

VILLAGE OF CHOUDRANT, LOUISIANA

Financial Statements
For The Year Ended June 30, 2017



VILLAGE OF CHOUDRANT, LOUISIANA
Table of Contents
For The Year Ended June 30, 2017

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
 Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
 Fund Financial Statements	
Governmental Funds:	
Balance Sheet – Governmental Fund	11
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets	
Statement of Revenues, Expenditures And Changes in Fund balance – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds To the Statement of Activities	
 Proprietary Funds:	
Statement of Net Position – Proprietary Fund	13
Statement of Revenues, Expenditures, and Changes In Net Position – Proprietary Fund	14
Statement of Cash Flows – Proprietary Fund	15
 Notes to the Financial Statements	16-27
 Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	28-29
Notes to Budgetary Comparison Schedules	
 Schedule of Compensation, Reimbursements, Benefits And Other Payments to Agency Head	30
 Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32
 Schedule of Findings and Questioned Costs	33-34
 Schedule of Prior Year Findings	35
 Management's Corrective Action Plan	36

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of
Choudrant, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Choudrant, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Choudrant, Louisiana, as of June 30, 2017, 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 management's discussion and analysis and budgetary comparison information on pages 3-8 and 28-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Choudrant's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, reimbursements, benefits, and other payments to agency head on page 30 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standard's

In accordance with *Government Auditing Standards*, I have also issued my report dated December 27, 2017, on our consideration of the Village of Choudrant, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Choudrant, Louisiana's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

VILLAGE OF CHOUDRANT, LOUISIANA

Management's Discussion and Analysis

For The Year Ended June 30, 2017

Our discussion and analysis of the Village of Choudrant, Louisiana provides an overview of the Village's activities for the year ended June 30, 2017. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the Village's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Choudrant, on a government-wide basis, exceeded its liabilities at June 30, 2017 by \$4,566,701. Of this amount, \$678,886 is unrestricted. The assets exceeded its liabilities at June 30, 2016 by \$4,854,785. Of this amount, \$755,740 is unrestricted.
- The Village's total net position decreased by \$288,084 for the fiscal year ended June 30, 2017. This is a result of a \$21,432 decrease in governmental activities and a \$266,652 decrease in business-type activities operations. The Village's total net position decreased by \$48,620 for the fiscal year ended June 30, 2016. This is a result of a \$225,842 increase in governmental activities and a \$274,462 decrease in business-type activities operations.
- The Village's governmental funds reported combined ending fund balances of \$577,839 at June 30, 2017. The Village's governmental funds reported combined ending fund balances of \$564,535 at June 30, 2016.
- The unassigned fund balance of the general fund was \$502,886 at June 30, 2017, or 109% of the total general fund expenditures. The unreserved fund balance of the general fund was \$488,815 at June 30, 2016, or 87% of the total general fund expenditures.
- The general fund reported an excess of expenditures over revenues of \$13,677 before transfers, and an excess of revenues over expenditures of \$14,071 after transfers for the fiscal year ended June 30, 2017. The general fund reported an excess of revenues over expenditures of \$94,867 before transfers, and a \$111,299 excess of revenues over expenditures after transfers for the fiscal year ended June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Choudrant's basic financial statements. The basic financial statements comprise three components:

- *Government-wide financial statements.*
- *Fund financial statements.*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village's government, reporting operations in more detail than the government-wide statements.

VILLAGE OF CHOUDRANT, LOUISIANA
Management's Discussion and Analysis
For The Year Ended June 30, 2017

- The governmental fund statement tells how general government services like public safety were financed in the short term as well as what amounts remain for future spending.
- The proprietary fund statement offers short and long term financial information about the activities the government operates like businesses, such as the public utilities (water, sewer, sewer treatment systems).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In the past, the primary focus of local government financial statements has been summarized by fund type information on a current resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2005, the new focus is on both the Village as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Village's finances. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Village's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Village of Choudrant as a whole using accounting methods similar to those used by private-sector companies. The statement of net position and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Village's net position and how they have changed. Net position - the difference between the Village's assets and liabilities - are one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating.

In the statement of net position and the statement of activities, the Village is divided into two categories:

- Governmental activities – Most of the Village's basic services are included here, such as the activities of the police, garbage and trash collection, park, and general administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.
- Business-type activities – The Village charges fees to customers to cover the cost of the services it provides. Water, sewer and sewer treatment are included here. Grants have provided most of the capital assets required for these services.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Village's most significant funds – not the Village as a whole. Funds are accounting mechanisms that the Village uses to keep track of specific sources of funding and spending for particular purposes.

The Village has two kinds of funds:

VILLAGE OF CHOUDRANT, LOUISIANA
Management's Discussion and Analysis
For The Year Ended June 30, 2017

- **Governmental funds** – Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- **Proprietary funds** – Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Village's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's combined net position for the 2016-2017 fiscal year decreased by \$288,084. The table shows the statement of net assets for the year ending 2017 and the year ending 2016. The table also shows the net assets for governmental activities, business-type activities and combines them into the primary government.

Statement of Net Assets

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>						
Current & Other	\$ 599,992	\$ 752,949	\$ 292,469	\$ 356,460	\$ 892,461	\$ 1,109,409
Capital	2,057,089	2,091,825	2,400,993	2,668,455	4,458,082	4,760,280
Total Assets	\$ 2,657,081	\$ 2,844,774	\$ 2,693,462	\$ 3,024,915	\$ 5,350,543	\$ 5,869,689
<u>Liabilities</u>						
Current & Other	\$ 22,153	\$ 188,414	\$ 119,291	\$ 137,712	\$ 141,444	\$ 326,126
Long-term	-	-	642,398	688,778	642,398	688,778
Total Liabilities	22,153	188,414	761,689	826,490	783,842	1,014,904
<u>Net Position</u>						
Invested in Capital						
Assets, net of debt	2,057,089	2,091,825	1,712,215	2,007,220	3,769,304	4,099,045
Unrestricted	577,839	564,535	219,558	191,205	797,397	755,740
Total Net Position	\$ 2,634,928	\$ 2,656,360	\$ 1,931,773	\$ 2,198,425	\$ 4,566,701	\$ 4,854,785

VILLAGE OF CHOUDRANT, LOUISIANA
Management's Discussion and Analysis
For The Year Ended June 30, 2017

Net position (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Village of Choudrant's assets exceeded liabilities by \$4,566,701 at the close of the fiscal year. The largest portion of the Village's net assets (83%) reflects its investment in capital assets. The Village uses these assets to provide services to its citizens and those assets are not available for spending.

Governmental Activities

Net position of the Village's governmental activities decreased \$21,432 during the fiscal year ended June 30, 2017 and increased \$225,842 for the fiscal year ended June 30, 2016.

Business-type Activities

Net position of the Village's business-type activities decreased \$266,652 and \$274,462 during the fiscal years ended June 30, 2017 and 2016, respectively.

Statement of Activities

The following table shows the revenues and expenses of the governmental and business type activities:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>	
	2017	2016	2017	2016	2017	2016
REVENUES:						
Program Revenues						
Charges for Services	\$ 42,341	\$ 43,409	\$ 391,379	\$ 388,929	\$ 433,720	\$ 432,338
Grants and Contributions	131,628	299,111	-	57,840	131,628	356,951
General Revenues						
Sales Tax	277,252	322,244	-	-	277,252	322,244
Franchise Fees	26,732	25,765	-	-	26,732	25,765
Occupational Licenses	47,359	65,959	-	-	47,359	65,959
Permit Revenue	10,644	9,944	-	-	10,644	9,944
Miscellaneous	1,139	20	-	-	1,139	20
Interest Earned	1,213	374	365	470	1,578	844
Total Revenues	538,308	766,826	391,744	447,239	930,052	1,214,065
EXPENSES:						
General Government	227,426	169,419	-	-	227,426	169,419
Public Safety	207,106	192,673	-	-	207,106	192,673
Public Works	123,969	170,664	-	-	123,969	170,664
Culture & Recreation	7,231	6,444	-	-	7,231	6,444
Utilities	-	-	652,404	723,485	652,404	723,485
Total Expenses	565,732	539,200	652,404	723,485	1,218,136	1,262,685
Increase (Decrease) in Net Assets						
Before Transfers	(27,424)	227,626	(260,660)	(276,246)	(288,084)	(48,620)
Transfers	5,992	(1,784)	(5,992)	1,784	-	-
Increase (Decrease) in Net Assets	(21,432)	225,842	(266,652)	(274,462)	(288,084)	(48,620)
Net Assets Beginning of Year	2,656,360	2,430,518	2,198,425	2,472,887	4,854,785	4,903,405
Net Assets End of Year	\$ 2,634,928	\$ 2,656,360	\$ 1,931,773	\$ 2,198,425	\$ 4,566,701	\$ 4,854,785

VILLAGE OF CHOUDRANT, LOUISIANA
Management's Discussion and Analysis
For The Year Ended June 30, 2017

Governmental Activities

During the fiscal years ended June 30, 2017 and 2016, the major sources of income were:

	<u>2017</u>	<u>2016</u>
• Sales Tax	50%	42%
• Franchise Fees	5%	3%
• Occupational Licenses	9%	9%
• Grants and Contributions	24%	39%
• Charges for Services	7%	6%

Business-type Activities

Total revenues from business-type activities were \$391,944 for the fiscal year ended June 30, 2017. This decreased \$55,295 from last year. Expenses for the Village's business-type activities were \$652,404. The business-type activities had a net operating loss of \$260,660. Net position decreased \$266,652 after transfers in of \$5,992.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The Village of Choudrant uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's combined ending fund balances was \$577,839 at June 30, 2017.

The General fund is the chief operating fund of the Village. The unassigned fund balance at June 30, 2017 was \$502,886. Unassigned fund balance represents 109% of the total general fund expenditures.

Proprietary Funds

The Village's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net position of the Utilities Enterprise fund at the end of the fiscal year was \$1,931,773. The fund had an operating loss of \$260,660 before non-operating revenues of \$5,992, and operating transfers-out of \$5,992.

VILLAGE OF CHOUDRANT, LOUISIANA
Management's Discussion and Analysis
For The Year Ended June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Village of Choudrant's investment in Capital assets for its governmental and business-type activities as of June 30, 2017 amounted to \$4,458,082 (net of depreciation). This investment includes land, buildings and improvements, equipment, vehicles, water and sewer facilities. The outstanding debt of \$688,778 is for revenue bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village's management and elected officials considered many factors when preparing the 2017-2018 budget. Most revenue sources should remain fairly consistent with prior year collections. The Village has several capital projects ongoing.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Village Clerk, Village of Choudrant, Louisiana, P.O. Box 288, Choudrant, Louisiana 71227.

VILLAGE OF CHOUDRANT, LOUISIANA
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 186,240	\$ 37,930	\$ 224,170
Investments	342,992	205,184	548,176
Receivables	45,821	50,070	95,891
Internal Balances	4,593	(4,593)	-
Other Assets	20,346	3,878	24,224
Capital Assets			
Land, Improvements, and Construction in Progress	676,138	10,281	686,419
Other Capital Assets, Net of Depreciation	1,380,951	2,390,712	3,771,663
Total Assets	\$ 2,657,081	\$ 2,693,462	\$ 5,350,543
 Liabilities and Net Position			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 22,153	\$ 5,862	\$ 28,015
Accrued Interest	-	6,480	6,480
Customer Deposits	-	60,569	60,569
Long-Term Liabilities			
Notes Payable - Due Within One Year	-	46,380	46,380
Notes Payable - Due In More Than One Year	-	642,398	642,398
Total Liabilities	22,153	761,689	783,842
 Net Position			
Invested in Capital Assets, Net of Related Debt	2,057,089	1,712,215	3,769,304
Restricted For:			
Debt Service	-	118,511	118,511
Unrestricted	577,839	101,047	678,886
Total Net Position	2,634,928	1,931,773	4,566,701
 Total Liabilities and Net Position	 \$ 2,657,081	 \$ 2,693,462	 \$ 5,350,543

The accompanying notes are an integral part of this financial statement.

VILLAGE OF CHOUDRANT, LOUISIANA
Statement of Activities
For The Year Ended June 30, 2017

	Program Revenues			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 227,426	\$ -	\$ -	\$ 6,093
Public Safety	207,106	4,867	-	25,738
Public Works	123,969	37,474	45,602	54,195
Culture and Recreation	7,231	-	-	-
Total Governmental Activities	\$ 565,732	\$ 42,341	\$ 45,602	\$ 86,026
Business-Type Activities:				
Water and Sewer	\$ 652,404	\$ 391,379	\$ -	\$ -
Total Business-Type Activities	\$ 652,404	\$ 391,379	\$ -	\$ -
Total Primary Government	\$ 1,218,136	\$ 433,720	\$ 45,602	\$ 86,026

General Revenues:

Taxes:

Sales Tax Levied for General Purposes

Franchise Revenues

Occupational Licenses

Permit Revenue

Investment Earnings

Miscellaneous

Transfers

Total General Revenues, Special Items, and Transfers

Changes in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (221,333)	\$ -	\$ (221,333)
(176,501)	-	(176,501)
13,302	-	13,302
(7,231)	-	(7,231)
<u>\$ (391,763)</u>	<u>\$ -</u>	<u>\$ (391,763)</u>
\$ -	\$ (261,025)	\$ (261,025)
<u>\$ -</u>	<u>\$ (261,025)</u>	<u>\$ (261,025)</u>
<u>\$ (391,763)</u>	<u>\$ (261,025)</u>	<u>\$ (652,788)</u>
277,252	-	277,252
26,732	-	26,732
47,359	-	47,359
10,644	-	10,644
1,213	365	1,578
1,139	-	1,139
5,992	(5,992)	-
<u>370,331</u>	<u>(5,627)</u>	<u>364,704</u>
(21,432)	(266,652)	(288,084)
2,656,360	2,198,425	4,854,785
<u>\$ 2,634,928</u>	<u>\$ 1,931,773</u>	<u>\$ 4,566,701</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF CHOUDRANT, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Non-Major Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 123,004	\$ 63,236	\$ 186,240
Investments	306,374	36,618	342,992
Receivables	35,862	9,959	45,821
Due From Other Funds	36,452	-	36,452
Other Assets	20,346	-	20,346
Total Assets	\$ 522,038	\$ 109,813	\$ 631,851
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 19,152	\$ 3,001	\$ 22,153
Due to Other Funds	-	31,859	31,859
Total Liabilities	19,152	34,860	54,012
 Fund Balances			
Unassigned	502,886	74,953	577,839
Assigned	-	-	-
Total Fund Balances	502,886	74,953	577,839
 Total Liabilities and Fund Balances	 \$ 522,038	 \$ 109,813	

Amounts reported for *Governmental Activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds

2,057,089

Net Position of Governmental Activities

\$ 2,634,928

The accompanying notes are an integral part of this financial statement.

VILLAGE OF CHOUDRANT, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2017

	General Fund	Non-Major Funds	Total Governmental Funds
Revenues			
Taxes	\$ 277,252	\$ -	\$ 277,252
Intergovernmental	77,433	54,195	131,628
Licenses and Permits	84,735	-	84,735
Fines and Forfeitures	4,867	-	4,867
Charges for Services	-	37,474	37,474
Investment Earnings	1,158	55	1,213
Miscellaneous	1,139	-	1,139
Total Revenues	446,584	91,724	538,308
Expenditures			
General Government	214,376	-	214,376
Public Safety	167,969	-	167,969
Public Works	75,822	70,735	146,557
Culture and Recreation	2,094	-	2,094
Total Expenditures	460,261	70,735	530,996
Excess of Revenues over Expenditures	(13,677)	20,989	7,312
Other Financing Sources (Uses)			
Operating Transfers - In	93,965	-	93,965
Operating Transfers - Out	(66,217)	(21,756)	(87,973)
Total Other Financing Sources (Uses)	27,748	(21,756)	5,992
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	14,071	(767)	13,304
Fund Balances, Beginning of Year	488,815	75,720	
Fund Balances, End of Year	\$ 502,886	\$ 74,953	

Net Changes in Fund Balances - Total Governmental Funds

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets purchased capitalized	45,782
Depreciation expense	(80,518)
	(34,736)
Changes in Net Position in Governmental Activities	\$ (21,432)

The accompanying notes are an integral part of this financial statement.

VILLAGE OF CHOUDRANT, LOUISIANA
Statement of Net Position
Proprietary Funds
June 30, 2017

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 37,930
Receivables	40,013
Due From Other Governments	10,057
Due From Other Funds	26,468
Total Current Assets	114,468
Noncurrent Assets:	
Restricted Cash and Investments	205,184
Bond Issue Costs, net	3,878
Capital Assets	
Land, Improvements	10,281
Vehicles & Work Equipment	142,655
Office Equipment	10,574
Treatment Facilities	3,263,642
Water Wells and Lines	4,420,948
Total Capital Assets	7,848,100
Less: Accumulated Depreciation	(5,447,107)
Net Capital Assets	2,400,993
Total Noncurrent Assets	2,610,055
Total Assets	\$ 2,724,523
Liabilities and Net Position	
Liabilities	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 5,862
Due To Other Funds	31,061
Accrued Interest	6,480
Customer Deposits	60,569
Bonds Payable	46,380
Total Current Liabilities	150,352
Noncurrent Liabilities	
Bonds Payable	642,398
Total Noncurrent Liabilities	642,398
Total Liabilities	792,750
Net Position	
Invested in Capital Assets, Net of Related Debt	1,712,215
Restricted for Debt Service	118,511
Unrestricted	101,047
Total Net Position	1,931,773
Total Liabilities and Net Position	\$ 2,724,523

The accompanying notes are an integral part of this financial statement.

VILLAGE OF CHOUDRANT, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2017

Operating Revenues

Charges for Services:

Water Sales	\$	309,930
Sewer Revenues		76,485
Other Water & Sewer Revenues		4,964
Total Operating Revenues		<u>391,379</u>

Operating Expenses

Accounting & Legal Expenses		4,177
Advertising		242
Depreciation and Amortization		268,166
Insurance		136
Interest Expense		22,872
Materials, Repairs & Supplies		96,653
Office Supplies		1,967
Other Administrative		20,009
Payroll Taxes		8,916
Permit Fees		6,768
Postage		680
Salaries & Wages		115,748
Utilities		99,307
Vehicle Expense		6,763
Total Operating Expenses		<u>652,404</u>
Total Operating Income /(Loss)		<u>(261,025)</u>

Non Operating Revenues/(Expenses)

Grants		-
Interest Income		365
Total Non Operating Revenues/(Expenses)		<u>365</u>

Net Loss Before Operating Transfers (260,660)

Operating Transfers - In/(Out) (5,992)

Net Income \$ (266,652)

Net Position, Beginning of Year 2,198,425

Net Position, End of Year \$ 1,931,773

The accompanying notes are an integral part of this financial statement.

VILLAGE OF CHOUDRANT, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2017

	Business-Type Activities Enterprise Fund
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers	\$ 389,123
Payments to Provide Services	(217,715)
Payments to Employees	(115,748)
Net Cash Provided (Used) by Operating Activities	55,660
<u>Cash Flows From Noncapital Financing Activities</u>	
Increase in Customer Deposits	10,094
Increase in Restricted Assets	(51,626)
Operating Transfers In/(Out)	(5,992)
Net Cash Provided (Used) by Noncapital Financing Activities	(47,524)
<u>Cash Flows From Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	-
Debt Service	(86,886)
Net Cash Provided (Used) by Capital and Related Financing Activities	(86,886)
<u>Cash Flows From Investing Activities</u>	
Interest Earned	365
Net Cash Provided (Used) by Investing Activities	365
Net Increase/(Decrease) in Cash And Cash Equivalents	(78,385)
Cash And Cash Equivalents, Beginning of Year	116,315
Cash And Cash Equivalents, End of Year	\$ 37,930
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Income/(Loss)	\$ (261,025)
<i>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</i>	
Depreciation and Amortization	268,166
Interest Paid on Debt Service	16,392
Increase in Accounts Receivable	(2,256)
Decrease in Due From Other Governments	38,783
Increase in Accounts Payable and Accrued Expenses	519
Decrease in Accrued Interest	(4,919)
Net Cash Provided/(Used) by Operating Activities	\$ 55,660

The accompanying notes are an integral part of this financial statement.

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Choudrant, Louisiana was reorganized in 1949, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government. The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units, except as noted elsewhere in this report. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*" in that the financial statements include all organizations, activities, and functions that comprise the Village Component units are legally separate entities for which the Village (primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organizations' governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. A third 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 government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Choudrant Volunteer Fire Department has been included within the General Fund. Using these criteria, the Village has no component units.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets) report information on all of the nonfiduciary activities of the primary government.

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

C. Fund Financial Statements

Fund financial statements are provided for governmental proprietary and fiduciary funds. Major Individual government and enterprise funds are reported in separate columns with composite columns for non-major funds.

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

D. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within ninety days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grant and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered measurable and available only when the Village receives cash.

E. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Village only uses governmental funds.

F. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Village reports the following major governmental funds:

General Fund – This fund is established to account for resources devoted to financing the general services that the Village performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Village are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not established.

Special Revenue Funds – These funds are established 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.

G. Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. Included in this category are the Enterprise Funds.

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Village, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the resources are provided to the Village on a reimbursements basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

H. Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

I. Budgetary Data

Formal budgetary accounting is employed as a management control for the General, Special Revenue and Enterprise Funds of the Village. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. A budget for the Capital Projects fund is not adopted and is therefore not presented in the accompanying combined and combining financial statements. Budgetary control is exercised at the departmental level or by projects.

All encumbered budget appropriations lapse at the end of each fiscal year.

J. Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Certificates of deposit and other securities with original maturities over three months are classified as short-term investments and stated at cost, which approximates market value.

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

K. Restricted Assets

Restricted assets are cash, cash equivalents and due from General Fund whose use is limited by legal requirements. Restricted cash with fiscal agent represents amounts required by debt covenant to be segregated for final year debt payment and accrued interest on the bonds.

L. Receivables

All receivables are reported at their gross value. The Village uses the direct charge off method for uncollectible accounts rather than an allowance for such losses. This method is not in accordance with generally accepted accounting principles. However, when use of this method has little effect on the financial statements, it is not a departure from GAAP.

M. Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds. Interfund transactions are generally classified as follows:

Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term loans are classified as "Due to and Due from other Funds." These amounts are eliminated on the statement of net assets.

N. Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

O. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Village maintains infrastructure asset records consistent with all other capital asset records. Donated assets are at fair value on the date donated. The Village maintains a capitalization threshold of \$1,000. Improvements are capitalized; the cost of normal maintenance and reports that do not add to the value of the assets or materially extend the asset's life are not. Capital assets are depreciated using the straight line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Improvements Other Than Buildings	10-40 Years
Equipment	5-8 Years

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

P. Expenditure Recognition

Inventory items (materials and supplies) are considered expenditures when purchased (purchase method) due to the insignificant amounts.

Q. Compensated Absences

No accrual was made as prescribed in FASB 43 for employees' compensation for future absences (vacation pay) since these rights do not vest or accumulate.

R. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

S. Reservations of Fund Balances

The Village records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditures in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances in the general fund and for future debt service. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

T. Net Position

Net position present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Village legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

U. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from these estimates.

V. Accrued Liability

The Village reports any accrued liabilities on the statement of net assets.

W. Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

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

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

2. CASH & CASH EQUIVALENTS

Custodial credit risk – deposits. The Village’s cash and certificates of deposit consist of deposits with financial institutions. State statutes govern the Village’s investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

The following is a schedule of the Village’s cash and certificates of deposit at June 30, 2017. Differences between the Village’s balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

		<u>Book Balance</u>		<u>Bank Balance</u>
Cash on Deposit	\$	224,170	\$	232,853
Certificates of Deposit		548,176		548,173
Total	\$	<u>772,346</u>	\$	<u>781,026</u>

The Village's deposits are collateralized as follows:

FDIC Insured Deposits	\$	482,853	
Uninsured Deposits:			
Collateralized-Category 3		298,173	
Total	\$	<u>781,026</u>	

Credit risk. The Village's only investments are the certificates of deposit mentioned above, therefore the Village is exposed to no credit risk.

Concentration of credit risk. The Village does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The Village manages its exposure to declines in fair values by limiting the maturity of its investments to not longer than one year.

3. INTERFUND BALANCES

Interfund balances at June 30, 2017 consist of the following individual receivables and payables in the governmental fund balance sheet.

		Interfund Receivables		Interfund Payables
General Fund	\$	36,452	\$	-
Solid Waste Fund		-		31,859
Water Fund		26,468		31,061
Totals	\$	<u>62,920</u>	\$	<u>62,920</u>

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

4. OPERATING TRANSFERS

Transfers in and out for all funds for the year ending June 30, 2017:

		Operating Transfers In		Operating Transfers Out
General Fund	\$	93,965	\$	66,217
Solid Waste Fund		-		21,756
Water Fund		16,217		22,209
Totals	\$	110,182	\$	110,182

5. RESTRICTED ASSETS

Under the provisions of the 1997 Water Revenue Bonds, the Village of Choudrant, by proper ordinances and/or resolutions has pledged to fix water rates to levels that will always provide revenues sufficient to pay reasonable and necessary expenses of operating and maintaining the system, the principle and interest falling in each year, and all reserves sinking funds or other payments required by resolution. Revenues in each year, after paying all reasonable and necessary expenses of operating and maintaining the system, at least equal to 120% of the largest amount of principle and interest falling due on the Bonds in any future year.

Income and revenues are to be deposited daily in a separate bank account with the designated fiscal agent and designated as the Waterworks Revenue fund. The Revenue fund shall be maintained and administered in the following order of priority and for the following express purposes:

1. Payment of all reasonable and necessary expenses of operating and maintaining the System.
2. The establishment and maintenance of a "Water System Revenue Bond Sinking fund." The Revenue Fund is to transfer monthly on or before the 20th day of each month, commencing in March 1997, a sum to 1/6th of the interest falling due on the next interest payment date and 1/12th of the principle falling due on the next principle payment date with regards to the Bonds. The Village of Choudrant shall transfer from the Sinking Fund at least three days in advance of each interest payment date to the agent back, funds fully sufficient to pay promptly the principal and interest.
3. The establishment and maintenance of a "Reserve fund" by depositing monthly on or before the 20th day of each month, commencing March 1997, a sum equal to 10% of the amount to be paid into the Sinking fund. The payments into the Reserve fund are to continue until such time as there has been an accumulated sum equal to the Reserve fund Requirement. (The maximum principle and interest due in any future year (\$26,900 in fiscal year 2010). The money in the Reserve fund shall be retained solely for the purpose of paying principal and interest on the Bonds, which would otherwise be in default.

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

4. The establishment of a "Waterworks Depreciation and Contingency Fund: to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. The Village of Choudrant shall transfer monthly from the Revenue fund on or before the 20th of the month, commencing March 1997, a sum equal to 10% of the Revenues for the preceding month. Such payments are to continue until the sum of \$15,000 has been accumulated. The money shall never be used for making improvements and extensions to the system if the use of the money will leave the fund with less than \$2,500.

As of June 30, 2017, the Village of Choudrant had established all of the required restricted asset accounts. As of June 30, 2017, the following accounts were funded as follows:

Water System Revenue Bond Sinking Fund	\$	60,270
Reserve Fund		43,241
Waterworks Depreciation & Contingency Fund		15,000
Total	\$	118,511

6. RECEIVABLES

Receivables at June 30, 2017 consisted of the following:

		Accounts		Intergovernmental		Total
General	\$	35,862	\$	-	\$	35,862
Special Revenue		9,959		-		9,959
Enterprise		40,013		10,057		50,070
Totals	\$	85,834	\$	10,057	\$	95,891

7. METER DEPOSITS PAYABLE, ENTERPRISE FUND

The Village maintains a customer Deposit fund. These monies are collected from new water and sewer customers, as follows:

- \$20 – Water Customer
- \$20 – Sewer Customer

These deposits are maintained on account until customer leaves Village water and sewer system or is disconnected for non-payment. The current balance of Meter deposits at June 30, 2017 is \$60,569.

8. WATER & SEWER REVENUE

The Village has approximately 483 customers on the Village Waterworks system. These metered customers are charged according to the following rate table:

Up to 2,000 gallons	\$13.00 Minimum
All Over 2,000 gallons	\$2.00 per 1,000 gallons thereafter

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

The Village offers sewer service within the Village limits to its citizens. The sewer service is paid for with a fee of \$17 per month for the first 10,000 gallons and \$10 per each 10,000 gallons thereafter. There are approximately 347 customers currently on the sewer system.

9. FIXED ASSETS

The following is a summary of changes in Capital Assets during the fiscal year in Governmental Activities:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Buildings	\$ 1,193,847	\$ -	\$ -	\$ 1,193,847
Improvements Other than Buildings	195,929	-	-	195,929
Equipment	1,021,326	-	-	1,021,326
Infrastructure	1,209,941	45,782	-	1,255,723
Total Governmental Fixed Assets	\$ 3,621,043	\$ 45,782	\$ -	\$ 3,666,825
Accumulated Depreciation	(1,529,218)	-	(80,518)	(1,609,736)
Total	\$ 2,091,825	\$ 45,782	\$(80,518)	\$ 2,057,089

Governmental activities depreciation for the fiscal year ended June 30, 2017 totaled \$80,518.

The following is a summary of proprietary fund-type assets at June 30, 2017:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Water Wells & Tanks	\$ 1,814,042	\$ -	\$ -	\$ 1,814,042
Vehicles	45,124	-	-	45,124
Sewerage Distribution System	3,394,021	-	-	3,394,021
Land	10,281	-	-	10,281
Water Well Distribution System	2,302,082	-	-	2,302,082
Storm Water Treatment Plant	174,446	-	-	174,446
Office Equipment	10,574	-	-	10,574
Equipment	97,530	-	-	97,530
Construction in Progress	-	-	-	-
Total	7,848,100	-	-	7,848,100
Accumulated Depreciation	(5,179,646)	-	(267,461)	(5,447,107)
Total	2,668,454	\$ -	\$(267,461)	\$ 2,400,993

Depreciation expense on the proprietary fund totaled \$267,461 for the fiscal year.

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

10. LONG-TERM DEBT

Revenue Bonds

Revenue Bonds outstanding consist of debt issued by the Water Fund. Facilities and revenues of the Water Fund are pledged for the payment of revenue bond debt service.

The following is a summary of changes in long-term for the year ended June 30, 2017:

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
Revenue Bonds	\$ 305,000	March 1, 2017	6.00%	\$ 25,000	\$ 25,000	\$ -
Revenue Bonds	\$ 550,000	March 1, 2029	3.65%	394,273	24,245	370,028
Revenue Bonds	\$ 425,000	March 1, 2029	3.65%	340,000	21,250	318,750
Totals				\$ 759,273	\$ 70,495	\$ 688,778

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 46,380	\$ 24,290	\$ 70,670
2019	47,297	22,629	69,926
2020	48,216	20,967	69,183
2021	49,232	19,207	68,439
2022	50,253	17,442	67,695
Thereafter	447,400	72,740	520,140
Total	\$ 688,778	\$ 177,275	\$ 866,053

Bond Issuance costs totaled \$3,878, net of amortization of \$3,173 for the fiscal year ended June 30, 2017.

11. COMMITMENTS AND CONTINGENCIES

Litigation

The management of the Village is unaware of any pending or threatened litigation involving the Village of Choudrant.

VILLAGE OF CHOUDRANT, LOUISIANA
Notes to the Financial Statements
For The Year Ended June 30, 2017

12. COMPENSATION PAID TO MAYOR AND COUNCIL MEMBERS

Council Members are paid a \$25 per diem for each meeting attended. The Mayor is paid a salary as follows:

Thomas Patton	\$	200
Brandon Williams		50
Ricky Maier		275
Philip Johnson		275
Bill Sanderson, Mayor		15,000
Total	\$	<u>15,800</u>

13. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; damage to, and theft or destructions of assets; errors and omissions; injuries to employees and natural disaster. Coverages provided by the company are as follows:

Public Official Errors and Omissions Liability (Per occurrence)		
Business Auto Coverage Liability Combined	\$	500,000
Commercial General Liability		
Commercial Property		
Personal and Advertising Injury		
Valuable Papers		
Law Enforcement Officers Liability	\$	500,000
Surety Bond (Clerk) per occurrence	\$	10,000

Workers' compensation coverage is maintained by paying premiums based upon accident history and administrative costs.

14. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through December 27, 2017, the date on which the financial statements were available to be issued.

VILLAGE OF CHOUDRANT, LOUISIANA
Budgetary Comparison Schedule - General Fund
For The Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u> <u>Basis</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Taxes	\$ 260,000	\$ 277,994	\$ 277,252	\$ (742)
Intergovernmental	258,270	252,288	77,433	(174,855)
Licenses and Permits	105,500	83,216	84,735	1,519
Fines and Forfeitures	6,000	5,525	4,867	(658)
Investment Earnings	675	49	1,158	1,109
Miscellaneous	170	145	1,139	994
Total Revenues	<u>630,615</u>	<u>619,217</u>	<u>446,584</u>	<u>(172,633)</u>
Expenditures				
General Government	170,036	206,488	214,723	(8,235)
Public Safety	160,751	169,206	167,969	1,237
Public Works	290,200	128,774	75,822	52,952
Culture and Recreation	3,750	1,168	2,094	(926)
Total Expenditures	<u>624,737</u>	<u>505,636</u>	<u>460,608</u>	<u>45,028</u>
Excess of Revenues over Expenditures	<u>5,878</u>	<u>113,581</u>	<u>(14,024)</u>	<u>(127,605)</u>
Other Financing Sources (Uses)				
Operating Transfers - In	47,520	92,737	93,965	1,228
Operating Transfers - Out	(20,000)	(68,370)	(65,870)	2,500
Total Other Financing Sources (Uses)	<u>27,520</u>	<u>24,367</u>	<u>28,095</u>	<u>3,728</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>33,398</u>	<u>137,948</u>	<u>14,071</u>	<u>(123,877)</u>
Fund Balances, Beginning of Year	488,815	488,815	488,815	-
Fund Balances, End of Year	<u>\$ 522,213</u>	<u>\$ 626,763</u>	<u>\$ 502,886</u>	<u>\$ (123,877)</u>

See independent auditors' report.

VILLAGE OF CHOUDRANT, LOUISIANA
Notes To Budgetary Comparison Schedule
For The Year Ended June 30, 2017

The Village uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
3. Final adoption of the budget by the Board of Aldermen is in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. Any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.
6. All legally adopted budgets of the Village are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are adopted for the General Fund, Solid Waste Fund, and the Utility Enterprise Fund.

Budget comparison statements included in the accompanying financial statements include the original adopted budget and all subsequent adopted amendments.

VILLAGE OF CHOUDRANT, LOUISIANA
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Agency Head
For The Fiscal Year Ended June 30, 2017

Schedule 2

Agency Head:

William L. "Bill" Sanderson, Mayor

Purpose:

Salary	\$ 15,000
Benefits - Payroll Taxes and IRA Match	1,598
Travel Allowance	<u>3,000</u>
Total Compensation, Benefits and Other Payments	<u>\$ 19,598</u>

See independent auditors' report.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P O Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

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*

To The Honorable Mayor and Board of Aldermen
Village of Choudrant, 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 Choudrant, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village of Choudrant, Louisiana's basic financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Choudrant, 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Choudrant, Louisiana's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Choudrant, 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-01.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Village of Choudrant's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 27, 2017

VILLAGE OF CHOUDRANT, LOUISIANA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2017

Honorable Mayor and Board of Aldermen of
 Choudrant, Louisiana

We have audited the financial statements of the Village of Choudrant, Louisiana as of and for the year ended June 30, 2017, and have issued our report thereon dated December 27, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

Section I- Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

	<u>Yes</u>	<u>No</u>
<u>Internal Control</u>		
Material Weaknesses		X
Significant Deficiencies		X
<u>Compliance</u>		
Noncompliance Material to Financial Statements	X	

B. Federal Awards – N/A

Material Weakness Identified _____ yes _____ no

Significant Deficiencies not considered to be
 Material Weaknesses _____ yes _____ no

Type of Opinion on Compliance For Major Programs

Unmodified _____ Modified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Uniform Guidance?

C. Identification of Major Programs: N/A

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a “low-risk” auditee, as defined by Uniform Guidance?

VILLAGE OF CHOUDRANT, LOUISIANA
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2017

Section II- Financial Statement Findings

2017-01 Budget Authority and Control

Condition:

It was noted that actual revenues on the general fund were less than total budgeted revenues by more than five percent.

Criteria:

Under Louisiana law, statute 39:1311 requires that the budget must be amended when actual revenues and other sources, within a fund, are less than budgeted revenues and other sources by more than five percent.

Cause:

The Village did not amend its General Fund budget for the variance on revenues.

Potential Effect:

The Village is not in compliance with state budget law.

Recommendation:

We recommend that the Village monitor its budget on a regular basis so that amendments can be made in a timely manner in order to comply with state budget laws.

Management's Response:

The Village normally amends its budgets in June of each year, but it did not do so this year. The variance was the result of a timing difference on receipt of grant funding. We will monitor future budgets closer in the future.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

VILLAGE OF CHOUDRANT, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended June 30, 2017

Internal Control and Compliance Material to the Financial Statements

There were no findings reported for the year ended June 30, 2016.

Management Letter

No management letter was issued.

VILLAGE OF CHOUDRANT, LOUISIANA
Management's Corrective Action Plan
For The Year Ended June 30, 2017

Section II- Financial Statement Findings

2017-01 Budget Authority and Control

Condition:

It was noted that actual revenues on the general fund were less than total budgeted revenues by more than five percent.

Recommendation:

We recommend that the Village monitor its budget on a regular basis so that amendments can be made in a timely manner in order to comply with state budget laws.

Management's Response:

The Village normally amends its budgets in June of each year, but it did not do so this year. The variance was the result of a timing difference on receipt of grant funding. We will monitor future budgets closer in the future.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Village of Choudrant and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Choudrant (Village) 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, 2016 through June 30, 2017. The Village's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Village's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Village does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Village's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: Thirty-eight exceptions noted where the policies of the Village did not meet the requirements set by the procedures listed above; primarily because the Village does not have written policies and procedures.

Board (or Finance Committee, if applicable)

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

Findings: One exception noted where the Village does not do budget to actual comparisons for additional funds identified as major funds in the Village's prior audit.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Findings: We obtained the listing and management's representation.

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

Findings: Four exceptions were noted where there was no evidence that a member of management or a board member has reviewed each reconciliation. Four exceptions noted where there was no documentation reflecting that the Village had researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Findings: We obtained the listing and management's representation.

6. Using the listing provided by management, select all of the Village's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Village has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using Village's collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Findings: Three exceptions noted where each cash collection location did not have written documentation describing the formal process to reconcile the collections to the accounting records.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Village has a process specifically defined (identified as such by the Village) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Findings: Three exceptions noted where each cash collection location did not have written documentation of the process used to verify completeness of collections for the period.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Findings: We obtained the general ledger and management's representation.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Village had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings: No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Village's purchasing/disbursement system.

Findings: No exceptions noted.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Findings: Persons with signatory authority or who make the final authorization for disbursements have the responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Findings: No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings: No signature stamp or signature machine is used by the Village. This step is not applicable.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings: We obtained the listing and management's representation.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Village has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Village's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

- c) For each transaction, compare the Village's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings: No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Findings: We obtained the general ledger and the Village's travel and related expense reimbursements. We obtained management's representation.

18. Obtain the Village's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Findings: No exceptions noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Village does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the Village's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Findings: We obtained the general ledger and noted that no contracts were in effect during the fiscal period. We obtained management's representation.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Village complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the Village solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Findings: This step is not applicable.

Payroll and Personnel

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

Findings: No exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Village had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the Village maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings: No exceptions noted.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings: We noted that the Village had no employees who were terminated during the fiscal period. This step is not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings: No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Village maintained documentation to demonstrate that required ethics training was completed.

Findings: No exceptions were noted.

27. Inquire of management whether any alleged ethics violations were reported to the Village during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Village's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings: We noted that no alleged ethics violations were reported to the Village during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the Village, and report whether State Bond Commission approval was obtained.

Findings: We noted that no debt was issued during the fiscal period.

29. If the Village had outstanding debt during the fiscal period, obtain supporting documentation from the Village and report whether the Village made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Findings: No exceptions noted.

30. If the Village had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Findings: We noted that the Village does not have tax millages relating to debt service.

Other

31. Inquire of management whether the Village had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Village reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Village is domiciled.

Findings: We noted that there were no misappropriations of public funds or assets reported to the Village.

32. Observe and report whether the Village has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings: We did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 27, 2017