authority to make amendments as necessary. Unexpended appropriations lapse at year end and must be reappropriated in the next year's budget to be expended. For the year ended December 31, 2017, the police jury adopted budgets for the General Fund, all special revenue funds, and all debt service funds.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and the final amendments. The budget was not amended during 2017.

3. CASH AND CASH EQUIVALENTS

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement that is approved by the Allen Parish Police Jury, the police jury maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Interest rate risk. The police jury does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk. The police jury places no limit on the amount the police jury may invest in any one issuer.

At December 31, 2017, the police jury has cash and cash equivalents (book balances) totaling \$5,491,764 as follows:

Demand deposits	\$	5,491,764
Total	\$	<u>5,491,764</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At December 31, 2017, the police jury has \$5,545,394 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and \$6,000,000 of pledged securities held in a custodial bank in the name of the Police Jury's name.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements (Continued)

4. RECEIVABLES

The receivables of \$2,614,953 at December 31, 2017, are as follows:

<u>Class of Receivable</u>		
Ad Valorem Tax	\$	2,385,184
State Revenue Sharing		178,128
Other		<u>51,641</u>
Total	\$	<u><u>2,614,953</u></u>

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, no allowance for doubtful accounts has been established for ad valorem taxes.

All other receivable amounts are expected to be collected in full within the next year; therefore, no allowance for doubtful accounts has been established.

5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2017 consisted of the following:

Louisiana Department of the Treasury - general and timber severance	\$	284,791
Allen Parish School Board - sales taxes		139,948
Louisiana Department of the Treasury - parish transportation funds		27,987
33 rd Judicial District Court		14,970
Allen Parish Sheriff		53,635
Louisiana Department of Transportation		393,355
Various other		<u>56,059</u>
Total	\$	<u><u>970,745</u></u>

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements (Continued)

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 1,849,045	\$ 586,976	\$ 2,016,151	\$ 419,870
Land	572,300	127,946	-	700,246
Total capital assets, not being depreciated	<u>\$ 2,421,345</u>	<u>\$ 714,922</u>	<u>\$ 2,016,151</u>	<u>\$ 1,120,116</u>
Capital assets being depreciated:				
Buildings	\$ 4,595,339	\$ -	\$ -	\$ 4,595,339
Improvements other than buildings	5,855,585	-	-	5,855,585
Furniture and fixtures	431,836	-	-	431,836
Vehicles	743,055	121,192	-	864,247
Machinery and equipment	3,747,578	140,926	-	3,888,504
Infrastructure	28,219,912	2,016,151	-	30,236,063
Total capital assets being depreciated	<u>43,593,305</u>	<u>2,278,269</u>	<u>-</u>	<u>45,871,574</u>
Less accumulated depreciation for:				
Buildings	2,094,348	102,259	-	2,196,607
Improvements other than buildings	2,719,295	173,389	(2,144)	2,894,828
Furniture and fixtures	407,022	3,515	-	410,537
Vehicles	673,641	48,623	(1,406)	723,670
Machinery and equipment	2,674,509	204,576	857	2,878,228
Infrastructure	13,614,995	626,419	1	14,241,413
Total accumulated depreciation	<u>22,183,810</u>	<u>1,158,781</u>	<u>(2,692)</u>	<u>23,345,283</u>
Total capital assets being depreciated, net	<u>\$ 21,409,495</u>	<u>\$ 1,119,488</u>	<u>\$ -</u>	<u>\$ 22,526,291</u>

Depreciation expense of \$1,158,781 for the year ended December 31, 2017, was charged to the following governmental functions:

General government	\$ 139,054
Public works	811,146
Economic development	185,405
Public safety	23,176
Total	<u>\$ 1,158,781</u>

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements (Continued)

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers:

<u>From</u>	<u>To</u>		
General Fund	Nonmajor Funds	\$	191,970
Nonmajor Funds	Road District #3		20,000
Nonmajor Funds	Road District #2		20,000
Nonmajor Funds	Nonmajor Funds		11,711
Total		<u>\$</u>	<u>243,681</u>

The police jury makes routine transfers between funds to pay routine expenses that occur during the year and to pay debt service on debt as it becomes due. During the year, several funds were closed out with operating transfers.

8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$928,652 at December 31, 2017 are as follows:

Salaries	\$	45,681
Accounts		<u>882,971</u>
Total	<u>\$</u>	<u>928,652</u>

9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2017:

	<u>Bonded</u>	<u>Compensated</u>	<u>Other Post-</u>	<u>Pension</u>	<u>Total</u>
	Debt	Absences	Employment Benefits	Liability	
Long-term					
Beginning	\$ 1,394,000	\$ 35,674	\$ 1,334,973	\$ 507,129	\$ 3,271,776
Additions	-	10,007	24,118	(123,263)	(89,138)
Deductions	229,000	-	-	-	229,000
Long-term					
Ending	<u>\$ 1,165,000</u>	<u>\$ 45,681</u>	<u>\$ 1,359,091</u>	<u>\$ 383,866</u>	<u>\$ 2,953,638</u>

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements (Continued)

9. LONG-TERM OBLIGATIONS

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2017:

	Bonded Debt	Compensated Absences	Other Post- Employment Benefits	Pension Liability	Total
Current	\$ 234,000	\$ 45,681	\$ -		\$ 279,681
Long-term	931,000	-	1,359,091	383,866	2,673,957
Total	<u>\$ 1,165,000</u>	<u>\$ 45,681</u>	<u>\$ 1,359,091</u>	<u>383,866</u>	<u>\$ 2,953,638</u>

All parish bonds outstanding at December 31, 2017, for \$1,165,000 are general obligations bonds with maturities from 2016 to 2022 and interest rates from 1.957% to 3.20%. Bond principal and interest payable in the next fiscal year are \$234,000 and \$26,074 respectively. The individual issues are as follows:

Bond	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
Library Bond Series 2016	1,500,000	1.957%	03/01/2022	77,465	1,090,000	Ad valorem tax
C.O.I. Series 2011	200,000	3.15%	03/01/2020	6,332	75,000	Ad valorem tax

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. The bonds are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2018	234,000	21,263	255,263
2019	239,000	16,342	255,342
2020	244,000	11,311	255,311
2021	222,000	6,596	228,596
2022	226,000	2,211	228,211
Total	<u>\$ 1,165,000</u>	<u>\$ 57,723</u>	<u>\$ 1,222,723</u>

In accordance with R.S. 39:562, the police jury is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property.

Compensated absences have typically been liquidated by the following governmental funds: General Fund and Parish Road Fund.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance and flow of funds through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages.

10. Parochial Employee's Retirement System

A. Plan Description

The Parochial Employees' Retirement System of Louisiana (System) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana.

The System provides retirement benefits to employees of any parish within the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Police Jury is a participating member of Plan A.

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.

Eligibility Requirements

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement Benefits

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

10. Parochial Employee's Retirement System

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

Survivor Benefits

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

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for 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.

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 roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

10. Parochial Employee's Retirement System

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and 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 an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Cost of Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. 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. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

B. Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2015, the actuarially determined contribution rate was 10.40% of member's compensation for Plan A and 86.91% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2015 was 14.5% for Plan A and 9.00% for Plan B.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

10. Parochial Employee’s Retirement System

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

At December 31, 2017, the Police Jury reported a liability of \$383,866 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer’s proportionate share of the pension amounts.

The allocation method used in determining each employer’s proportion was based on the employer’s projected contribution effort to the plan. The employers’ contribution effort was actuarially determined by the System’s actuary.

For the year ended December 31, 2017, the Police Jury recognized pension expense of \$227,926. At December 31, 2017, the Police Jury reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ 67,680
Net difference between projected and actual earnings on pension plan investments and changes in assumptions and proportionate share of contributions	341,028	-
Police Jury contributions made subsequent to the measurement date	127,180	
Total	\$ 468,208	\$ 67,680

The Police Jury’s contributions during the year ended December 31, 2017, reported as deferred outflows, of \$127,180 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ 112,743
2019	120,540
2020	78,357
2021	(38,292)

10. Parochial Employee’s Retirement System

Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of December 31, 2016 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>
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	2%	0.12%
Totals	100%	5.66%
Inflation		2.00%
Expected Arithmetic Normal Return		7.66%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 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. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, 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 6.00% or one percentage point higher 8.00% than the current rate.

		<u>Changes in Discount Rate</u>	
		<u>Current Discount Rate</u>	<u>1% Increase</u>
	1%	7.00%	8.00%
	Decrease	6.00%	Increase
	6.00%	7.00%	8.00%
Net Pension Liability (Asset)	\$1,148,299	\$383,866	\$(262,484)

Retirement System Audit Report

The Parochial Employees’ Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended December 31, 2016. Access to the report can be found on the Louisiana Legislative Auditor’s website, www.lia.la.gov.

11. OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description. The Police Jury administers a single-employer defined health benefit retirement plan as authorized by the Police Jury. The Plan provides lifetime health insurance for employees that retire with at least seven years of full-time service. The Plan pays 50% of health insurance cost for retirees up to \$300 per month. The Plan does not issue a publicly available financial report. Benefit provisions are established and may be amended by the jurors of the Allen Parish Police Jury.

The Police Jury has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2009, the Police Jury recognizes the cost of postemployment benefits in the year when employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Police Jury's future cash flows. Because the Police Jury has adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years is being phased in over 30 years, commencing with the 2009 liability.

Annual OPEB Cost and Net OPEB Obligation. The Police Jury's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The Police Jury has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Police Jury's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Police Jury's net OPEB obligation to the Plan:

Annual required contribution	\$ 27,160
Interest on net OPEB obligation	53,399
Adjustment to annual required contribution	(53,001)
Annual OPEB cost	<u>27,558</u>
Contributions made	3,440
Increase in net OPEB obligation	<u>24,118</u>
Net OPEB obligation, beginning of year	1,334,973
Net OPEB obligation, end of year	<u><u>\$ 1,359,091</u></u>

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS PLAN

The Police Jury's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2016, 2015, and 2014 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
12/31/2017	\$ 27,558	12.5%	\$ 1,359,091
12/31/2016	\$ 27,131	12.7%	\$ 1,334,973
12/31/2015	\$ 168,062	3.9%	\$ 1,311,282

Funding Policy, Funded Status, and Funding Progress. The Plan is financed on a pay-as-you-go basis, therefore no funds are reserved for payment of future health insurance premiums. Based on a plan valuation performed as of December 31, 2017; the actuarial accrued liability for benefits was \$1,359,091, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$481,542, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 277% as of December 31, 2016.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Investment return of 4.00% per annum, compounded annually.

Retirement rates (Rates are the same for both male and female)-Age 46-49 22%; Age 50-54 44%; Age 55-57 4%, Age 58-62 18%; Age 63-65 28%; Age 66+ 100%

Participation Assumption-100% of participants are assumed to elect retiree medical coverage upon retirement.

Marriage Assumption-For actives it is assumed that husbands are 3 years older than their wives. 20% of active participants making it to retirement are assumed to be married and elect spouse coverage.

Mortality- Life expectancies were based on the following mortality rates:

Pre-retirement: Sex Distinct RP 2000 Combined Healthy Mortality Table projected to 2016 using Scale AA.

Post-retirement: Sex Distinct RP 2000 Combined Healthy Mortality Table projected to 2016 using Scale AA.

Turnover- Withdrawal rates from 12% for less than one year in plan to 1% for greater than fifteen years in plan. Disability rates from .006% for ages 18-34 to .195% for ages 60 or more. Retirement rates from 22% for ages 46-49 to 100% for ages 66 or more.

11. OTHER POSTEMPLOYMENT BENEFITS PLAN

Healthcare cost trend rate- The expected rate of increase in healthcare insurance premiums was based on projections of the actuary. A level 6 percent was used.

Health insurance premiums- health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid. Future retirees are assumed to be at maximum reimbursement rate of \$300 per month.

Inflation rate- The expected long-term inflation assumption of 3 percent was used.

Payroll growth rate- The expected long-term payroll growth rate was assumed 2.8% per year.

Based on the historical and expected returns of the Police Jury’s short-term investment portfolio, a discount rate of 4 percent was used. In addition, the unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over thirty years. The ARC was determined by using the Unit Credit Actuarial Cost Method.

12. DEFERRED COMPENSATION PLAN

The police jury offers membership in the State of Louisiana, Public Employees Deferred Compensation Plan, a qualified retirement plan under section 457 of the Internal Revenue Code administered by Great West Life and Annuity Insurance Company.

The Louisiana Deferred Compensation Plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal and state income tax on their contributions. In addition, interest or earnings on the account accumulates tax-deferred. Participants may join the plan with as little as \$50 per month, and contribute up to 100% of taxable compensation, not to exceed \$17,500 for all employees under 50 and \$23,000 for any employee who is 50 years old or older for the year ended December 31, 2017. The police jury matches up to 2% of the employee’s contributions to this plan. Employee contributions for the year ended December 31, 2017 were \$10,300 The police jury’s contributions for the year ended December 31, 2017 were \$6,886.

The Plan is administered by Great-West Life and Annuity Insurance Company; 2237 South Acadian Thruway Suite 702; Baton Rouge, LA 70808; (800)937-7604 or (225)926-8086.

13. CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others follows:

	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
Agency funds:				
Capital Improvement Fund	\$ 240,554	\$ 203,971	\$ 274,400	\$ 170,125
	<u>\$ 240,554</u>	<u>\$ 203,971</u>	<u>\$ 274,400</u>	<u>\$ 170,125</u>

14. RISK MANAGEMENT

The police jury is exposed to various risks of loss in the areas of health care, general and auto liability, property hazards, worker's compensation, and employee dishonesty. The police jury maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the policy jury. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The police jury did not reduce insurance coverage in 2017. Due to current insurance market conditions, the police jury is retaining the risk for its general liability exposures in areas where there is no affordable insurance coverage available.

15. CONTINGENT LIABILITIES

At December 31, 2017, the police jury is involved in lawsuits. Of these lawsuits in the opinion of legal counsel for the police jury, no estimate of loss can be made for any of these.

The Louisiana Constitution prohibits seizures of a political subdivision's property and provides that no judgment against such a body can be paid until funds are appropriated for that purpose. The police jury's legal counsel expects the Court to limit the scope of the plaintiffs' inquiries into the police jury's finances.

In the normal course of operations, the police jury receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

17. DEFICITS IN INDIVIDUAL FUNDS

The following funds reflect a deficit fund balance at December 31, 2017:

Coroner Fund	\$ 5,628
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18. CRIMINAL COURT FUND

Louisiana Revised Statute 15:571.11 requires that one-half of any balance remaining in the Criminal Court Fund at the year end be transferred to the parish General Fund. The following details the amounts due at December 31, 2017:

Balance in Criminal Court bank account at December 31, 2017	<u>\$ 29,085</u>
Balance due at December 31, 2017	<u>\$ 14,543</u>

The police jury has decided to not transfer the funds due to the fact that the General Fund historically has had to subsidize the Criminal Court Fund and expects to have to do so in 2018.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements (Continued)

19. DEFERRED INFLOWS OF RESOURCES

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year end (and, therefore, unavailable to pay liabilities of the current period). Unavailable revenue received after 60 days is fully recognized as revenue in the government-wide financial statements. At December 31, 2017, governmental funds' revenues that have been earned but are unavailable are \$214,561, as follows:

	Ad Valorem Taxes	State Revenue Sharing	Total
General Fund	\$ 7,857	\$ 9,980	\$ 17,837
Road District #1 Mtc. Fund	17,801	18,038	35,839
Road District #2 Mtc. Fund	20,827	26,098	46,925
Road District #3 Mtc. Fund	13,276	20,960	34,236
Road District #4 Mtc. Fund	7,817	19,484	27,301
Road District #5 Mtc. Fund	13,575	5,928	19,503
Road District #5A Mtc. Fund	2,708	3,118	5,826
Road District #1A Mtc. Fund	950	1,202	2,152
Court House & Jail Fund	10,998	13,944	24,942
	<u>\$ 95,809</u>	<u>\$ 118,752</u>	<u>\$ 214,561</u>

20. UNEARNED REVENUE

The balance in unearned revenue at December 31, 2017 consists of \$48,703 of operating grant revenue that had been received but that had not been earned as of December 31, 2017 in the Nonmajor Funds.

21. SUBSEQUENT EVENT REVIEW

The police jury's management has evaluated subsequent events through the date which the financial statements were available to be issued. The police jury's management is not aware of a subsequent event that requires disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE (OVER) FINAL
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Ad valorem	\$ 271,300	\$ 271,300	\$ 282,300	\$ 11,000
Other taxes, penalties, interest	-	-	-	-
Licenses and permits	82,600	82,600	107,831	25,231
Intergovernmental:				
Grants - federal and state	150,000	150,000	179,765	29,765
State funds:				
State revenue sharing	14,000	14,000	19,272	5,272
Severance taxes	500,000	500,000	856,126	356,126
Other state funds	114,500	114,500	113,868	(632)
Fees, charges and commissions for services	3,900	3,900	3,362	(538)
Fines and forfeitures	7,500	7,500	21,548	14,048
Investment earnings	450	450	1,194	744
Other revenues	211,700	211,700	195,377	(16,323)
TOTAL REVENUES	1,355,950	1,355,950	1,780,643	424,693
EXPENDITURES				
Current:				
General government:				
Legislative	130,200	130,200	130,259	(59)
Judicial	9,900	9,900	3,457	6,443
Elections	38,875	38,875	34,139	4,736
Financial and administrative	76,750	76,750	97,293	(20,543)
Other	1,229,655	1,229,655	30,866	1,198,789
Public safety	-	-	129,014	(129,014)
Payments to other governments	134,180	134,180	177,576	(43,396)
Capital outlay	150,000	150,000	131,210	18,790
TOTAL EXPENDITURES	1,769,560	1,769,560	733,814	1,035,746
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(413,610)	(413,610)	1,046,829	1,460,439
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(120,000)	(120,000)	(191,970)	(71,970)
Proceeds from sale of assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(120,000)	(120,000)	(191,970)	(71,970)
NET CHANGE IN FUND BALANCE	(533,610)	(533,610)	854,859	1,388,469
FUND BALANCE(DEFICIT)-BEGINNING	533,610	533,610	962,219	-
FUND BALANCE (DEFICIT)-ENDING	\$ -	\$ -	\$ 1,817,078	\$ 1,388,469

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Budgetary Comparison Schedule
Solid Waste Fund
For the Year Ended December 31, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE (OVER) FINAL
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales and use	1,600,000	1,600,000	1,786,936	186,936
Intergovernmental:				
Grants - federal and state	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing	-	-	-	-
Other state funds	-	-	-	-
Fines and forfeitures	-	-	-	-
Gaming revenues	-	-	-	-
Investment earnings	1,000	1,000	301	(699)
Other revenues	-	-	2,549	2,549
TOTAL REVENUES	1,601,000	1,601,000	1,789,786	188,786
EXPENDITURES				
Current:				
General government:				
Judicial	-	-	-	-
Other	-	-	-	-
Sanitation	1,950,400	1,950,400	1,820,557	129,843
Payments to other governments	-	-	-	-
Economic development and assistance	-	-	-	-
Capital outlay	-	-	321	(321)
TOTAL EXPENDITURES	1,950,400	1,950,400	1,820,878	129,522
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(349,400)	(349,400)	(31,092)	318,308
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(349,400)	(349,400)	(31,092)	318,308
FUND BALANCE (DEFICIT)-BEGINNING	349,400	349,400	342,203	-
FUND BALANCE (DEFICIT)-ENDING	\$ -	\$ -	\$ 311,111	\$ 318,308

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Budgetary Comparison Schedule
Road District #2 Maintenance Fund
For the Year Ended December 31, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE (OVER) FINAL
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Ad valorem	\$ 689,700	\$ 689,700	\$ 702,927	\$ 13,227
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Grants - federal and state	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing	38,900	38,900	50,188	11,288
Severance taxes	-	-	-	-
Other state funds	-	-	-	-
Fees, charges and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Gaming revenues	-	-	-	-
Investment earnings	-	-	736	736
Other revenues	2,000	2,000	15,705	13,705
TOTAL REVENUES	<u>730,600</u>	<u>730,600</u>	<u>769,556</u>	<u>38,956</u>
EXPENDITURES				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Executive	-	-	-	-
Elections	-	-	-	-
Financial and administrative	-	-	-	-
Other	-	-	-	-
Public safety	-	-	-	-
Public works	1,083,000	1,083,000	559,911	523,089
Health and welfare	-	-	-	-
Payments to other governments	-	-	-	-
Economic development and assistance	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	96,936	(96,936)
TOTAL EXPENDITURES	<u>1,083,000</u>	<u>1,083,000</u>	<u>656,847</u>	<u>426,153</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(352,400)</u>	<u>(352,400)</u>	<u>112,709</u>	<u>465,109</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	20,000	20,000
Transfers out	-	-	-	-
Proceeds from sale of assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCE	<u>(352,400)</u>	<u>(352,400)</u>	<u>132,709</u>	<u>485,109</u>
FUND BALANCE (DEFICIT)-BEGINNING	<u>352,400</u>	<u>352,400</u>	<u>946,141</u>	<u>-</u>
FUND BALANCE (DEFICIT)-ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,078,850</u>	<u>\$ 485,109</u>

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Budgetary Comparison Schedule
Road District #3 Maintenance Fund
For the Year Ended December 31, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE (OVER) FINAL
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Ad valorem	\$ 739,400	\$ 739,400	\$ 733,079	\$ (6,321)
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Grants - federal and state	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing	30,000	30,000	37,340	7,340
Severance taxes	-	-	-	-
Other state funds	-	-	-	-
Fees, charges and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Gaming revenues	-	-	-	-
Investment earnings	-	-	1,440	1,440
Other revenues	2,000	2,000	29,686	27,686
TOTAL REVENUES	<u>771,400</u>	<u>771,400</u>	<u>801,545</u>	<u>30,145</u>
EXPENDITURES				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Executive	-	-	-	-
Elections	-	-	-	-
Financial and administrative	-	-	-	-
Other	-	-	-	-
Public safety	-	-	-	-
Public works	1,848,450	1,848,450	678,610	1,169,840
Health and welfare	-	-	-	-
Payments to other governments	-	-	-	-
Economic development and assistance	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	128,618	(128,618)
TOTAL EXPENDITURES	<u>1,848,450</u>	<u>1,848,450</u>	<u>807,228</u>	<u>1,041,222</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,077,050)</u>	<u>(1,077,050)</u>	<u>(5,683)</u>	<u>1,071,367</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	20,000	20,000
Transfers out	-	-	-	-
Proceeds from sale of assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCE	<u>(1,077,050)</u>	<u>(1,077,050)</u>	<u>14,317</u>	<u>1,091,367</u>
FUND BALANCE (DEFICIT)-BEGINNING	<u>1,077,500</u>	<u>1,077,500</u>	<u>1,644,444</u>	<u>-</u>
FUND BALANCE (DEFICIT)-ENDING	<u>\$ 450</u>	<u>\$ 450</u>	<u>\$ 1,658,761</u>	<u>\$ 1,091,367</u>

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY
For the Year Ended December 31, 2017
NOTES TO BUDGETARY COMPARISON SCHEDULES

Budgets and budgetary accounting:

The Police Jury follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to November 1, the department heads submit to the Police Jury a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of a resolution.
4. An amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Police Jury.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year end. The budgets presented are the originally adopted budget and the final amended budget. Actual amounts may not vary more than 5% from the final amended budget.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana

Parochial Employees' Retirement System of Louisiana
Schedule of the Police Jury's Proportionate Share of the Net Pension Lia
For The Year Ended December 31, 2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police Jury's proportion of the net pension liability	0.212%	0.198%	0.186%	0.186%
Police Jury's proportionate share of the net pension liability	\$ 15,178	\$ 54,246	\$ 507,129	\$ 383,866
Police Jury's covered-employee payroll	\$ 1,091,250	\$ 1,132,076	\$ 1,165,254	\$ 1,017,437
Police Jury's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.4%	4.8%	43.5%	37.7%
Plan fiduciary net position as a percentage of the total pension liability	99.48%	99.14%	92.23%	94.00%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

The notes to financial statements are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana

Parochial Employees' Retirement System of Louisiana
Schedule of the Police Jury's Contributions
For The Year Ended December 31, 2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 174,600	\$ 164,151	\$ 151,483	\$ 127,180
Contributions in relation to the contractually required contribution	\$ 174,600	\$ 164,151	\$ 151,483	\$ 127,180
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,091,250	\$ 1,132,076	\$ 1,165,254	\$ 1,017,437
Contributions as a percentage of covered-employee payroll	16.0%	14.5%	13.0%	12.5%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

The notes to financial statements are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Schedule of Funding Progress
For the Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded ALL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2014	\$ -	\$ 1,114,752	\$ 1,114,752	0.0%	\$ 1,047,714	106%
January 1, 2015	\$ -	\$ 1,114,752	\$ 1,114,752	0.0%	\$ 1,132,071	98.47%
January 1, 2016	\$ -	\$ 287,547	\$ 287,547	0.0%	\$ 481,542	59.71%

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY SCHEDULES

Allen Parish Police Jury
 Schedule of Compensation, Benefits and Other Payments to Agency Head
 or Chief Executive Officer
 For the Year Ended December 31, 2017

Agency Head Name:	Creig Vizena
Purpose	Amount
Salary	\$ 14,400
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Schedule of Compensation Paid Elected Officials
For the Year Ended December 31, 2017

Board Member	Amount
Ruffin George	\$ 14,400
John Strother	14,400
Kent Fontenot	14,400
Creig Vizena	14,400
Anthony Hebert	14,400
Heath Ardoin	14,400
Matt Fontenot	14,400
	<u>\$ 100,800</u>

The accompanying notes are an integral part of this statement.

Allen Parish Police Jury
Supplementary Information Schedule
Community Grant Agreement-Coushatta Tribe of Louisiana
For the Year Ended December 31, 2017

Revenues:

Gaming revenue	\$ 448,553
Investment earnings and other	1,568
Total revenues	<u>\$ 450,121</u>

Expenditures:

Utilities/telephone for parish buildings	\$ 191,074
Payroll & fringe benefits for Court House maintenance employees	49,278
Maintenance of parish buildings and roads	310,709
Insurance for parish buildings	56,598
Road maintenance meeting compact agreement	8,701
Total expenditures	<u>\$ 616,360</u>

The accompanying notes are an integral part of this statement.

INDEPENDENT AUDITOR'S REPORT SECTION

STEVEN M. DEROUEN & ASSOCIATES

Certified Public Accountants

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

To the Allen Parish Police Jury
Oberlin, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Allen Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Allen Parish Police Jury's primary government basic financial statements, and have issued my report thereon dated June 28, 2018. The report on the Allen Parish Police Jury was adverse because the financial statements do not include financial data of all component units of the Allen Parish Police Jury.

Internal Control Over Financial Reporting

In planning and performing my audit of the primary government financial statements, I considered the Allen Parish Police Jury's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the primary government financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allen Parish Police Jury's internal control. Accordingly, I do not express an opinion on the effectiveness of the Allen Parish Police Jury's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's primary government 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or

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

weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies. See items 2017-1 and 2017-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Allen Parish Police Jury's primary government financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Allen Parish Policy Jury's Response to Findings

The Allen Parish Police Jury's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The Allen Parish Policy Jury's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, I express no opinion on it.

Purpose of this Report

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

Steven M. DeRouen & Associates

Steven M. DeRouen & Associates
Lake Charles, Louisiana
June 28, 2018

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Adverse on aggregate discretely presented component units; qualified on aggregate remaining fund information; unmodified on all other opinion units.

Internal Control Over Financial Reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Section II - Financial Statement Findings

2017-1 Segregation of Duties

Condition:	Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.
Criteria:	Effective internal control requires adequate segregation of duties among client personnel.
Effect:	Without proper segregation of duties, errors within the financial records or fraud could go undetected.
Recommendation:	To the extent cost effective, duties should be segregated and management should attempt to mitigate this significant deficiency in internal control by supervision and review procedures.
Views of responsible officials and planned corrective actions:	We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

2017-2 Controls over Financial Reporting

Condition:	In my judgment, the personnel of the Allen Parish Police Jury do not have the specialized accounting training necessary to generate the financial statements, together with related notes in accordance with generally accepted accounting principles (GAAP).
Criteria:	The Auditing Standards Board issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. SAS No. 112 emphasizes that the auditor cannot be part of your system of internal control over financial reporting.
Effect:	Misstatements in financial statements could go undetected.
Recommendation:	In my judgment, due to the lack of resources available to management to correct this significant deficiency in financial reporting, we recommend management mitigate this significant deficiency in internal control by having a heightened awareness of all transactions being reported.
Views of responsible officials and planned corrective actions:	We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

**Allen Parish Police Jury
Status of Prior Audit Findings
For the Year Ended December 31, 2016**

2016-1 Segregation of Duties

Corrective action taken – Due to the lack of sufficient financial resources, this finding cannot be resolved.
See 2016-1.

2016- 2 Controls over Financial Reporting

Corrective action taken – Due to the lack of sufficient financial resources, this finding cannot be resolved.
See 2016-2.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Police Jurors of Allen Parish Police Jury and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Police Jurors of Allen Parish Police Jury and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Observations: The written policies and procedures did not address receipts, contracting, ethics and debt service. The purchasing policy did not address (2) how vendors are added to the vendor list.

Management's response: The Allen Parish Police Jury will develop and implement written policies and procedures for the four areas mentioned above.

Board (or Finance Committee, if applicable)

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

There were no observations noted resulting from the application of these procedures.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Observation: *The bank reconciliations did not include evidence that a member of management with no involvement in transactions associated with the bank accounts has reviewed the bank reconciliations.*

Management's Response: *A member of management with no involvement in transactions associated with bank accounts will begin reviewing bank reconciliations and include evidence of that review on the bank reconciliation.*

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Observation: The Police Jury's deposits are made between one to four days after collection.

Management's Response: It is the Police Jury's policy to allow for a greater than one day collection period prior to depositing funds in the bank.

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

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

Observations: *The person responsible for processing payments can also add a vendor to the entity's purchasing/disbursement system. Due to limited office staff, the person responsible for approving purchases can also initiate a purchase.*

Management's Response: *The Police Jury does not consider it feasible or cost effective to restrict the person responsible for processing payments from adding vendors.*

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no observations noted resulting from the application of these procedures.

Travel and Expense Reimbursement

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

There were no observations noted resulting from the application of these procedures.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

There were no observations noted resulting from the application of these procedures.

Payroll and Personnel

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

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

There were no observations noted resulting from the application of these procedures.

Ethics

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

There were no observations noted resulting from the application of these procedures.

Debt Service

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

There were no observations noted resulting from the application of these procedures.

Other

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

There were no observations noted resulting from the application of these procedures.

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

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

Steven M. DeRouen & Associates

June 28, 2018
Lake Charles, Louisiana