

VILLAGE OF PARKS, LOUISIANA

Financial Report

Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

The Honorable Kevin J. Kately, Mayor
and the Members of the Board of Aldermen
Village of Parks, Louisiana

Report on the Financial Statements

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

Auditors' 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 auditors' 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Parks, Louisiana, as of June 30, 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 required supplementary information on pages 40 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2018 on our consideration of the Village of Parks, 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 Parks, Louisiana's internal control over financial reporting and compliance.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 6, 2018

BASIC FINANCIAL STATEMENTS

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

VILLAGE OF PARKS

Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,966,528	\$ 1,798,219	\$ 3,764,747
Receivables, net	22,747	275,974	298,721
Prepaid items	4,686	15,664	20,350
Due from other funds	(61,368)	61,368	-
Total current assets	<u>1,932,593</u>	<u>2,151,225</u>	<u>4,083,818</u>
Noncurrent assets:			
Capital assets, net	497,258	1,540,790	2,038,048
Total noncurrent assets	<u>497,258</u>	<u>1,540,790</u>	<u>2,038,048</u>
Total assets	<u>2,429,851</u>	<u>3,692,015</u>	<u>6,121,866</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>41,792</u>	-	<u>41,792</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	23,847	93,761	117,608
Bonds payable	101,000	-	101,000
Total current liabilities	<u>124,847</u>	<u>93,761</u>	<u>218,608</u>
Noncurrent liabilities:			
Customer deposits payable	-	218,030	218,030
Net pension liability	135,575	-	135,575
Bonds payable	1,099,000	-	1,099,000
Total noncurrent liabilities	<u>1,234,575</u>	<u>218,030</u>	<u>1,452,605</u>
Total liabilities	<u>1,359,422</u>	<u>311,791</u>	<u>1,671,213</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,957</u>	-	<u>7,957</u>
NET POSITION			
Net investment in capital assets	497,258	1,540,790	2,038,048
Restricted	-	218,030	218,030
Unrestricted	607,006	1,621,404	2,228,410
Total net position	<u>\$ 1,104,264</u>	<u>\$ 3,380,224</u>	<u>\$ 4,484,488</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Activities
For the Year Ended June 30, 2018

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 150,688	\$ 5,640	\$ -	\$ -	\$ (145,048)	\$ -	\$ (145,048)
Public safety	187,538	-	-	-	(187,538)	-	(187,538)
Culture and recreation	10,977	-	-	350,000	339,023	-	339,023
Total governmental activities	<u>349,203</u>	<u>5,640</u>	<u>-</u>	<u>350,000</u>	<u>6,437</u>	<u>-</u>	<u>6,437</u>
Business-type activities:							
Water & waste	1,699,995	2,022,437	-	18,000	-	340,442	340,442
Total business-type activities	<u>1,699,995</u>	<u>2,022,437</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>340,442</u>	<u>340,442</u>
Total	<u>\$ 2,049,198</u>	<u>\$ 2,028,077</u>	<u>\$ -</u>	<u>\$ 368,000</u>	<u>6,437</u>	<u>340,442</u>	<u>346,879</u>
General revenues:							
Taxes -							
Sales and use taxes, levied for general purposes							
					167,077	-	167,077
					56,853	-	56,853
Franchise and other taxes							
					8,037	-	8,037
Grants and contributions not restricted to specific programs							
					10,157	7,953	18,110
Miscellaneous							
					8,923	-	8,923
Gain on disposal of asset							
Transfers							
					110,000	(110,000)	-
Total general revenues and transfers							
					361,047	(102,047)	259,000
Change in net position							
					367,484	238,395	605,879
Net position - July 1, 2017							
					736,780	3,141,829	3,878,609
Net position - June 30, 2018							
					<u>\$ 1,104,264</u>	<u>\$ 3,380,224</u>	<u>\$ 4,484,488</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

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

Special Revenue Funds

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

Sales Tax Fund -

To account for the collection of a 2% sales and use tax and its subsequent disbursement in accordance with the sales tax dedication. The proceeds of the 2% sales tax are dedicated to current operation purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets. Proceeds are currently employed to fund the operation of the police department.

Park Commission Fund -

To account for the receipt and use of fees assessed for utilization of the park facilities located in and maintained by the Village of Parks.

Capital Projects Fund

Capital Projects Fund -

To account for construction of new town hall funded by \$1,200,000 certificate of indebtedness series 2018 bonds.

Enterprise Fund

Utilities Fund -

The Village of Parks Utilities Fund is used to account for the provision of water and waste services to residents of the Village and outlying areas. The Village of Parks Utilities Fund is used to account for operations that are financed and operated in a manner where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NONMAJOR FUNDS

Debt Service Fund -

To account for repayment of the \$1,200,000 certificate of indebtedness series 2018 bonds.

VILLAGE OF PARKS

Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds				Nonmajor	Total
	General	Sales Tax	Park	Capital	Debt	
		Special	Commission	Projects	Service	
	Revenue	Special	Revenue	Fund	Fund	
ASSETS						
Cash and interest-bearing deposits	\$ 180,492	\$ 267,804	\$ 347,777	\$ 1,149,985	\$ 20,470	\$ 1,966,528
Receivables:						
Taxes and licenses	-	15,061	-	-	-	15,061
Other	7,186	500	-	-	-	7,686
Prepaid items	-	4,686	-	-	-	4,686
Total assets	<u>\$ 187,678</u>	<u>\$ 288,051</u>	<u>\$ 347,777</u>	<u>\$ 1,149,985</u>	<u>\$ 20,470</u>	<u>\$ 1,993,961</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 8,890	\$ 14,957	\$ -	\$ -	\$ -	\$ 23,847
Due to other funds	<u>6,667</u>	<u>54,275</u>	<u>426</u>	<u>-</u>	<u>-</u>	<u>61,368</u>
Total liabilities	<u>15,557</u>	<u>69,232</u>	<u>426</u>	<u>-</u>	<u>-</u>	<u>85,215</u>
Fund balances -						
Nonspendable	-	4,686	-	-	-	4,686
Restricted	-	214,133	-	1,149,985	20,470	1,384,588
Assigned	-	-	347,351	-	-	347,351
Unassigned	<u>172,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,121</u>
Total fund balances	<u>172,121</u>	<u>218,819</u>	<u>347,351</u>	<u>1,149,985</u>	<u>20,470</u>	<u>1,908,746</u>
Total liabilities and fund balances	<u>\$ 187,678</u>	<u>\$ 288,051</u>	<u>\$ 347,777</u>	<u>\$ 1,149,985</u>	<u>\$ 20,470</u>	<u>\$ 1,993,961</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds at June 30, 2018 \$ 1,908,746

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$	30,000	
Construction in progress		20,156	
Buildings and improvements, net of \$82,589 accumulated depreciation		66,300	
Vehicles, net of \$26,524 accumulated depreciation		26,458	
Furniture and equipment, net of \$29,056 accumulated depreciation		1	
Infrastructure, net of \$118,097 accumulated depreciation		<u>354,343</u>	497,258

The deferred outflows of expenditures are not a current use of resources and are therefore not reported in the funds:

Deferred outflows of resources	41,792
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General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds.

This debt is:

Bonds payable	(1,200,000)	
Net pension liability	<u>(135,575)</u>	(1,335,575)

The deferred inflows of resource of contributions are not available resources, and therefore, are not reported in the funds:

Deferred inflows of resources	<u>(7,957)</u>
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Total net position of governmental activities at June 30, 2018 \$ 1,104,264

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds				Nonmajor Fund	Total
	General	Sales Tax Special Revenue	Park Commission Special Revenue	Capital Projects Fund	Debt Service Fund	
Revenues:						
Taxes	\$ 843	\$ 167,077	\$ -	\$ -	\$ -	\$ 167,920
Licenses and permits	56,010	-	-	-	-	56,010
Fines and penalties	5,640	-	-	-	-	5,640
Intergovernmental	537	7,500	-	-	-	8,037
Miscellaneous	-	18,982	356,154	-	-	375,136
Total revenues	<u>63,030</u>	<u>193,559</u>	<u>356,154</u>	<u>-</u>	<u>-</u>	<u>612,743</u>
Expenditures:						
Current -						
General government	97,226	-	-	15	29,530	126,771
Public safety	-	176,486	-	-	-	176,486
Culture and recreation	-	-	7,030	-	-	7,030
Capital outlay	12,253	28,347	25,688	-	-	66,288
Total expenditures	<u>109,479</u>	<u>204,833</u>	<u>32,718</u>	<u>15</u>	<u>29,530</u>	<u>376,575</u>
Excess (deficiency) of revenues over expenditures	<u>(46,449)</u>	<u>(11,274)</u>	<u>323,436</u>	<u>(15)</u>	<u>(29,530)</u>	<u>236,168</u>
Other financing sources (uses):						
Bond proceeds	-	-	-	1,200,000	-	1,200,000
Operating transfers in	110,000	-	-	-	50,000	160,000
Operating transfers out	-	-	-	(50,000)	-	(50,000)
Total other financing sources	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>1,150,000</u>	<u>50,000</u>	<u>1,310,000</u>
Net changes in fund balances	63,551	(11,274)	323,436	1,149,985	20,470	1,546,168
Fund balances, beginning	<u>108,570</u>	<u>230,093</u>	<u>23,915</u>	<u>-</u>	<u>-</u>	<u>362,578</u>
Fund balances, ending	<u>\$ 172,121</u>	<u>\$ 218,819</u>	<u>\$ 347,351</u>	<u>\$ 1,149,985</u>	<u>\$ 20,470</u>	<u>\$ 1,908,746</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018

Total net changes in fund balances at June 30, 2018 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 1,546,168

The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 66,288	
Depreciation expense for the year ended June 30, 2018	<u>(33,732)</u>	32,556

Because governmental funds do not record fixed assets and accumulated
depreciation, any assets disposed of with or without a selling price do not
affect the statement of revenues, expenditures, and changes in fund
balances. However, in the statement of activities, a gain or loss is shown
on assets that are not fully depreciated.

Disposal of asset for which insurance proceeds were received		(9,021)
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The issuance of long-term debt (e.g. bonds) provides current financial
resources to governmental funds, while the repayment of principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net position.

Bond proceeds		(1,200,000)
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Implementation of GASB 68 (revenue less expenses)		<u>(2,219)</u>
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Total changes in net position at June 30, 2018 per Statement of Activities		<u>\$ 367,484</u>
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The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Net Position
 Proprietary Fund
 June 30, 2018

	<u>Utilities Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 1,798,219
Receivables:	
Accounts (net)	275,974
Due from other funds	61,368
Prepaid items	<u>15,664</u>
Total current assets	<u>2,151,225</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,540,790</u>
Total noncurrent assets	<u>1,540,790</u>
Total assets	<u>3,692,015</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	93,761
Customers' deposits	<u>218,030</u>
Total current liabilities	<u>311,791</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Investment in capital assets	1,540,790
Restricted	218,030
Unrestricted	<u>1,621,404</u>
Total net position	<u>\$ 3,380,224</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 For the Year Ended June 30, 2018

	<u>Utilities Fund</u>
Operating revenues:	
Charges for services:	
Water and waste fees	\$ 1,988,605
Meter installations	21,400
Connection fees	5,173
Building Permit Fees	2,374
Other operating income	4,885
Total operating revenues	<u>2,022,437</u>
Operating expenses:	
Salaries	325,274
Payroll taxes	30,002
Insurance	123,845
Repairs and maintenance	39,444
Chemicals	22,659
Operating supplies	137,453
Office expense	29,083
Advertising	1,124
Dues and subscriptions	47,672
Utilities	76,103
Contractual services	5,382
Automotive expense	25,586
Licenses and permits	1,624
Professional fees	33,722
Telephone/internet expense	9,022
Depreciation expense	196,725
Garbage service fees	572,744
Miscellaneous expense	20,944
Loss on disposal of asset	1,587
Total operating expenses	<u>1,699,995</u>
Operating income	<u>322,442</u>
Nonoperating revenues (expenses):	
Interest income	1,098
State grants	18,000
Miscellaneous	6,855
Total nonoperating revenues	<u>25,953</u>
Income before transfers	<u>348,395</u>
Operating transfers:	
Transfers out	<u>110,000</u>
Total operating transfers out	<u>110,000</u>
Change in net position	238,395
Net position, beginning	<u>3,141,829</u>
Net position, ending	<u>\$ 3,380,224</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2018

	<u>Utilities Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,972,721
Payments to suppliers	(1,162,493)
Payments to employees	<u>(325,274)</u>
Net cash provided by operating activities	<u>484,954</u>
Cash flows from noncapital financing activities:	
Operating transfers out to other funds	(115,736)
Other receipts	<u>6,855</u>
Net cash used by noncapital financing activities	<u>(108,881)</u>
Cash flows from capital and related financing activities:	
Receipt of state grant funds	<u>18,000</u>
Net cash provided by capital and related financing activities	<u>18,000</u>
Cash flows from investing activities	<u>1,098</u>
Net increase in cash and cash equivalents	395,171
Cash and cash equivalents, beginning of period	<u>1,403,048</u>
Cash and cash equivalents, end of period	<u>\$ 1,798,219</u>

(continued)

VILLAGE OF PARKS

Statement of Cash Flows
Proprietary Fund (Continued)
For the Year Ended June 30, 2018

	<u>Utilities Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 322,442
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	196,725
Loss on disposal of asset	1,587
Changes in current assets and liabilities:	
Increase in accounts receivable	(33,310)
Increase in prepaid items	(1,160)
Decrease in accounts payable and accrued liabilities	<u>(1,330)</u>
Total adjustments	<u>162,512</u>
Net cash provided by operating activities	<u>\$ 484,954</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The Village was incorporated in 1908 under the Lawrason Act. The act provides for the Mayor-Board of Aldermen form of government. The Village's operations include police protection, streets and drainage, sanitation, culture and recreation, public improvements, planning and zoning, and general administration services. The Village owns and operates one enterprise activity, a utilities fund, which provides water and waste services.

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

A. Financial Reporting Entity

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. The Village has no component units.

The Village of Parks' oversight and responsibilities in the management, operation, and financial accountability of the Parks Housing Authority are remote. For this reason, the Authority is not considered to be a component unit of the Village and accordingly, is not included in the Village's audited financial statements.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting 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.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital 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 are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary (enterprise). 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 and report all financial resources not accounted for and reported in another fund.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 specified purposes.

Sales Tax Fund –

To account for the receipt and use of proceeds of the Village’s 2% sales and use tax that is legally restricted to expenditures for specific purposes.

Park Commission Fund-

The Park Commission Fund is used to account for park usage fees collected and expenditures required to maintain the Cecile Poche Memorial Park facilities.

Capital Projects Fund –

To account for the construction of new town hall funded by \$1,200,000 Certificate of Indebtedness Series 2018 bonds.

Proprietary Fund -

Utilities Fund -

The Village of Parks Utilities Fund is used to account for the provision of water and waste services to residents of the Village and outlying areas. The Village of Parks Utilities Fund is used to account for operations that are financed and operated in a manner where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

The nonmajor fund of the Village is described below:

Governmental Funds -

Debt Service Fund-

To account for the repayment of the \$1,200,000 Certificate of Indebtedness Series 2018 bonds

C. Measurement Focus/Basis of Accounting

Measurement focus is a 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.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. The proprietary fund utilizes 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.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Village's threshold for capitalization is \$1,000.

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Buildings and improvements	10-40 years
Vehicles	5 years
Furniture and equipment	5-10 years
Water system	10-30 years

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

Prior to the adoption of GASB 34, it was the Village's policy not to record infrastructure; however, these assets have been included in the accompanying financial statements valued at historical cost.

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

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

Compensated Absences

Employees of the Village of Parks earn sick leave and vacation days depending on length of employment. The vacation days and sick pay days cannot be carried over from year to year. Neither can cash be received in lieu of taking the days. If an employee quits he forfeits all accumulated days. Because of these policies, there are no accruals made in either the proprietary fund or the governmental funds.

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.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board is the highest level of decision-making authority for the Village of Parks. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village's policy, only Board members may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

As of June 30, 2018, fund balances are composed of the following:

	General	Sales Tax Special Revenue	Park Commission Fund	Capital Projects Fund	Nonmajor Fund	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ -	\$ 4,686	\$ -	\$ -	\$ -	\$ 4,686
Restricted:						
Sales taxes	-	214,133	-	-	-	214,133
Construction	-	-	-	1,149,985	-	1,149,985
Debt service	-	-	-	-	20,470	20,470
Assigned:						
Culture and recreation	-	-	347,351	-	-	347,351
Unassigned	<u>172,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,121</u>
Total fund balances	<u>172,121</u>	<u>218,819</u>	<u>347,351</u>	<u>1,149,985</u>	<u>20,470</u>	<u>1,908,746</u>

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 Board of Aldermen have provided otherwise in their commitment or assignment actions.

E. Capitalization of Interest Expense

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest incurred for the year ended June 30, 2018.

F. Use of Estimates

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the Village has cash and interest-bearing deposits (book balances) totaling \$3,764,747.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2018 are secured as follows:

Bank balances	<u>\$ 3,833,852</u>
At June 30, 2018 the deposits are secured as follows:	
Federal deposit insurance	\$ 500,000
Pledged securities	<u>3,333,852</u>
 Total	 <u>\$ 3,833,852</u>

Deposits in the amount of \$3,333,852 were exposed custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Village's name. The Village does not have a policy for custodial credit risk.

(3) Receivables

Receivables at June 30, 2018 of \$298,721 consist of the following:

	Governmental Activities	Business- Type Activities	Total
Accounts	\$ -	\$ 275,974	\$ 275,974
Taxes:			
Sales tax	15,061	-	15,061
Franchise tax	7,686	-	7,686
Totals	<u>\$ 22,747</u>	<u>\$ 275,974</u>	<u>\$ 298,721</u>

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance 07/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/18</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	20,156	-	-	20,156
Total assets not being depreciated	<u>50,156</u>	<u>-</u>	<u>-</u>	<u>50,156</u>
Capital assets being depreciated:				
Buildings and improvements	123,201	25,688	-	148,889
Vehicles	51,698	28,347	(27,063)	52,982
Furniture and equipment	29,057	-	-	29,057
Infrastructure	460,187	12,253	-	472,440
Total assets being depreciated	<u>664,143</u>	<u>66,288</u>	<u>(27,063)</u>	<u>703,368</u>
Less accumulated depreciation:				
Buildings and improvements	78,642	3,947	-	82,589
Vehicles	38,698	5,868	(18,042)	26,524
Furniture and equipment	29,056	-	-	29,056
Infrastructure	94,180	23,917	-	118,097
Total accumulated depreciation	<u>240,576</u>	<u>33,732</u>	<u>(18,042)</u>	<u>256,266</u>
Governmental activities, net	<u>\$ 473,723</u>	<u>\$ 32,556</u>	<u>\$ (9,021)</u>	<u>\$ 497,258</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 111,327	\$ -	\$ -	\$ 111,327
Construction in progress	62,998	-	-	62,998
Total assets not being depreciated	<u>174,325</u>	<u>-</u>	<u>-</u>	<u>174,325</u>
Capital assets being depreciated:				
Waterworks plant and equipment	5,719,943	-	(6,171)	5,713,772
Total assets being depreciated	<u>5,719,943</u>	<u>-</u>	<u>(6,171)</u>	<u>5,713,772</u>
Less accumulated depreciation:				
Waterworks plant and equipment	4,155,166	196,725	(4,584)	4,347,307
Total accumulated depreciation	<u>4,155,166</u>	<u>196,725</u>	<u>(4,584)</u>	<u>4,347,307</u>
Business-type activities, net	<u>\$ 1,739,102</u>	<u>\$ (196,725)</u>	<u>\$ (1,587)</u>	<u>\$ 1,540,790</u>

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 23,917
Public safety	5,868
Culture and recreation	<u>3,947</u>
Total depreciation expense	<u>\$ 33,732</u>

(5) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2018:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 12,644	\$ 80,320	\$ 92,964
Salaries	4,291	-	4,291
Payroll taxes	<u>6,912</u>	<u>13,441</u>	<u>20,353</u>
Totals	<u>\$ 23,847</u>	<u>\$ 93,761</u>	<u>\$ 117,608</u>

(6) Dedication of Sales and Use Tax Revenues

Proceeds of the two percent (2%) sales and use tax being levied by the Village of Parks, after payment of all necessary expenses of collection and administration, have been dedicated to constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, sidewalks, sewers and sewerage disposal works, public buildings, police department and equipment, public parks, recreational facilities, waterworks, disposal of garbage street lighting, purchasing of immovable property and purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements, and facilities. Proceeds from the 2% sales and use tax were \$167,077 for the year ended June 30, 2018.

(7) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2018:

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ -	\$ 6,667
Sales Tax Special Revenue Fund	-	54,275
Park Commission Special Revenue Fund		426
Enterprise Fund:		
Utility Fund	<u>61,368</u>	<u>-</u>
Total	<u>\$ 61,368</u>	<u>\$ 61,368</u>

Unfunded transfers in a prior fiscal year caused the balances above. These balances are expected to be paid within the fiscal year.

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2018:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 110,000	\$ -
Capital Projects Fund	-	50,000
Enterprise Fund:		
Utilities Fund	-	110,000
Nonmajor Fund	<u>50,000</u>	<u>-</u>
Total	<u>\$ 160,000</u>	<u>\$ 160,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(8) Ad Valorem Taxes

For the year ended June 30, 2018, the Village formally waived the imposition of its approved statutory millage.

(9) Pension Plan/GASB 68

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of significant accounting policies:

The Municipal Police Employees' Retirement System prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No.27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses / expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

Basis of accounting:

The System's employer schedules were prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

System employees:

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Plan fiduciary net position:

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

Plan Description:

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 employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. 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.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Benefits provided:

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

Membership prior to January 1, 2013:

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% - 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership commencing January 1, 2013:

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System 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 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% - 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Cost of living adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred retirement option plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial benefit option plan:

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Employer contributions:

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

For the year ended June 30, 2017, total contributions due for employers and employees were as follows

	<u>Contribution Rates</u>		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
Members hired prior to 1/1/2013	10.00%	31.75%	41.75%
Hazardous Duty Members hired after 1/1/2013	10.00%	31.75%	41.75%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	33.75%	41.75%
Members whose earnable compensation is less than the poverty guidelines	7.50%	34.25%	41.75%

Non-employer contributions:

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue and excluded from pension expense. The Village recognized \$2,965 of non-employer contribution revenue.

Schedule of employer allocations:

The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentages for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employer of the System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the year ended June 30, 2017 as compared to the total of all employers' contributions to the System for during the year ended June 30, 2017.

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

At June 30, 2018, the Village reported a liability of \$135,575 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Village's proportion of the Net Pension Liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Village's proportion was .015529%, which was an increase of .001798% from its proportion measured as of June 30, 2016.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

For the year ended June 30, 2018, the Village recognized pension expense of \$19,176 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$200.

At June 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 888	\$ 1,042
Changes of assumptions	9,647	-
Net difference between projected and actual earnings on pension plan investments	5,935	-
Change in proportion and differences between Employer contributions and proportionate share of contributions	11,130	6,915
Employer contributions subsequent to the measurement date	14,192	-
Total	<u>\$ 41,792</u>	<u>\$ 7,957</u>

Deferred outflows of resources of \$14,192 related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ended	
6/30/2019	\$ 4,638
6/30/2020	9,744
6/30/2021	8,440
6/30/2022	(3,179)

Actuarial methods and assumptions:

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.325%, net of investment expense	
Expected Remaining Service lives	2017 - 4 years 2016 - 4 years 2015 - 4 years 2014 - 4 years	
Inflation Rate	2.70%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	53.00%	3.66%
Fixed Income	21.00%	0.52%
Alternative	20.00%	1.10%
Other	6.00%	0.16%
Totals	100.00%	5.44%
Inflation		2.75%
Expected Nominal Return		8.19%

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.325%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.325% or one percentage point higher 8.325% than the current rates as of June 30, 2017.

	Changes in Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	6.325%	7.325%	8.325%
Employer's Proportionate share of Net Pension Liability	\$ 187,310	\$ 135,575	\$ 92,173

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2017 were recognized in the current reporting period as pension expense except as follows:

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

1. Differences between expected and actual experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability 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 plan. The difference between expected and actual experience resulted in a deferred outflow of resources in the amount of \$888 and a deferred inflow of resources in the amount of \$1,042 for the year ended June 30, 2017.
2. Changes of assumptions or other inputs: 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 plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$9,647 for the year ended June 30, 2017.
3. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$5,935 for the year ended June 30, 2017.
4. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a 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 pensions through the pension plan. The unamortized amounts arising from changes in the employer's proportionate shares resulted in a deferred outflow of resources in the amount of \$11,130 and in a deferred outflow of resources in the amount of \$6,915 for the year ended June 30, 2017.

Contributions – proportionate share:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Retirement system audit report:

Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Estimates:

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from estimated amounts.

(10) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village of Parks, Louisiana for the year ended June 30, 2018. The bonds relate to governmental activities and are therefore paid by debt service funds.

Long-term debt at July 1, 2017	\$ -
Debt assumed	1,200,000
Debt retired	<u>-</u>
Long-term debt at June 30, 2018	<u>\$ 1,200,000</u>

Long-term debt at June 30, 2018 is comprised of the following:

\$1,200,000 Certificate of Indebtedness, Series 2018, due in annual installments of \$101,000 to \$144,000; from April 1, 2019 to April 1, 2028; interest rate of 1.65%; payable from pledge and dedication of the excess of annual revenues.	<u>\$ 1,200,000</u>
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The annual requirements to amortize all debt outstanding at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 101,000	\$ 36,816	\$ 137,816
2020	102,000	31,032	133,032
2021	107,000	28,075	135,075
2022	111,000	24,977	135,977
2023	117,000	21,747	138,747
2024-2028	<u>662,000</u>	<u>54,611</u>	<u>716,611</u>
	<u>\$ 1,200,000</u>	<u>\$ 197,258</u>	<u>\$ 1,397,258</u>

(11) Commitments and Contingencies

At June 30, 2018, the Village is involved in one lawsuit. The lawsuit is in the early stages and it is therefore, premature to estimate the liability, if any. Therefore, no liability has been recorded as of June 30, 2018.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Compensation of Village Officials

A detail of compensation paid to Village officials for the year ended June 30, 2018 follows:

Kevin J. Kately, Mayor	<u>\$ 52,020</u>
Aldermen:	
Yvonne Narcisse	\$ 4,225
Eva Potier	4,225
Harold Robertson	<u>4,225</u>
Total	<u>\$ 12,675</u>
Ronald J. Solarie, Chief of Police	<u>\$ 44,865</u>

(13) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards, health care, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the current year or preceding two years.

(14) Act 706-Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity

Under Act 706, the Village of Parks is required to disclose the compensation, reimbursements, benefits, and other payments made to the mayor, in which the payments are related to the position. The following is a schedule of payments made to the mayor for the year ended June 30, 2018.

Entity head: Kevin J. Kately, Mayor

Salary	\$ 52,020
Benefits-insurance	26,460
Travel & expense reimbursement	<u>3,482</u>
Total	<u>81,962</u>

(15) On-behalf Payments

The Village recognized \$7,500 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF PARKS
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 400	\$ 400	\$ 843	\$ 443
Licenses and permits	45,000	45,000	56,010	11,010
Fines and penalties	1,500	1,500	5,640	4,140
Intergovernmental	10,500	10,500	537	(9,963)
Miscellaneous	500	500	-	(500)
Total revenues	57,900	57,900	63,030	5,130
Expenditures:				
General government	87,195	97,195	97,226	(31)
Capital outlay	10,066	10,066	12,253	(2,187)
Total expenditures	97,261	107,261	109,479	(2,218)
Deficiency of revenues over expenditures	(39,361)	(49,361)	(46,449)	2,912
Other financing sources (uses):				
Transfers in	110,961	105,000	110,000	5,000
Transfers out	-	(12,988)	-	12,988
Total other financing sources	110,961	92,012	110,000	17,988
Net change in fund balances	71,600	42,651	63,551	20,900
Fund balance, beginning	75,914	108,570	108,570	-
Fund balance, ending	\$ 147,514	\$ 151,221	\$ 172,121	\$ 20,900

VILLAGE OF PARKS
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 140,000	\$ 152,000	\$ 167,077	\$ 15,077
Intergovernmental	12,000	12,000	7,500	(4,500)
Miscellaneous - interest and other	<u>100</u>	<u>19,100</u>	<u>18,982</u>	<u>(118)</u>
Total revenues	<u>152,100</u>	<u>183,100</u>	<u>193,559</u>	<u>10,459</u>
Expenditures:				
Public safety - police	185,970	210,970	176,486	34,484
Capital outlay	<u>-</u>	<u>-</u>	<u>28,347</u>	<u>(28,347)</u>
Total expenditures	<u>185,970</u>	<u>210,970</u>	<u>204,833</u>	<u>6,137</u>
Excess of revenues over expenditures	<u>(33,870)</u>	<u>(27,870)</u>	<u>(11,274)</u>	<u>16,596</u>
Net change in fund balances	(33,870)	(27,870)	(11,274)	16,596
Fund balance, beginning	<u>190,440</u>	<u>230,093</u>	<u>230,093</u>	<u>-</u>
Fund balance, ending	<u>\$ 156,570</u>	<u>\$ 202,223</u>	<u>\$ 218,819</u>	<u>\$ 16,596</u>

VILLAGE OF PARKS
Park Commission Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Park fees	\$ 5,500	\$ 5,500	\$ 5,204	\$ (296)
Rent income	-	-	450	450
Intergovernmental	-	350,000	350,000	-
Miscellaneous	-	-	500	500
Total revenues	<u>5,500</u>	<u>355,500</u>	<u>356,154</u>	<u>654</u>
Expenditures:				
Culture and recreation	5,500	15,500	7,030	8,470
Capital outlay	-	217,000	25,688	191,312
Total expenditures	<u>5,500</u>	<u>232,500</u>	<u>32,718</u>	<u>199,782</u>
Excess of revenues over expenditures	<u>-</u>	<u>123,000</u>	<u>323,436</u>	<u>200,436</u>
Net change in fund balances	-	123,000	323,436	200,436
Fund balance, beginning	<u>23,915</u>	<u>23,915</u>	<u>23,915</u>	<u>-</u>
Fund balance, ending	<u>\$ 23,915</u>	<u>\$ 146,915</u>	<u>\$ 347,351</u>	<u>\$ 200,436</u>

VILLAGE OF PARKS, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2018

<u>Year ended June 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.016328	\$ 102,149	\$ 43,021	237.4%	75.1%
2016	0.014779	\$ 115,778	\$ 42,828	270.3%	70.7%
2017	0.013731	\$ 128,698	\$ 41,759	308.2%	66.0%
2018	0.015529	\$ 135,575	\$ 46,360	292.4%	70.1%

* 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 PARKS, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2018

<u>Year ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 13,491	\$ 13,383	\$ 108	\$ 42,828	31.25%
2016	\$ 12,319	\$ 12,530	\$ (211)	\$ 41,759	30.00%
2017	\$ 14,719	\$ 15,418	\$ (699)	\$ 46,360	33.26%
2018	\$ 13,642	\$ 14,192	\$ (550)	\$ 44,365	31.99%

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

VILLAGE OF PARKS, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

(1) Budgets and Budgetary Accounting

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

- A. A public meeting is scheduled by the Board of Aldermen after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
- B. The budget must be finally adopted by the Board of Alderman prior to the last day of the preceding fiscal year.
- C. The Mayor and Board of Aldermen may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
- D. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
- E. Formal budgetary integration is not employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consisted with generally accepted accounting principles (GAAP).

(2) Pension Plan

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 plan.

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

Champagne & Company, LLC

Certified Public Accountants

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

The Honorable Kevin J. Kately, Mayor
and Members of the Board of Aldermen
Village of Parks, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Parks, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Parks, Louisiana's basic financial statements and have issued our report thereon dated November 6, 2018

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, identified as item 2018-001 and 2018-002, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Parks, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Parks, Louisiana's Response to Findings

The Village of Parks, Louisiana's responses to the findings identified in our audit are described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. The Village of Parks, Louisiana's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 6, 2018

VILLAGE OF PARKS

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2018

I. Prior Year Findings:

Internal Control Over Financial Reporting

2017-001 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees the Village did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 2018-001.

2017-002 – Inadequate Controls Over Financial Statement Preparation

Finding: The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 2018-002.

Compliance

There were no findings that were required to be reported at June 30, 2017.

Management Letter Items

There were no findings that were required to be reported at June 30, 2017.

II. Current Year Findings and Management's Corrective Action Plan:

Internal Control Over Financial Reporting

2018-001 – Inadequate Segregation of Accounting Functions; Year Initially Occurred--Unknown

Condition and Criteria:

The Village did not have adequate segregation of functions within the accounting system.

Effect:

This condition represents a material weakness in the internal control of the Village.

(continued)

VILLAGE OF PARKS

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2018

Cause:

The condition resulted because of the small number of employees in the accounting department.

Recommendation:

No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Management's Corrective Action Plan:

Mayor Kevin J. Kately has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

2018-002 – Inadequate Controls over Financial Statement Preparation; Year Initially Occurred—Unknown

Condition and Criteria:

The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

Effect:

This condition represents a material weakness in the internal control of the Village.

Cause:

The condition resulted because the Village personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation:

The Village should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

(continued)

VILLAGE OF PARKS

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2018

Management's Corrective Action Plan:

Mayor Kevin J. Kately has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Compliance

There are no findings that are required to be reported at June 30, 2018.

Management Letter Items

There are no findings that are required to be reported at June 30, 2018.

VILLAGE OF PARKS, LOUISIANA

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2018

Champagne & Company, LLC

Certified Public Accountants

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Penny Angelle Scruggins, CPA*

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of the Village of Parks and the Louisiana Legislative Auditor,

We have performed the procedures enumerated below, which were agreed to by the management of the Village of Parks and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. Management of the Village of Parks is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained. Policies and procedures do not address how vendors are added to the vendor list.

- c) ***Disbursements***, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

- 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).

Written policies and procedures were obtained. Policies and procedures do not address management's actions to determine completeness of all collections.

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

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained. Policies and procedures do not address required approvers of statements.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained. Policies and procedures do not address a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

Written policies and procedures were obtained and address the functions noted above.

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 fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Obtained and reviewed minutes of the board/finance committee 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. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Obtained and reviewed minutes of the board/finance committee for the fiscal period noting that the minutes do not included monthly budget-to-actual comparisons for the major funds nor monthly financial statements for major proprietary funds.

- 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 and reviewed the prior year audit report, noting that general fund did not have a negative ending unrestricted fund 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 each selected account, and observe that:

Obtained listing of client bank accounts from management and management's representation that listing is complete. Management identified the entity's main operating account.

- 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);

Obtained bank statements and reconciliations for the entity's main operating account and 4 additional accounts for one month, noting that reconciliations have been prepared within 2 months of the statement closing date except for one bank account tested.

- 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

Obtained bank statements and reconciliations for the entity's main operating account and 4 additional accounts for one month, noting no evidence of management/board member review for all bank accounts tested.

- 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 for the entity's main operating account and 4 additional accounts for one month, noting no evidence of management's documentation of research for items that have been outstanding for more than 12 months for all bank accounts tested.

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 listing of deposit sites and management's representation that 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:

Obtained a listing of collection locations and management's representation that the listing is complete. Inquired and inspected employees' job duties.

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

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

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

Employees responsible for collecting cash are also responsible for preparing / making bank deposits.

- 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.

Employees responsible for collecting cash are not responsible for posting collection entries to the general ledger or subsidiary ledgers.

- 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.

Employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers are not responsible for collecting cash.

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

Employees who have access to cash are covered by a bond or insurance policy for theft, except for one part-time employee.

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). Obtain supporting documentation for each of the 10 deposits and:

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

Receipts are not sequentially pre-numbered.

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

One deposit did not have receipts and other related collection documentation to trace to the deposit slip.

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

Traced deposit slip totals to the actual deposit per the bank statement, noting 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).

Of the 8 deposits tested, 3 were not made within one business day of receipt at the collection location and 1 deposit was not able to be tested due to the inability to determine its collection date from lack of receipt.

- 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, noting no exceptions.

Non-Payroll Disbursements (excluding credit 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 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:

Obtained a listing of employees involved with non-payroll purchasing and payment functions. Inquired and observed employees job duties.

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

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

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

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

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

The employee responsible for processing payments is not prohibited from adding / modifying vendor files, nor is another employee responsible for periodically reviewing changes to vendor files.

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

The employee responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing 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.

Disbursements tested matched related original invoice.

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

Disbursements documentation tested included evidence of segregation of duties tested under #9, as applicable.

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

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.

Obtained listing of active credit cards, bank debit cards, fuel cards, and P-cards and name of person who maintain possession of cards and 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.]

Observed that there is evidence that monthly statements and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Observed 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).

There was one transaction tested that did not have an original itemized receipt and had no documentation of the public purpose.

Travel and Expense Reimbursement

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:

Obtained listing of travel and travel-related expense reimbursements and management's representation that the listing is complete.

- 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).

Per diem reimbursements tested did not exceed U.S. GSA rates.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No reimbursements tested included actual cost reimbursements, therefore not applicable.

- 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 (procedures #1h).

Each reimbursement is supported by documentation of the business / public purpose and other documentation required by written policy.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Contracts

- 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 or general ledger is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Contracts procedures were not tested at June 30, 2018 (Year 2) due to the fact there were no exceptions noted in prior year (Year 1).

- 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 listing of employees / elected officials employed and management's representation that the listing is complete.

- 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.

Observed that all selected employees / officials documented their daily attendance and leave.

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

Observed that supervisors approved the attendance and leave of the selected employees / officials.

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

Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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

No termination payments were made. Not applicable.

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

Payroll taxes and retirement contributions were not paid by required deadlines. Health insurance premiums and workers' compensation premiums have been paid by required deadlines. Retirement contribution reports have not been filed by required deadlines. All other associated forms have been filed by required deadlines.

Ethics (excluding nonprofits)

20. Using the five 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.

Observed that documentation demonstrates 4 of 5 employees tested completed one hour of ethics training during the fiscal period.

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

Observed that documentation demonstrates none of the 5 employees tested attested through signature verification that he or she has read the entity's ethics policy.

Debt Service

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.

Obtained a listing of bonds / notes issued during the fiscal period and management's representation that the listing is complete. Obtained supporting documentation. No exceptions noted.

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.

Obtained a listing of bonds / notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Inspected debt covenants and obtained supporting documentation. No exceptions noted.

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.

Obtained management assertion that the entity did not have misappropriations of public funds or assets.

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.

Observed that notices were not posted on the entity's premises and website.

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.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 6, 2018

VILLAGE OF PARKS, LOUISIANA
Parks, Louisiana

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2018

Management Response to Item:

- 1b, 1d, 1g, 1i Policies and procedures will be updated accordingly to include those items not already included.
- 2b Minutes will be modified to begin including monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements for major proprietary funds.
- 3a, 3b, 3c Efforts will be made to prepare bank reconciliations within 2 months of the related statement closing date. Policies will be amended to allow for management review of bank reconciliations and include evidence of review. Efforts will be made to include evidence of management's documentation of research for items that have been outstanding for more than 12 months.
- 5b Although employees responsible for collecting cash are also responsible for preparing / making the bank deposits, the cash collections are reconciled / balanced prior to the deposit being prepared.
- 6 Efforts will be made to obtain a bond or insurance policy for theft for employees who have access to cash who are not already covered by a bond or insurance policy for theft.
- 7a Although receipts are not sequentially prenumbered, there is a procedure / manner in which receipts can be cross-referenced to actual transactions.
- 7b Efforts will be made to ensure documentation follows all collections to provide substantiation for deposit.
- 7d Although bank hours of operation make it difficult to do so, efforts will be made to deposit collections within one business day of receipt.
- 9c Although the employee responsible for processing payments is not prohibited from adding / modifying vendor files, a separate review of all checks / disbursements is done prior to approval. Management feels as if this policy is adequate to address the potential associated risk.
- 13 Efforts will be made to ensure documentation follows all disbursements to provide substantiation for payment.
- 19 Efforts will be made to ensure payroll taxes and retirement contributions are paid by required deadlines and all reports have been filed by required deadlines.

(continued)

VILLAGE OF PARKS, LOUISIANA
Parks, Louisiana

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2018

- 20a The employee who did not have documentation of completing one hour of ethics training was hired in October 2017. The employee has since completed his one hour of ethics training.
- 20b Policies and procedures will be updated to include requirement for employees/officials to attest through signature verification that he or she has read the entity's ethics policy during the fiscal period.
- 24 Efforts will be made to post on its premises the notice concerning misappropriation, fraud, waste, or abuse of public funds.