

FINANCIAL REPORT
OF THE
VILLAGE OF PINE PRAIRIE, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2018

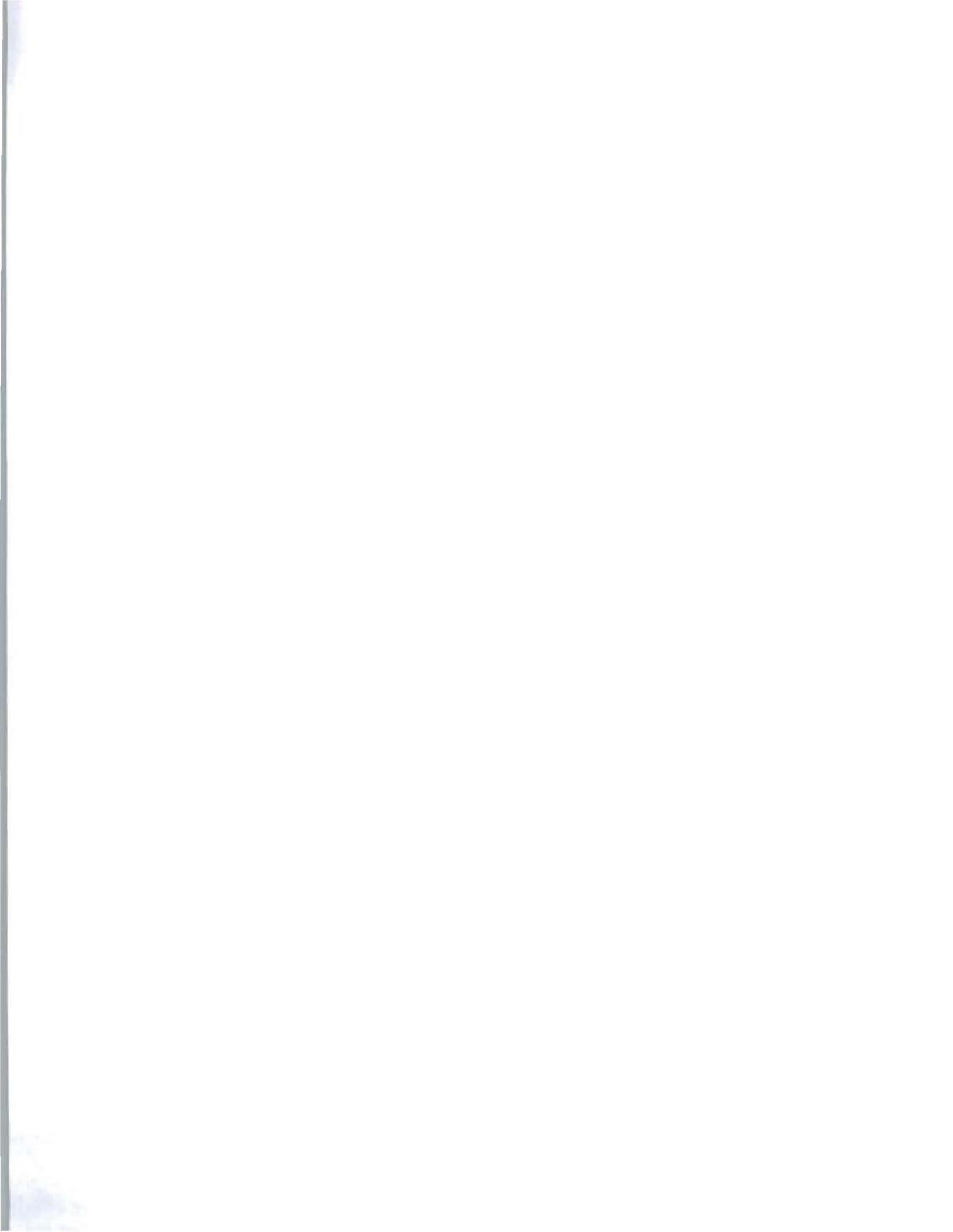


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VIGE, TUJAGUE  NOEL
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

INDEPENDENT AUDITOR'S REPORT

To the Board of Aldermen
Village of Pine Prairie, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Village of Pine Prairie, Louisiana as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the Village of Pine Prairie, Louisiana, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The Village of Pine Prairie, Louisiana has not presented a management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Pine Prairie, Louisiana's basic financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

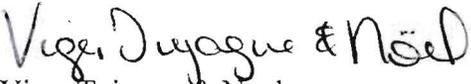
The accompanying supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States

of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2019, on our consideration of the Village of Pine Prairie, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Pine Prairie, Louisiana's internal control over financial reporting and compliance.

The prior year comparative information has been derived from the Village of Pine Prairie, Louisiana's 2017 financial statements and, in our report dated May 31, 2018 we expressed unmodified opinions on the respective financial statements of the governmental and business-type activities.


Vige, Tujague & Noel
Eunice, Louisiana

June 6, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF PINE PRAIRIE

Statement of Net Position

December 31, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Interest-Bearing Deposits	\$ 1,167,143	\$ 15,427	\$ 1,182,570
Receivables, net of \$37,926 allowance	<u>192,844</u>	<u>9,000</u>	<u>201,844</u>
Total Current Assets	<u>1,359,987</u>	<u>24,427</u>	<u>1,384,414</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Interest-Bearing Deposits	15,563	70,435	85,998
Capital Assets, Net	<u>1,553,543</u>	<u>1,308,801</u>	<u>2,862,344</u>
Total Noncurrent Assets	<u>1,569,106</u>	<u>1,379,236</u>	<u>2,948,342</u>
Total Assets	<u>2,929,093</u>	<u>1,403,663</u>	<u>4,332,756</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows Related to Pensions	<u>211,958</u>	<u>-</u>	<u>211,958</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	14,670	-	14,670
Payroll Taxes Payable	21,107	-	21,107
Accrued Interest Payable	-	587	587
Notes Payable	<u>3,195</u>	<u>7,053</u>	<u>10,248</u>
Total Current Liabilities	<u>38,972</u>	<u>7,640</u>	<u>46,612</u>
Noncurrent Liabilities:			
Customers' Deposits	-	33,200	33,200
Notes Payable	184,369	380,538	564,907
Net Pension Liability	<u>465,692</u>	<u>-</u>	<u>465,692</u>
Total Noncurrent Liabilities	<u>650,061</u>	<u>413,738</u>	<u>1,063,799</u>
Total Liabilities	<u>689,033</u>	<u>421,378</u>	<u>1,110,411</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	<u>97,440</u>	<u>-</u>	<u>97,440</u>
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	1,365,979	921,210	2,287,189
Restricted For:			
Debt Service	15,563	35,923	51,486
Street Projects	715,525	-	715,525
Unrestricted	<u>257,511</u>	<u>25,152</u>	<u>282,663</u>
Total Net Position	<u>\$ 2,354,578</u>	<u>\$ 982,285</u>	<u>\$ 3,336,863</u>

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

VILLAGE OF PINE PRAIRIE
Statement of Activities
For the Year Ended December 31, 2018

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 370,194	\$ 278,666	\$ -	\$ (91,528)	\$ -	\$ (91,528)
Public safety (Police)	551,185	439,836	-	(111,349)	-	(111,349)
Streets	217,256	-	-	(217,256)	-	(217,256)
Interest on long-term debt	7,806	-	-	(7,806)	-	(7,806)
Total governmental activities	<u>1,146,441</u>	<u>718,502</u>	<u>-</u>	<u>(427,939)</u>	<u>-</u>	<u>(427,939)</u>
Business-type activities:						
Sewer	158,781	94,428	-	-	(64,353)	(64,353)
Total business-type activities	<u>158,781</u>	<u>94,428</u>	<u>-</u>	<u>-</u>	<u>(64,353)</u>	<u>(64,353)</u>
Total primary government	<u>\$ 1,305,222</u>	<u>\$ 812,930</u>	<u>\$ -</u>	<u>(427,939)</u>	<u>(64,353)</u>	<u>(492,292)</u>
General Revenues:						
Taxes						
Ad Valorem Taxes				123,656	-	123,656
Sales Taxes				256,276	-	256,276
Franchise Taxes				59,816	-	59,816
Investment Earnings				3,387	225	3,612
Nonemployer pension contributions				12,230	-	12,230
Miscellaneous				47,561	-	47,561
Transfers				(6,785)	6,785	-
Total general revenues and transfers				<u>496,141</u>	<u>7,010</u>	<u>503,151</u>
Change in net position				68,202	(57,343)	10,859
Net position-beginning				<u>2,286,376</u>	<u>1,039,628</u>	<u>3,326,004</u>
Net position-ending				<u>\$ 2,354,578</u>	<u>\$ 982,285</u>	<u>\$ 3,336,863</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

VILLAGE OF PINE PRAIRIE
Governmental Funds
Balance sheet
December 31, 2018
With Comparative Totals for December 31, 2017

	General	Special Revenue	Total Governmental Funds	2017 Totals
ASSETS				
Current Assets:				
Cash and Interest-Bearing Deposits	\$ 451,618	\$ 715,525	\$ 1,167,143	\$ 990,444
Ad Valorem Taxes Receivable	47,997	47,293	95,290	88,807
Franchise Tax Receivable	13,309	-	13,309	12,827
Sales Tax Receivable	-	62,596	62,596	42,384
Other Receivables	21,366	-	21,366	34,868
Due from Other Funds	-	861	861	861
Total Current Assets	<u>534,290</u>	<u>826,275</u>	<u>1,360,565</u>	<u>1,170,191</u>
Restricted Assets:				
Community Center Reserve Fund	11,336	-	11,336	11,291
Community Center Sinking Fund	3,047	-	3,047	3,032
Community Center Contingency Fund	1,180	-	1,180	1,176
Total Restricted Assets	<u>15,563</u>	<u>-</u>	<u>15,563</u>	<u>15,499</u>
 Total Assets	 <u>\$ 549,853</u>	 <u>\$ 826,275</u>	 <u>\$ 1,376,128</u>	 <u>\$ 1,185,690</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 11,963	\$ 2,707	\$ 14,670	\$ 25,190
Payroll Liabilities	18,926	2,181	21,107	16,092
Due to Other Funds	861	-	861	861
Total Liabilities	<u>31,750</u>	<u>4,888</u>	<u>36,638</u>	<u>42,143</u>
Fund Balances:				
Fund Balances:				
Restricted for:				
Debt Service	-	178,714	178,714	123,483
Street Projects	-	642,673	642,673	565,002
Unassigned	518,103	-	518,103	455,062
Total Fund Balances	<u>518,103</u>	<u>821,387</u>	<u>1,339,490</u>	<u>1,143,547</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 549,853</u>	 <u>\$ 826,275</u>	 <u>\$ 1,376,128</u>	 <u>\$ 1,185,690</u>

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

VILLAGE OF PINE PRAIRIE
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2018

Governmental funds fund balances at December 31, 2018	\$ 1,339,490
Total net position reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,553,543
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(187,564)
Accrued interest receivable at December 31, 2018	283
Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds	(351,174)
Net position of governmental activities	<u>\$ 2,354,578</u>

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

VILLAGE OF PINE PRAIRIE
Governmental Funds
Combined Statement Of Revenues, Expenditures, And Changes
In Fund Balances
For the Year Ended December 31, 2018
With Comparative Totals For the Year Ended December 31, 2017

	General Fund	Special Revenue	Total (Governmental Funds)	2017 Totals
Revenues:				
Taxes: Ad Valorem	\$ 60,793	\$ 62,863	\$ 123,656	\$ 119,196
Franchise	59,816	-	59,816	56,465
Sales	-	256,276	256,276	245,290
Licenses	49,679	-	49,679	46,802
Fines and Forfeits	439,836	-	439,836	500,586
Prison Fees	228,987	-	228,987	195,548
Miscellaneous & Grants	45,999	1,562	47,561	47,761
Total Revenues	<u>885,110</u>	<u>320,701</u>	<u>1,205,811</u>	<u>1,211,648</u>
Expenditures:				
Current:				
General Government	324,501	-	324,501	295,037
Public Safety	493,493	-	493,493	431,652
Street Department	-	147,882	147,882	152,485
Capital Outlay	4,216	25,485	29,701	22,412
Debt Service	10,872	-	10,872	10,872
Total Expenditures:	<u>833,082</u>	<u>173,367</u>	<u>1,006,449</u>	<u>912,458</u>
Other Financing Sources / (Uses)				
Interest Income	1,176	2,190	3,366	2,846
Operating Transfers In	61,922	102,261	164,183	162,098
Operating Transfers Out	<u>(52,085)</u>	<u>(118,883)</u>	<u>(170,968)</u>	<u>(181,508)</u>
Total Other Financing Sources/(Uses)	<u>11,013</u>	<u>(14,432)</u>	<u>(3,419)</u>	<u>(16,564)</u>
Net Change in Fund Balances	63,041	132,902	195,943	282,626
Fund Balance, Beginning Of Year	<u>455,062</u>	<u>688,485</u>	<u>1,143,547</u>	<u>860,921</u>
Fund Balance, End Of Year	<u>\$ 518,103</u>	<u>\$ 821,387</u>	<u>\$ 1,339,490</u>	<u>\$1,143,547</u>

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

VILLAGE OF PINE PRAIRIE
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances-
 Governmental Funds
 For the Year Ended December 31, 2018

Net change in fund balances-total governmental funds	\$ 195,943
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$29,701) exceeded depreciation (\$133,136) in the current year.	(103,435)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,066
Differences between accrued interest receivable on modified accrual basis versus accrual basis	21
Net effect of pension liability recognition	<u>(27,393)</u>
Change in net position of governmental activities	<u><u>\$ 68,202</u></u>

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

PROPRIETARY FUND

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Statement of Net Position
December 31, 2018
With Comparative Totals for December 31, 2017

ASSETS:

	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash and Interest-Bearing Deposits	\$ 15,427	\$ 16,718
Accounts Receivable, Net of Allowance for Uncollectible (2018 - \$37,926; 2017 - \$26,780)	<u>9,000</u>	<u>15,627</u>
Total Current Assets	<u>24,427</u>	<u>32,345</u>
Restricted Assets:		
Cash on Deposit for:		
Note Sinking Fund	6,120	6,091
Note Reserve Fund	14,682	13,435
Note Contingency Fund	15,121	13,872
CDBG Fund	12	12
Customers' Deposits	<u>34,500</u>	<u>33,686</u>
Total Restricted Assets	<u>70,435</u>	<u>67,096</u>
Long-Term Assets:		
Fixed Assets, Net of Accumulated Depreciation (2018 - \$1,038,787; 2017 - \$978,299)	<u>1,308,801</u>	<u>1,369,291</u>
Total Long-Term Assets	<u>1,308,801</u>	<u>1,369,291</u>
TOTAL ASSETS	<u>\$ 1,403,663</u>	<u>\$ 1,468,732</u>

(Continued)

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

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Statement of Net Position (Continued)
December 31, 2018
With Comparative Totals for December 31, 2017

LIABILITIES:

	<u>2018</u>	<u>2017</u>
Current Liabilities:		
Accounts Payable	\$ -	\$ 1,955
Accrued Interest Payable	587	597
Notes Payable	<u>7,053</u>	<u>6,760</u>
Total Current Liabilities	<u>7,640</u>	<u>9,312</u>
Noncurrent Liabilities:		
Customers' Deposits	33,200	32,200
Notes Payable	<u>380,538</u>	<u>387,592</u>
Total Noncurrent Liabilities	<u>413,738</u>	<u>419,792</u>
Total Liabilities	<u>421,378</u>	<u>429,104</u>
NET POSITION:		
Invested in capital assets, net of related debt	921,210	974,939
Restricted for:		
Debt Service	35,923	33,398
Unrestricted	<u>25,152</u>	<u>31,291</u>
Total Net Position	<u>\$ 982,285</u>	<u>\$ 1,039,628</u>

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

VILLAGE OF PINE PRAIRIE
Statement of Revenues,
Expenses, And Changes In Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2018
With Comparative Totals For the Year Ended December 31, 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues:		
Charges for Services—Sewer Fees	\$ 94,408	\$ 94,355
Miscellaneous	20	1,090
Total Operating Revenues	<u>94,428</u>	<u>95,445</u>
Operating expenses:		
Bad Debt Expense	11,146	2,393
Dues & Fees	4,951	5,812
Depreciation Expense	60,489	60,489
Office Expense	2,078	1,695
Repairs and Maintenance	49,816	75,417
Miscellaneous	3,294	2,103
Utilities	10,389	12,230
Total operating expenses	<u>142,163</u>	<u>160,139</u>
Operating income (loss)	<u>(47,735)</u>	<u>(64,694)</u>
Non-operating revenues/(expenses):		
Interest Revenue	225	156
Interest Expense	(16,618)	(16,900)
Total non-operating revenues/(expenses)	<u>(16,393)</u>	<u>(16,744)</u>
Transfers in (out):		
Operating Transfers In	6,785	19,409
Operating Transfer Out	-	-
Total transfers in (out)	<u>6,785</u>	<u>19,409</u>
Change in net position	(57,343)	(62,029)
<u>Net Position, BEGINNING OF YEAR</u>	<u>1,039,628</u>	<u>1,101,657</u>
<u>Net Position, END OF YEAR</u>	<u>\$ 982,285</u>	<u>\$ 1,039,628</u>

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

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Statement Of Cash Flows
For the Year Ended December 31, 2018

Cash flows from operating activities:	
Receipts from customers	\$ 101,055
Payments to suppliers	<u>(83,629)</u>
Net cash provided (used) by operating activities	<u>17,426</u>
Cash flows from noncapital financing activities:	
Cash received from other funds	<u>6,785</u>
Net cash provided by noncapital financing activities	<u>6,785</u>
Cash flows from capital and related financing activities:	
Note principal payments	(6,761)
Increase/(Decrease) in customers' deposits payable	<u>1,000</u>
Net cash used for capital and related financing activities	<u>(5,761)</u>
Cash flows from investing activities:	
Interest received	225
Interest paid	<u>(16,627)</u>
Net cash used for investing activities	<u>(16,402)</u>
Net increase (decrease) in cash and cash equivalents	2,048
Cash and cash equivalent, beginning of year	<u>83,814</u>
Cash and cash equivalent, end of year	<u>\$ 85,862</u>

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

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Statement Of Cash Flows (continued)
For the Year Ended December 31, 2018

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (47,735)
Adjustments to reconcile operating loss to net cash provided by/(used for) operating activities:	
Depreciation	60,489
Changes in current assets and liabilities:	
(Increase)/Decrease in accounts receivable	6,627
Increase/(Decrease) in accounts payable	<u>(1,955)</u>
Net cash provided (used) by operating activities	<u><u>\$ 17,426</u></u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of year	
Cash –unrestricted	\$ 16,718
Cash—restricted	<u>67,096</u>
Total cash and cash equivalents, beginning of year	<u><u>83,814</u></u>
Cash and cash equivalents, end of year	
Cash—unrestricted	15,427
Cash—restricted	<u>70,435</u>
Total cash and cash equivalents, end of year	<u><u>85,862</u></u>
Net Increase (Decrease)	<u><u>\$ 2,048</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF PINE PRAIRIE, LOUISIANA

Notes to the Financial Statements

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Pine Prairie was incorporated in 1959 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting practices of the Village of Pine Prairie conform to generally accepted accounting principles of the United States of America as applicable to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies:

A. Financial reporting Entity

This report includes all funds which are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Alderman). Control by or dependence on the Village was determined on the basis of financial accountability, budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. The Village has no component units or fiduciary funds.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Village of Pine Prairie, the primary government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Village of Pine Prairie are organized on the basis of funds each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The various funds are grouped in the financial statements in this report, into four generic fund types and two broad fund categories. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, 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, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Village are described below:

Governmental Funds –

General Fund

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

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Additionally, the Village reports the following fund types:

Proprietary Fund

Enterprise Fund

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Village of Pine Prairie's enterprise fund is the utility fund. It accounts for the provision of sewer services to residents of the Village.

Proprietary distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.

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

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

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered “measurable” when collected by the collection agency and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which they are billed. Fees and non tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Available means collectible within the current period or soon enough thereafter to pay current liabilities, usually 60 days.

Those revenues susceptible to accrual are property taxes, grant revenues and interest revenue.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Bad debts are written off when accounts became worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

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

Program revenues

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

Allocation of indirect expenses

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

D. Assets, Liabilities, and Equity

Cash and Cash Equivalents

Cash includes amounts in demand deposit, interest bearing demand, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the municipality may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law, or any other state of the United States, or under the laws of the United States.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Receivables:

In the government-wide statements, receivables consist of all revenue earned at year-end and not yet received. In the fund financial statements, receivables include accruals for revenues which are measurable and available. Major receivable balances for the Villages' governmental activities reported in both the government-wide and the fund financial statements include sales taxes and ad valorem taxes. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Sewer utility accounts receivable compose the majority of proprietary fund receivables.

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note G for details of interfund transactions, including receivables and payables at year-end.

Fixed Assets:

The accounting treatment of property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost of \$390,957 was used to value the majority of the assets acquired prior to January 1, 1988. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	5-10 years
Improvements	20 years
Buildings	40 years
Sewerage Disposal Plant	40 years

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Fund Financial Statements

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

Restricted Assets:

Restricted assets include cash and interest-bearing deposits of the debt service and proprietary fund. The primary restricted assets are related to bonds/note repayment, sewer utility meter deposits, and sewer plant remediation monies.

Long-Term Debt:

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

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

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

Equity Classifications:

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consist 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.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the village council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the village council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the village’s “intent” to be used for specific purposes but are neither restricted nor committed. The village council and village manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

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

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

E. Revenues, Expenditures, and Expenses

Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of March 16 of each year. Taxes are levied by the Village in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on March 16 of the following year. Revenues from ad valorem taxes are recorded in the year billed.

The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Evangeline Parish.

Sales Taxes

Proceeds of the two percent (2%) sales and use tax are dedicated to the following purposes:

After paying the necessary cost of collection and administration, for the purpose of construction, maintenance, and repairs of all public streets and roadways within the Village of Pine Prairie.

The two percent (2%) sales tax is in effect for a period of twenty years, beginning January 1, 1998 and ending December 31, 2017.

Operating (Non-operating) Revenues and Expenses

Operating (Nonoperating) Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:
Proprietary Fund – By Operating and Nonoperating

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

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

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

F. Budget and Budgetary Accounting

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

1. The Village Clerk prepares a proposed budget and submits same to Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end December 31, 2018.

G. Use of 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

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

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.

H. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position 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.

NOTE B- STATEMENT OF CASH FLOWS

The statement of cash flows included in the accompanying component unit financial statements presents cash and cash equivalents at the beginning and end of the period. Cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

The statement of cash flows focuses on cash receipts and cash payments resulting from operating, non capital financing, capital and related financing, or investing activities.

Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as investing activities. Cash flows from operating activities generally are the cash effects of transactions and other events that enter into the determination of operating income.

Non capital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest.

This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction or improvement of capital assets, regardless of the form of the borrowing. Also, included are certain other interfund and intergovernmental receipts and payments.

Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Investing activities include making and collecting loans and acquiring and disposing of debt or equity instruments.

NOTE C-AD VALOREM TAXES

For the twelve months ended December 31, 2018, the 2018 tax roll taxes of 22.09 mills were levied on property with assessed valuations totaling \$5,395,800 and were dedicated as follows:

General Corporate Purposes	6.18 Mills
Street Maintenance	6.55 Mills
Street Construction	4.68 Mills
Police Protection	1.87 Mills
Recreation	2.81 Mills
Total	<u>22.09</u>

Total taxes levied were \$119,195.

NOTE D- ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued the following Statements which will become effective in futures years as shown below:

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments would include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 30, 2018. Management has not yet determined the effect of this Statement on the financial statements.

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, is as follows:

	Balance 12/31/2017	Additions	Retirements	Balance 12/31/2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 83,732	\$ -	\$ -	\$ 83,732
Capital assets being depreciated:				
Machinery and Equipment	758,721	4,216	-	762,937
Improvements	2,597,170	25,485	-	2,622,655
Buildings	1,087,323	-	-	1,087,323
Total capital assets:	<u>4,526,946</u>	<u>29,701</u>	<u>-</u>	<u>4,556,647</u>
Less accumulated depreciation:				
Machinery and Equipment	(581,282)	(27,007)	-	(608,289)
Improvements	(1,973,323)	(80,620)	-	(2,053,943)
Buildings	(315,363)	(25,509)	-	(340,872)
Total accumulated depreciation	<u>(2,869,968)</u>	<u>(133,136)</u>	<u>-</u>	<u>(3,003,104)</u>
Governmental activities capital assets, net	<u>\$1,656,978</u>	<u>\$ (103,435)</u>	<u>\$ -</u>	<u>\$1,553,543</u>
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 121,125	\$ -	\$ -	\$ 121,125
Capital assets being depreciated :				
Machinery and Equipment	2,226,463	-	-	2,226,463
Total capital assets	<u>2,347,588</u>	<u>-</u>	<u>-</u>	<u>2,347,588</u>
Less accumulated depreciation:				
Machinery and Equipment	(978,298)	(60,489)	-	(1,038,787)
Total accumulated depreciation	<u>(978,298)</u>	<u>(60,489)</u>	<u>-</u>	<u>(1,038,787)</u>
Business type activities capital assets, net	<u>\$1,369,290</u>	<u>\$ (60,489)</u>	<u>\$ -</u>	<u>\$1,308,801</u>

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 32,435
Public safety (Police)	14,965
Recreation	16,362
Streets	69,374
Total governmental activities	<u>133,136</u>

Business-type activities:

Sewer utility	<u>60,489</u>
Total business-type activities	<u>60,489</u>
Total depreciation expense	<u>\$ 193,625</u>

NOTE F –LONG-TERM LIABILITIES

Long-Term Liability Activity:

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Balance <u>12/31/2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/2018</u>	Due in <u>One Year</u>
<u>Governmental Activities:</u>					
Bonds Payable:					
General Fund	\$ 190,630	\$ -	\$ 3,066	\$ 187,564	\$ 3,195
Total Governmental Activities:	<u>190,630</u>	<u>-</u>	<u>3,066</u>	<u>187,564</u>	<u>3,195</u>
<u>Business-Type Activities:</u>					
Notes Payable	394,352	-	6,761	387,591	7,053
Total Business-Type Activities:	<u>394,352</u>	<u>-</u>	<u>6,761</u>	<u>387,591</u>	<u>7,053</u>
Total Government	<u>\$ 584,982</u>	<u>\$ -</u>	<u>\$ 9,827</u>	<u>\$ 575,155</u>	<u>\$ 10,248</u>

Description of Debt:

Governmental Activities:

Debt Service Fund –

The Village started drawing on a \$210,000, 40 year, 4.125% interest note for the purpose of constructing a hurricane evacuation/community center in 2009. The first payment on the note will be interest only on June 28, 2010, with the remainder being \$906.00 per month including principal and interest starting on July 28, 2010, and maturing on June 28, 2049. There shall be set aside into a Reserve Fund, an amount of \$45 per month until there shall have been accumulated in the Reserve Account an amount equal to \$10,872. The Reserve Fund is fully funded as of December 31, 2017.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Debt service requirements to maturity are estimated to be as follows:

<u>Year Ended</u>	<u>Principal Amounts</u>	<u>Interest Amounts</u>
2019	3,195	7,677
2020	3,330	7,542
2021	3,470	7,402
2022	3,616	7,256
2023	3,768	7,104
2024-2028	21,351	33,009
2029-2033	26,233	28,127
2034-2038	32,231	22,129
2039-2043	39,599	14,761
2044-2048	48,665	5,695
2049	2,106	13
	<u>\$ 187,564</u>	<u>\$ 140,715</u>

Enterprise Fund - The Village borrowed \$445,000 on a USDA Rural Development note for the construction of a new sewer plant. The note is a 40 year, four and one-quarter percent note with the first payment being interest only on the first anniversary of the note, and then monthly payments with interest beginning the following month. There shall be set aside into a Reserve Fund, an amount of \$97 per month until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year, or \$23,389. Such amounts may be used only for the payments of maturing loans and interest for which sufficient funds are not on deposit in the Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a Depreciation and Contingency Fund at the rate of \$143 per month. Money in this fund may be used for the making of extensions, additions, improvements, renewals, and replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operating expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other related funds.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Estimated debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal Amounts</u>	<u>Interest Amounts</u>
2019	7,053	16,336
2020	7,358	16,031
2021	7,677	15,712
2022	8,010	15,379
2023	8,357	15,032
2024-2028	47,543	69,402
2029-2033	58,777	58,168
2034-2038	72,666	44,279
2039-2043	89,837	27,108
2044-2047	80,313	6,660
Total	<u>\$ 387,591</u>	<u>\$ 284,107</u>

NOTE G – CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Village of Pine Prairie are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village will not be able to recover its deposits. 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent bank has failed to pay deposited funds upon demand. Further Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Village's name.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

The Village's cash was adequately collateralized at December 31, 2018.

	<u>Interest Bearing</u>	<u>Non-interest Bearing</u>
Bank Balances at December 31, 2018		
Investar Bank	\$ 1,108,399	\$ 170,598
Less Amount Insured by FDIC	<u>(250,000)</u>	<u>(250,000)</u>
	<u>858,399</u>	<u>(79,402)</u>
Less Amount Collateralized with Securities Pledged in the Village's Name	<u>(929,134)</u>	<u>-</u>
(Over)/Under Collateralized Bank Balances at December 31, 2018	<u>\$ (70,735)</u>	<u>\$ (79,402)</u>

NOTE H – INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>General Fund</u>		
Due to Street Maintenance	\$ -	\$ 511
Due to Street Construction	-	350
<u>Special Revenue Funds</u>		
<u>Street Maintenance Fund</u>		
Due from General Fund	511	-
<u>Street Construction Fund</u>		
Due from General Fund	<u>350</u>	<u>-</u>
Totals	<u>\$ 861</u>	<u>\$ 861</u>

NOTE I – COMPENSATION OF MAYOR AND BOARD OF ALDERMEN

A schedule of compensation paid to the Mayor and Board of Aldermen is as follows:

	<u>Salary</u>	<u>Expenses</u>
Quint West (Mayor)	\$ 21,600	\$ 6,000
Gilbert Bordelon	5,400	4,200
Tammy Hammond	5,400	4,200
Debbie Ogé	5,400	4,200
Total	<u>\$ 37,800</u>	<u>\$ 18,600</u>

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE J—PENSION PLANS

Plan Descriptions

In addition to the federal social security system, substantially all employees of the Village of Pine Prairie are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly-available financial reports that include financial statements and required supplementary information for the systems. The reports for MERS and MPERS may be obtained at www.mersla.com and www.lampers.org, respectively.

Plan Description- MERS

MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana and is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees (6) of the Village of Pine Prairie are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in MERS.

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are not elected officials; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member, and the State Treasurer, who shall be a nonvoting member.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS).

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System of

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Louisiana, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B." Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Plan Description- MPERS

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer (3) employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

Benefits Provided

Retirement Benefits- MERS

Any member of Plan B hired before January 1, 2013 may retire at any age with 30 years of creditable service or at age 60 with at least 10 years of creditable service. Any member of Plan B hired on or after January 1, 2013 may retire at age 67 with at least 7 years of creditable service, at age 62 with at least 10 years of creditable service, or at age 55 with at least 30 years of creditable service. Members hired on or after January 1, 2013 are also eligible to retire at any age with at least 25 years of creditable service, but their benefit will be actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any of the previously-mentioned provisions, if the member had continued in service to that age. Members are entitled to a retirement benefit, payable monthly for life, equal to 2% of the member's final compensation (defined below) multiplied by the member's years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Final compensation is the employee's average salary over the 36 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system on or before June 30, 2006. Final compensation is the employee's average salary over the 60 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system after June 30, 2006. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

Retirement Benefits- MPERS

Members of MPERS with membership beginning prior to January 1, 2013 are eligible for regular retirement after he or she has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he or she has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent (3.33%) of the member's final compensation (employee's average salary over the 36 consecutive or joined months that produce the highest average) multiplied by the member's years of creditable service.

Members of MPERS with membership beginning on or after January 1, 2013 are eligible for regular retirement, early retirement, disability and survivor benefits based on Hazardous Duty and Non- Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he or she has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he or she has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he or she has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. This is available to MPERS members who are eligible for regular retirement but have not participated in DROP. This program provides both a one-time single sum payment of up to 46 months of the regular monthly retirement benefit, plus a reduced monthly retirement benefit for life.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Deferred Retirement Options

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may participate in DROP only once. 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, are credited to the MERS member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account or a true annuity based on the account balance. If employment is not terminated at the end of the three year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

A member of MPERS is eligible to enter DROP when he or she is eligible for regular retirement based on the members' sub plan participation. At the entry date into DROP, employee and employer contributions cease. The amount deposited into the DROP account for MPERS members is equal to the benefit computed under the retirement plan elected by participant date of application. Interest is earned when the MPERS member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the MPERS member may receive a lump sum from the account or a true annuity based on the account balance.

Disability Benefits

A member of MERS Plan B is eligible to retire and receive a disability benefit if he or she has at least 10 years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. The monthly maximum retirement benefit under Plan B of MERS is the lesser of an amount equal to two percent of member's final compensation multiplied by years of service (not less than 30% of member's final compensation) or an amount equal to what the member's normal retirement benefit would be based on final compensation at time of disability, but assuming continuous service until member's earliest normal retirement age.

A member of MPERS is eligible to retire and receive a disability benefit if he or she has been certified as disabled by the State Medical Disability Board. If the disability incurred is job-related, there is no minimum creditable service requirement. If the disability is non-job-related, a minimum of 10 years of creditable service is required if the member was employed on or after July 1, 2008. Members of MPERS employed prior to July 1, 2008 must have a minimum of 5 years of creditable service to be eligible to retire with disability benefits if the disability incurred is non-job-related. The disability benefit received by a MPERS member is equal to three percent of his or her final average compensation multiplied by years of creditable service (not less than 40%, nor more than 60% of final average compensation). At the time the disabled MPERS

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

member reaches normal retirement age, he or she will have the option to continue to receive the disability retirement benefit or to receive his or her vested retirement benefit.

Survivor's Benefit

The surviving spouse (defined as someone married to the deceased member for at least 12 months immediately preceding the member's death) of a MERS Plan B member (not eligible for retirement at the time of death) will receive a survivor benefit, provided that the member had 5 or more years of creditable service. The surviving spouse will be paid either a monthly benefit equal to 30% of member's final compensation, payable when surviving spouse attains the age of 60 or becomes disabled, or a monthly benefit equal to actuarial equivalent of the benefit described previously (not less than 15% of member's final compensation), payable upon the death of the member. A MERS Plan B member who is eligible for normal retirement at the time of death will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse upon the date of death. Benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Survivor benefits for MPERS members are payable to the surviving spouse or surviving minor child/children of a deceased active contributing member or a deceased disability retiree. Survivor benefits are not payable to survivors of retirees receiving benefits under the provisions of early or normal service retirement. The maximum benefit for a surviving spouse of a MPERS member is equal to the regular retirement formula, regardless of age, but not less than 40% or more than 60% of the deceased member's final average compensation. There is no requirement for minimum years of creditable service. If the MPERS member is killed in the line of duty, the surviving spouse shall receive a benefit equal to 100% of the deceased member's final average compensation, less any survivor benefits payable to a child or children. Each surviving minor child of the MPERS member will receive a benefit equal to 10% of deceased member's final average compensation or \$200 per month, whichever is greater. Benefits for a surviving child cease upon the child's attainment of age 18 or upon marriage, whichever occurs first. The benefit may continue after age 18 if the child meets certain educational or disability requirements. The surviving minor child may receive an increased benefit if there is no surviving spouse of the MPERS member.

Cost of Living Increases

MERS is authorized under state law to grant an annual cost of living adjustment to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit and may only be granted if sufficient funds are available. The cost of living increase must be paid from investment income in excess of normal requirements.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

MPERS is authorized to provide annual cost of living adjustments to members who have been retired for at least one full fiscal year. The adjustment cannot exceed 3% in any given year. MPERS members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Contributions

The MERS and MPERS employer contribution rates are established annually under La R.S 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. For the year ending December 31, 2017 the employer contribution rate for MERS Plan B was 13.25% from January through June and 14.00% from July through December, and MPERS was 30.75% from January through June and 32.25% from July through December. Employer contributions to MERS and MPERS were \$25,793 and \$34,924, respectively, for the year ended December 31, 2018. Employees participating in MERS are required to contribute 5.00% and employees participating in MPERS are required to contribute 10.00% for hazardous and 8% for non-hazardous pay.

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. MPERS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. The Village of Pine Prairie recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2018, the Village of Pine Prairie recognized revenue as a result of support received from non-employer contributing entities of \$6,365 for its participation in MERS and \$5,865 for its participation in MPERS.

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

At December, 2018, the Village of Pine Prairie reported a liability for MERS and MPERS of \$214,429 and \$251,263, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2018 and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Village of Pine Prairie's proportion of the net pension liability for each retirement system was based on a projection of the Village of Pine Prairie's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Village of Pine Prairie's proportion for MERS and MPERS was 0.253512% and 0.029721%, respectively. This reflects a decrease for MERS and an increase for MPERS of 0.073378% and 0.045121%, respectively, from its proportion measured as of June 30, 2017.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

For the year ended December 31, 2018, the Village of Pine Prairie recognized pension expense and net pension liability, for which there were no forfeitures, as follows:

	<u>Pension Expense</u>	<u>Net Pension Liability</u>
MERS	\$ 46,931	\$ 214,429
MPERS	<u>52,196</u>	<u>251,263</u>
	<u>\$ 99,127</u>	<u>\$ 465,692</u>

At December 31, 2018, the Village of Pine Prairie reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 573	\$ 1,133	\$ 1,706	\$ (9,658)	\$ (12,840)	\$ (22,498)
Changes in assumptions	8,024	12,045	20,069	-	-	-
Net difference between projected and actual earnings on pension plan investments	34,853	16,420	51,273	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,113	87,743	106,856	(31,910)	(43,032)	(74,942)
Employer contributions subsequent to measurement date	<u>12,576</u>	<u>19,478</u>	<u>32,054</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 75,139</u>	<u>\$ 136,819</u>	<u>\$ 211,958</u>	<u>\$ (41,568)</u>	<u>\$ (55,872)</u>	<u>\$ (97,440)</u>

During the year ended December 31, 2018, employer contributions totaling \$12,570 and \$19,478 were made subsequent to the measurement date for MERS and MPERS, respectively. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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 June 30:	<u>MERS</u>	<u>MPERS</u>
2019	\$ 14,933	\$ 12,431
2020	2,051	19,435
2021	3,045	22,293
2022	<u>1,081</u>	<u>438</u>
Total	<u>\$ 21,110</u>	<u>\$ 54,597</u>

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of MERS and MPERS employers as of June 30, 2018 are as follows:

	<u>MERS Plan B</u>	<u>MPERS</u>
Total Pension Liability	\$ 623,305	\$ 893,764
Plan Fiduciary Net Position	408,876	642,501
Total Net Pension Liability	<u>\$ 214,429</u>	<u>\$ 251,263</u>

The Village of Pine Prairie's allocation is 0.253512% of the Total Net Pension Liability for MERS and 0.029721% of the Total Net Pension Liability for MPERS.

The total pension liabilities for MERS and MPERS in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	MERS	MPERS										
Actuarial cost method	Entry Age Normal	Entry Age Normal Cost										
Expected remaining service lives	3 years for Plan B	4 years										
Investment rate of return	7.275%, net of investment expense	7.20%, net of investment expense										
Inflation rate	2.600%	2.600%										
Projected salary increases	5.00%	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Years of Service</u></th> <th style="text-align: right;"><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: right;">9.75%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: right;">9.75%</td> </tr> <tr> <td style="text-align: center;">3-23</td> <td style="text-align: right;">4.75%</td> </tr> <tr> <td style="text-align: center;">Over 23</td> <td style="text-align: right;">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1	9.75%	2	9.75%	3-23	4.75%	Over 23	4.25%
<u>Years of Service</u>	<u>Salary Growth Rate</u>											
1	9.75%											
2	9.75%											
3-23	4.75%											
Over 23	4.25%											
Cost of living adjustments	None	None										
Mortality	RP-2000 Employee Table for active members; RP-2000 Healthy annuitants; RP-2000 Disabled Lives Mortality Tables for disabled annuitants	Based on experience study performed by actuary on plan data for period of July 1, 2009 - June 30, 2014 combined with a standard table										

The MERS and MPERS actuarial assumptions used were based on the results of an experience study for the period July 1, 2009 through June 30, 2014.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 7.275% and MPERS is 7.20% for the year ended June 30, 2018.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS and MPERS as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocations		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Equity	50%	52%	2.20%	3.58%
Fixed Income	35%	22%	1.50%	0.46%
Alternatives	15%	20%	0.60%	1.07%
Other	0%	6%	0.00%	0.17%
Total	100%	100%	4.30%	5.28%
Inflation			2.70%	2.75%
Expected Nominal Return			7.00%	8.03%

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.275% and MPERS was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS and MPERS was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

The following table presents the Village of Pine Prairie's proportionate share of the net pension liability using the discount rate of 7.275% for MERS and 7.20% for MPERS, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower than the current rate:

	1% Decrease	Current Discount	1% Increase
MERS	\$ 284,411	\$ 214,429	\$ 157,487
MPERS	353,094	251,263	165,831
Total	\$ 637,505	\$ 465,692	\$ 323,318

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Payables to the Pension Plans

At June 30, 2018, payables to MERS and MPERS were \$2,699 and \$4,185 respectively, for June 2018 employee and employer legally-required contributions.

NOTE K – ON BEHALF PAYMENTS

Certain employees of the Village working in the police department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24, the Village has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$26,766 and the related expenditure is recorded in police payroll expense.

NOTE L – SUBSEQUENT EVENTS

The Village has evaluated subsequent events through June 6, 2019, the date which the financial statements were available to be issued.

NOTE M – MUNICIPALITY CLASSIFICATION

An investigative audit conducted by the Louisiana Legislative Auditor found that the Village appears to be improperly classified as a village under the provisions of the Lawrason Act. The Village management is researching the population reported by the Census to determine if prison inmates were included in error. If the population is correct as reported by the Census, the Village will adopt a resolution to request the governor to change its classification to a town.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PINE PRAIRIE
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	<u>Budget</u>		<u>Actual</u>	Budget Variance Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes: Ad valorem	\$ 58,000	\$ 58,000	\$ 60,793	\$ 2,793
Franchise	40,000	43,000	59,816	16,816
Licenses	48,000	51,000	49,679	(1,321)
Fines and Forfeits	475,000	450,000	439,836	(10,164)
Prison Fees	60,000	230,000	228,987	(1,013)
Miscellaneous & Grants	20,250	16,250	45,999	29,749
Total Revenues	<u>701,250</u>	<u>848,250</u>	<u>885,110</u>	<u>36,860</u>
Expenditures:				
Current:				
General Government	329,400	374,300	324,501	49,799
Public Safety	442,500	492,800	493,493	(693)
Capital Outlay	65,000	75,000	4,216	70,784
Debt Service	11,000	11,000	10,872	128
Total Expenditures:	<u>847,900</u>	<u>953,100</u>	<u>833,082</u>	<u>120,018</u>
Other Financing Sources / (Uses)				
Interest Income	1,000	1,000	1,176	176
Operating Transfers In	105,000	118,000	61,922	(56,078)
Operating Transfers Out	<u>(105,000)</u>	<u>(115,000)</u>	<u>(52,085)</u>	<u>62,915</u>
Total Other Financing Sources/(Uses)	<u>1,000</u>	<u>4,000</u>	<u>11,013</u>	<u>7,013</u>
Net change in fund balances	<u>\$ (145,650)</u>	<u>\$ (100,850)</u>	63,041	<u>\$ 163,891</u>
Fund Balance, Beginning Of Year			<u>455,062</u>	
Fund Balance, End Of Year			<u>\$ 518,103</u>	

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

VILLAGE OF PINE PRAIRIE
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	<u>Budget</u>			Budget Variance Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Taxes: Ad Valorem	\$ 60,000	\$ 60,000	\$ 62,863	\$ 2,863
Sales	210,000	210,000	256,276	46,276
Miscellaneous	300	1,200	1,562	362
Total Revenues	<u>270,300</u>	<u>271,200</u>	<u>320,701</u>	<u>49,501</u>
Expenditures:				
Current:				
Street Department	187,125	188,125	147,882	40,243
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>25,485</u>	<u>74,515</u>
Total Expenditures:	<u>287,125</u>	<u>288,125</u>	<u>173,367</u>	<u>114,758</u>
Other Financing Sources / (Uses)				
Interest Income	1,000	3,000	2,190	(810)
Operating Transfers In	100,000	115,000	102,261	(12,739)
Operating Transfers Out	<u>(105,000)</u>	<u>(118,000)</u>	<u>(118,883)</u>	<u>(883)</u>
Total Other Financing Sources/(Uses)	<u>(4,000)</u>	<u>-</u>	<u>(14,432)</u>	<u>(14,432)</u>
Net Change in Fund Balances	<u>\$ (20,825)</u>	<u>\$ (16,925)</u>	132,902	<u>\$ 149,827</u>
Fund Balance, Beginning Of Year			<u>688,485</u>	
Fund Balance, End Of Year			<u>\$ 821,387</u>	

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

VILLAGE OF PINE PRAIRIE, LOUISIANA
Schedule of Employer's Proportionate Share of Net Pension Liability
Year Ended December 31, 2018

	Fiscal Year	Employer Proportionate of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MERS	2018	0.253512	\$ 214,429	\$ 180,422	118.85%	65.60%
MERS	2017	0.326890	\$ 282,836	\$ 214,579	131.81%	63.49%
MERS	2016	0.270269	\$ 224,028	\$ 232,588	96.32%	63.38%
MERS	2015	0.252165	\$ 171,383	\$ 183,548	93.37%	68.71%
MERS	2014	0.206102	\$ 96,764	\$ 154,326	62.00%	76.94%
MPERS	2018	0.029721	\$ 251,263	\$ 110,627	227.13%	71.89%
MPERS	2017	0.014600	\$ 127,464	\$ 58,476	217.98%	70.08%
MPERS	2016	0.024026	\$ 225,191	\$ 52,660	427.63%	66.04%
MPERS	2015	0.031773	\$ 248,908	\$ 81,110	306.87%	70.73%
MPERS	2014	0.019809	\$ 123,297	\$ 74,416	165.69%	75.10%

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

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

VILLAGE OF PINE PRAIRIE, LOUISIANA
Schedule of Employer's Pension Contribution
Year Ended December 31, 2018

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percent of Covered Employee Payroll
MERS	2018	\$ 24,579	\$ 24,579	\$ -	\$ 180,422	13.62%
MERS	2017	\$ 25,793	\$ 25,793	\$ -	\$ 214,579	12.02%
MERS	2016	\$ 23,975	\$ 23,975	\$ -	\$ 232,588	10.31%
MERS	2015	\$ 17,437	\$ 17,437	\$ -	\$ 183,548	9.50%
MERS	2014	\$ 14,124	\$ 14,124	\$ -	\$ 154,326	9.15%
MPERS	2018	\$ 34,924	\$ 34,924	\$ -	\$ 110,627	31.60%
MPERS	2017	\$ 18,486	\$ 18,486	\$ -	\$ 58,476	31.61%
MPERS	2016	\$ 16,071	\$ 16,071	\$ -	\$ 52,660	30.52%
MPERS	2015	\$ 25,549	\$ 25,549	\$ -	\$ 81,110	31.50%
MPERS	2014	\$ 14,190	\$ 23,268	\$ -	\$ 74,416	31.27%

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

VILLAGE OF PINE PRAIRIE, LOUISIANA
Notes to the Required Supplementary Information
December 31, 2018

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

(2) Budgetary Practices

The Village prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are performed.

(3) Pension Plans

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plans.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

Street Maintenance Fund:

To account for the receipt and use of proceeds of the Village's 7.00 mill tax on all property subject to state taxation in the Village. The expenditures are for the purpose of maintaining streets in the Village.

Street Construction Fund:

To account for the receipt and use of proceeds of the Village's 5.00 mill tax on all property subject to state taxation in the Village. The expenditures are for the purpose of constructing streets in the Village.

Sales Tax Fund:

To account for the receipt and use of the Village's 2% sales and use tax. These taxes are dedicated for, after paying the necessary cost of collection and administration, the hard surfacing and resealing and maintaining of roads in the Village, and for the payment of bonds or other funded indebtedness of said Village incurred for said purposes.

VILLAGE OF PINE PRAIRIE
Special Revenue Funds
Combining Balance Sheet
December 31, 2018

	Street Maintenance <u>Tax Fund</u>	Street Construction <u>Tax Fund</u>	Sales Tax <u>Fund</u>	<u>Totals</u>
ASSETS:				
Cash and Interest-Bearing Deposits	\$ 8,056	\$ 105,307	\$ 602,162	\$ 715,525
Ad Valorem Taxes Receivable	26,916	20,377	-	47,293
Sales Tax Receivable	-	-	62,596	62,596
Due from General Fund	511	350	-	861
Total Assets	<u>\$ 35,483</u>	<u>\$ 126,034</u>	<u>\$ 664,758</u>	<u>\$ 826,275</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 2,452	\$ -	\$ 255	\$ 2,707
Payroll Liabilities	2,181	-	-	2,181
Total Liabilities	<u>4,633</u>	<u>-</u>	<u>255</u>	<u>4,888</u>
Fund Balances:				
Restricted for:				
Debt Service	-	-	178,714	178,714
Street Projects	30,850	126,034	485,789	642,673
Unassigned	-	-	-	-
Total Fund Balances	<u>30,850</u>	<u>126,034</u>	<u>664,503</u>	<u>821,387</u>
Total Liabilities and Fund Balances	<u>\$ 35,483</u>	<u>\$ 126,034</u>	<u>\$ 664,758</u>	<u>\$ 826,275</u>

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

VILLAGE OF PINE PRAIRIE
Special Revenue Funds
Combining Statement Of Revenues, Expenditures,
And Changes In Fund Balances
For the Year Ended December 31, 2018

	Street Maintenance <u>Tax Fund</u>	Street Construction <u>Tax Fund</u>	Sales Tax <u>Fund</u>	<u>Totals</u>
Revenue:				
Tax: Sales	\$ -	\$ -	\$ 256,276	\$ 256,276
Ad valorem	36,666	26,197	-	62,863
Miscellaneous	<u>1,562</u>	<u>-</u>	<u>-</u>	<u>1,562</u>
Total Revenues	<u>38,228</u>	<u>26,197</u>	<u>256,276</u>	<u>320,701</u>
Expenditures:				
Current:				
Street Department	85,836	-	62,046	147,882
Capital Outlay	-	25,485	-	25,485
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>85,836</u>	<u>25,485</u>	<u>62,046</u>	<u>173,367</u>
Other Financing Sources/(Uses)				
Interest Income	-	562	1,628	2,190
Operating Transfer In	45,299	-	56,962	102,261
Operating Transfer Out	<u>-</u>	<u>-</u>	<u>(118,883)</u>	<u>(118,883)</u>
Total Other Financing Sources/(Uses)	<u>45,299</u>	<u>562</u>	<u>(60,293)</u>	<u>(14,432)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES/(USES)				
	(2,309)	1,274	133,937	132,902
FUND BALANCE, BEGINNING OF YEAR	<u>33,159</u>	<u>124,760</u>	<u>530,566</u>	<u>688,485</u>
FUND BALANCE, END OF YEAR	<u>\$ 30,850</u>	<u>\$ 126,034</u>	<u>\$ 664,503</u>	<u>\$ 821,387</u>

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

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF INSURANCE
December 31, 2018**

<u>TYPE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Automobile Liability	\$ 500,000	5/1/2019
Commercial General Liability	500,000	5/1/2019
Law Enforcement Officer's Comprehensive Liability	500,000	5/1/2019
Public Officials' Errors and Omissions Liability	500,000	5/1/2019
Worker's Compensation	500,000	1/1/2019
Commercial Property		
Building & Contents	3,151,400	8/28/2019
Equipment	1,930,000	8/28/2019
Fidelity Bond – Public Employees	100,000	5/16/2019
Honesty Bond	2,500	10/28/2019
Vehicle Physical Damage	174,559	6/15/2019

VILLAGE OF PINE PRAIRIE
SCHEDULE OF METERS AND RATES AND ACCOUNTS RECEIVABLE
December 31, 2018

Accounts Receivables were aged as follows:

0 – 30 days	\$ 8,052
31 – 60 days	948
Over 60 days	<u>37,926</u>
	<u>\$ 46,926</u>

The Village's monthly sewer rates at December 31, 2018 were as follows:

Residential users:	\$12.00 for the first 2000 gallons of water used and \$2.40 for every 1000 gallons used thereafter.
Commercial users:	\$108.00 for the first 100,000 gallons of water used and \$.61 for each 1000 gallons used thereafter.
Schools:	\$47.25 for the first 100,000 gallons of water used and \$.61 for each 1000 gallons used thereafter.

As of December 31, 2018, the Village had 360 residential customers and 3 commercial customers and 2 school customers on its sewer system.

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF MAYOR AND ALDERMEN
December 31, 2018**

Current officials of the Village are as follows:

<u>Name</u>	<u>Address/Telephone</u>	<u>Term</u>
Quint West, Mayor	P.O. Box 424 Pine Prairie, LA 70576 337-599-2898	1/1/17 – 12/31/20
Tammy Hammond, Council Member	P.O. Box 185 Pine Prairie, LA 70576 337-599-2014	1/1/17 – 12/31/20
Debbie Oge, Council Member	P.O. Box 231 Pine Prairie, LA 70576 337-599-2690	1/1/17 – 12/31/20
Gilbert Bordelon, Council Member	P.O. Box 246 Pine Prairie, LA 70576 337-523-1036	1/1/17 – 12/31/20

VILLAGE OF PINE PRAIRIE
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
December 31, 2018

Agency Head Name: James Q. West, Mayor
Service Period: 12 Months

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 21,600
Expense allowance	6,000
Telephone allowance	600
Benefits - insurance	168
Benefits - retirement	2,943
	<u>\$ 31,311</u>

OTHER REPORTS

VIGE, TUJAGUE  NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

**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 Board of Aldermen
Village of Pine Prairie, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Village of Pine Prairie, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Village of Pine Prairie, Louisiana's basic financial statements and have issued our report thereon dated June 6, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given

these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as item #2018-001, that we consider to be a significant deficiency.

Compliance and Other Matters

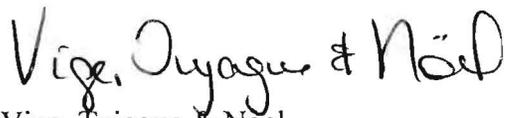
As part of obtaining reasonable assurance about whether Village of Pine Prairie, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item #2018-001.

Village of Pine Prairie, Louisiana's Response to Findings

Village of Pine Prairie, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Village of Pine Prairie, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Vige, Tujague & Noel
Eunice, Louisiana

June 6, 2019

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2018**

We have audited the basic financial statements of the Village of Pine Prairie, Louisiana as of and for the year ended December 31, 2018, and have issued our report thereon dated June 6, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2018, resulted in an unmodified opinion.

Section I. Summary of Auditor's Reports

- a. Report on Internal Control over Financial Reporting and on Compliance and other matters material to the Financial Statements

Internal Control

Material Weaknesses Yes No

Significant Deficiencies Yes No

Noncompliance Material to the
Financial Statements

Yes No

Section II. Financial Statement Findings.

2018-001. Inadequate Segregation of Duties

Condition: The Village of Pine Prairie has separate individuals having dual responsibilities for custody and record keeping for revenue transactions.

Criteria: Segregation of duties is critical to effective internal control because it reduces the risk of mistakes and inappropriate actions. It helps fight fraud by reducing collusion. There are four general categories of duties: authorization, custody, recordkeeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities. The more negotiable an asset is, the greater the need for proper segregation of duties. This is especially the case when dealing with cash, a highly liquid asset. Any department that accepts funds, has access to accounting records, or has control over any type of asset, should be concerned with segregation of duties.

Effect: The Village does not have an adequate segregation of duties, to serve as a check and balance system, to assist in the prevention of erroneously recording transactions or other mistakes or inappropriate actions.

Cause: Segregation of duties is inadequate because of the lack of manpower, i.e., a limited number of personnel.

VILLAGE OF PINE PRAIRIE
SCHEDULE OF FINDINGS AND RESPONSES (Continued)
For the Year Ended December 31, 2018

Recommendation: Within the constraints of a limited number of staff, we recommend a detailed supervisory review of related activities as a compensating control activity. Management needs to take a more active role in achieving segregation of duties, by reviewing the work done by other employees. Sometimes, the knowledge that records will be reviewed by others is enough to prevent misappropriation of assets.

Response: The Village agrees with the finding and the auditor's recommendations have been adopted.

Section III. Management Letter

None Issued.

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2018**

**SECTION I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

2017-001. Inadequate Segregation of Duties

Condition: The Village of Pine Prairie has separate individuals having dual responsibilities for custody and record keeping for revenue transactions.

Criteria: Segregation of duties is critical to effective internal control because it reduces the risk of mistakes and inappropriate actions. It helps fight fraud by reducing collusion. There are four general categories of duties: authorization, custody, recordkeeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities. The more negotiable an asset is, the greater the need for proper segregation of duties. This is especially the case when dealing with cash, a highly liquid asset. Any department that accepts funds, has access to accounting records, or has control over any type of asset, should be concerned with segregation of duties.

Effect: The Village does not have an adequate segregation of duties, to serve as a check and balance system, to assist in the prevention of erroneously recording transactions or other mistakes or inappropriate actions.

Cause: Segregation of duties is inadequate because of the lack of manpower, i.e., a limited number of personnel.

Recommendation: Within the constraints of a limited number of staff, we recommend a detailed supervisory review of related activities as a compensating control activity. Management needs to take a more active role in achieving segregation of duties, by reviewing the work done by other employees. Sometimes, the knowledge that records will be reviewed by others is enough to prevent misappropriation of assets.

Response: The Village agrees with the finding and the auditor's recommendations have been adopted.

Status: This finding is repeated.

20187-002. Improper Handling of Traffic Citations and Fines

Condition: In an audit conducted by the Louisiana Legislative Auditor, records indicate that the Village Police Clerk failed to record and deposit all cash received from traffic fines and citations and altered public records to conceal total cash amounts collected. The Village also failed to follow state law in handling the individuals receiving citations for driving under suspension.

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF PRIOR YEAR FINDINGS (Continued)
For the Year Ended December 31, 2018**

Criteria: Traffic citations and fines are collected, recorded and deposited by the Police Clerk. All adjustments or dismissals of citations and fines should be approved by the Mayor, and include proper documentation of approval. The Village should follow the state law in handling individuals cited for driving with a suspended license.

Effect: At least \$950 in traffic fines collected, were not deposited into the Village's bank account between March 3, 2017 and May 10, 2017. The Village failed to follow the state law in handling individuals cited for driving under suspension.

Cause: The Police Clerk failed to record and deposit all cash received and altered public records to conceal cash amounts collected but not deposited. The Police Clerk reduced moving violations to nonmoving violations and adjusted amounts owed by persons receiving citations, without proper authorization.

Recommendation: We recommend that the Village consult with legal counsel to determine the appropriate legal actions to be taken, including recovery of the missing funds. We also recommend that the Village develop and implement policies and procedures to ensure that payments collected by the Village are accounted for and deposited daily.

Response: The Village agrees with the finding and the auditor's recommendations have been adopted. The Police Clerk made full restitution in February 2018.

Status: This finding is clear.

Section III. Management Letter

None Issued.

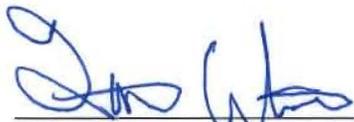
VIGE, TUJAGUE & NOEL, CPA'S
P. O. BOX 1005
EUNICE, LA 70535

RE: Management Response

The following are our responses to your recommendations we received in the Village's Audited Financial Statement as of December 31, 2018.

2018-001 Segregation of Duties

We are aware of and have evaluated this inadequacy and concluded that the related costs vs benefits to be achieved does not justify the additional personnel it would require to establish an adequate segregation of duties. However, we will try to segregate duties as much as possible with the existing staff.



Quint West, Mayor

VILLAGE OF PINE PRAIRIE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED DECEMBER 31, 2018

VIGE, TUJAGUE NOEL

A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

151 N. 2ND STREET
P. O. BOX 1006
EUNICE, LOUISIANA 70535

SHIRLEY VIGE, JR., C.P.A.
FRANK G. TUJAGUE, C.P.A.
DOMINIQUE M. NOEL, C.P.A.

TELEPHONE:
337-457-9324
FAX:
337-457-8743

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management and Board of Commissioners of the Village of Pine Prairie, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Village of Pine Prairie, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Village of Pine Prairie, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Report all exceptions to the following procedures, either after each procedure or after all procedures within each of the twelve AUP categories. "Random" selections may be made using Microsoft Excel's random number generator or an alternate method selected by the practitioner that results in an equivalent sample (e.g., those methods allowed under the AICPA Audit Guide-*Audit Sampling*).

Written Policies and Procedures

No exceptions in prior year. This category was excluded from testing in the current year.

1. Obtain the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

- 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/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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 (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

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

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes do not include monthly budget-to-actual comparisons.

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

Obtained the prior year audit report, and observed that the unrestricted fund balance was a positive balance.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations include evidence that they are prepared monthly.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

The bank reconciliations prepared for all accounts examined did not have evidence of management review, however, reconciliations are prepared by a fee accountant.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Obtained bank statements and reconciliations and noted there are no items that have been outstanding for more than 12 months from the statement closing date.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Employees that are responsible for cash collections do share a cash drawer. Collections are reconciled at the end of each day by an employee who did not collect the cash. The fee accountant records the related transactions from the deposit slips and collection records.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The employees responsible for collecting cash are responsible for preparing/making bank deposits, however, a fee accountant reconciles collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employees responsible for collecting cash are not responsible for posting collection entries to the general ledger. The fee accountant posts all entries to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation

The fee accountant is responsible for reconciling cash collections to the general ledger.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All full-time employees are covered by bond; however, the part-time employee is not.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Observed that receipts are sequentially pre-numbered with no exceptions.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Traced receipts or collections documentation to the deposit slip with no exceptions.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Traced the deposit slip total to the actual deposit per the bank statement with no exceptions.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Deposits selected were made within one business day of receipt at the collection location.

- e) Trace the actual deposit per the bank statement to the general ledger.

Traced the actual deposit per the bank statement to the general ledger with no exception.

Non-Payroll Disbursements – General (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Examined supporting documentation with no exceptions. Purchase orders are issued by a person who did not initiate the purchase, and all checks must be approved and signed by the mayor.

- b) At least two employees are involved in processing and approving payments to vendors.

The clerk processes payments to vendors and the mayor approves and signs all checks.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments does not add/modify vendor files. Checks are written manually and then entered into QuickBooks by the fee accountant.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee responsible for signing checks also mails the payments.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

Obtained management's representation that the population is complete. No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable

Obtained management's representation that the population is complete. The disbursement documentation included evidence of segregation of duties tested under #9 as applicable.

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

No exceptions in prior year. This category was excluded from testing in the current year.

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each

statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Expense Reimbursement

No exceptions in prior year. This category was excluded from testing in the current year.

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

No exceptions in prior year. This category was excluded from testing in the current year.

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees and management's representation that the listing is complete. Randomly selected 5 employees and noted that paid salaries agreed to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

There were no employees terminated during the fiscal year.

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

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Obtained ethics documentation from management and noted that four out of the five employees selected completed ethics training during the fiscal period. The employee that did not complete the required training worked very few hours during the fiscal year.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Management could not provide documentation of each employees signature verification attesting that he/she read the entity's ethics policy during the fiscal year.

Debt Service

No exceptions in prior year. This category was excluded from testing in the current year.

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

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

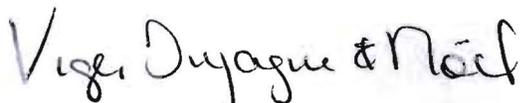
Received management's representation that the entity did not have any misappropriations of public fund or assets during the fiscal period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The required notice was posted on the entity's premises.

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

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



Vige, Tujague & Noel

Eunice, Louisiana

June 6, 2019

