

VILLAGE OF REEVES, LOUISIANA
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
Year Ended June 30, 2017

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VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis

Within this section of the Village of Reeves, Louisiana's (Village) annual financial report, the Village's management is pleased to provide this narrative discussion and analysis of the financial activities of the Village for the fiscal year ended June 30, 2017. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Village's assets exceeded its liabilities by \$2,320,478 (net position) for the fiscal year reported.
- Total revenues of \$458,439 were less than total expenditures of \$529,287, which resulted in a current year deficit of \$70,848, compared to a prior year deficit of \$50,980.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,092,770 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net position of \$227,708 represents the portion available to maintain the Village's continuing obligations to citizens and creditors.
- The Village's governmental funds reported total ending fund balance of \$224,314 this year. This compares to the prior year ending fund balance of \$278,840 reflecting a decrease of \$54,526 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$174,314 or 36% of total General Fund expenditures and 41% of total General Fund revenues.
- Overall, the Village had a slight decrease in financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Village's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Village also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Village's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village as a whole is improving or deteriorating. Evaluation of the overall health of the Village would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of Village infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and public safety. Business-type activities include the sewer system.

The government-wide financial statements are presented on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Village has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented on pages 19 through 24 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Village charges customers a fee. The one Village proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Village organization for sewer utilities. The basic enterprise fund financial statements are presented on pages 25 through 27 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Village's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the Village's adopted and final revised budget. Required supplemental information can be found on page 39 and 40 of this report.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net position at fiscal year-end is \$2,320,478. The following table provides a summary of the Village's net position:

	Governmental Activities		Business-type Activities		Total		Percentage Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets:								
Current assets and other assets	\$ 246,661	\$ 288,822	\$ 5,704	\$ 2,727	\$ 252,365	\$ 291,549	11%	15%
Capital assets	<u>1,659,508</u>	<u>1,660,761</u>	<u>433,262</u>	<u>452,204</u>	<u>2,092,770</u>	<u>2,112,965</u>	<u>89</u>	<u>85</u>
Total assets	<u>1,906,169</u>	<u>1,949,583</u>	<u>438,966</u>	<u>454,931</u>	<u>2,345,135</u>	<u>2,404,514</u>	<u>100%</u>	<u>100%</u>
Deferred outflows of resources	-	-	-	-	-	-	-%	-%
Liabilities:								
Current liabilities	22,347	9,982	2,310	3,206	24,657	13,188	100%	100%
Deferred inflows of resources	-	-	-	-	-	-	-%	-%
Net position:								
Net investment in capital assets	1,659,508	1,660,761	433,262	452,204	2,092,770	2,112,965	90%	86%
Unrestricted	<u>224,314</u>	<u>278,840</u>	<u>3,394</u>	<u>(479)</u>	<u>227,708</u>	<u>278,361</u>	<u>10</u>	<u>14</u>
Total net position	<u>\$ 1,883,822</u>	<u>\$ 1,939,601</u>	<u>\$ 436,656</u>	<u>\$ 451,725</u>	<u>\$ 2,320,478</u>	<u>\$ 2,391,326</u>	<u>100%</u>	<u>100%</u>

The Village continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 11 to 1 (29 to 1 for 2016) and 2.5 to 1 (1 to 1 for 2016) for business type activities. For the Village overall, the current ratio is 10 to 1 (22 to 1 for 2016). These ratios are strong.

The Village reported positive balances in net position for both governmental and business-type activities. Net position decreased \$59,279 (\$29,285 decrease for 2016) for governmental activities and decreased \$15,069 (\$21,695 decrease for 2016) for business-type activities.

Note that approximately 88% (83% for 2016) of the governmental activities' net position is tied up in capital. The Village uses these capital assets to provide services to its citizens. However, with business type activities, the Village has spent approximately 99% (100% for 2016) of its net position on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 90% (86% for 2016) of the Village's total net position is included in capital assets.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

The following table provides a summary of the Village's changes in net position:

	Governmental Activities		Business-Type Activities		Total		Percentage Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues:								
Program:								
Charges for services/ fines	\$ 263,416	\$ 304,655	\$ 25,654	\$ 25,410	\$ 289,070	\$ 330,065	63%	69%
Capital grants	76,976	58,096	-	-	76,976	58,096	17	12
Operating grants	12,380	11,190			12,380	11,190	3	3
General:								
Taxes	72,992	78,341	-	-	72,992	78,341	16	16
Interest	156	81	-	-	156	81	-	-
Other	6,865	1,382	-	-	6,865	1,382	1	-
Total Revenues	<u>432,785</u>	<u>453,745</u>	<u>25,654</u>	<u>25,410</u>	<u>458,439</u>	<u>479,155</u>	<u>100%</u>	<u>100%</u>
Program expenses:								
General government	257,924	271,132	-	-	257,924	271,132	49%	51%
Public safety:								
Police	230,640	211,898	-	-	230,640	211,898	44	40
Sewer	-	-	40,723	47,105	40,723	47,105	7	9
Total Expenses	<u>488,564</u>	<u>483,030</u>	<u>40,723</u>	<u>47,105</u>	<u>529,287</u>	<u>530,135</u>	<u>100%</u>	<u>100%</u>
Excess (deficiency)	(55,779)	(29,285)	(15,069)	(21,695)	(70,848)	(50,980)		
Transfers	-	-	-	-	-	-		
Change in net position	(55,779)	(29,285)	(15,069)	(21,695)	(70,848)	(50,980)		
Beginning net position	<u>1,939,601</u>	<u>1,968,886</u>	<u>451,725</u>	<u>473,420</u>	<u>2,391,326</u>	<u>2,442,306</u>		
Ending net position	<u>\$ 1,883,822</u>	<u>\$ 1,939,601</u>	<u>\$ 436,656</u>	<u>\$ 451,725</u>	<u>\$ 2,320,478</u>	<u>\$ 2,391,326</u>		

GOVERNMENTAL REVENUES

The Village is heavily reliant on fines and taxes to support governmental operations. Fines equal 63% (69% for 2016) of the revenues for governmental activities, excluding capital grants. Taxes equal 16% (16% for 2016) of the revenues for governmental activities, excluding capital grants. Also note that program revenues of charges for services cover 55% (62% for 2016) of governmental operating expenses.

GOVERNMENTAL FUNCTIONAL EXPENSES

General government expenses comprise 49% (51% for 2016) of the Village's total expenses and 53% (56% for 2016) of the total governmental expenses.

This table presents the cost of each of the Village's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Village's taxpayers by each of these functions.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost (Profit) of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	General government	\$ 257,924	\$ 271,132	\$ (168,568)
Public safety:				
Police	<u>230,640</u>	<u>211,898</u>	<u>32,776</u>	<u>92,757</u>
Total	<u>\$ 488,564</u>	<u>\$ 483,030</u>	<u>\$ (135,792)</u>	<u>\$ (109,089)</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

For the utility fund the operating revenues and expenses were relatively the same as 2016. Within the total business type activities of the Village, these activities reported a \$15,069 loss compared to a loss of \$21,695 for the prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$224,314 (\$278,840 for 2016), of which \$50,000 is assigned for capital outlay (\$50,000 for 2016), and \$174,314 is unassigned (\$228,840 for 2016) indicating availability for continuing Village service requirements.

The total ending fund balances of governmental funds show a decrease of \$54,526 (\$56,945 decrease for 2016).

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Village's primary operating fund and the only source of day-to-day service delivery. The General Fund is the only governmental fund and is, therefore, the only major fund.

THE PROPRIETARY FUND

The proprietary fund statements share the same focus as the government-wide statements, both reporting short-term information about financial status.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

BUDGETARY HIGHLIGHTS

The revenue side of the original budget for the General Fund was increased by \$541,428 and the expenditure side decreased \$399,408, this year from last year's final budget. The primary change relates to intergovernmental revenues and capital outlay.

The revenue side of the original budget for the General Fund was decreased by \$554,503 this year. The primary change in the budget relates to intergovernmental revenues. The expenditure side of the original budget of the general fund decreased \$500,003 mainly due to capital outlay.

The actual revenues were more than the final budget by \$69,285 or 19%, mainly due to CDBG grant, and the actual expenditures were more than the final budget by \$69,311 or 16%, mainly due to capital outlay.

The budget was amended once during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Village's net investment in capital assets, for governmental and business-type activities as of June 30, 2017, was \$1,659,508 and \$433,262 respectively. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Non-depreciable asset:						
Land	\$ 47,641	\$ 47,641	\$ -	\$ -	\$ 47,641	\$ 47,641
Construction in progress	-	58,096	-	-	-	58,096
Depreciable assets:						
Buildings	296,728	288,827	731,271	731,271	1,027,999	1,020,098
Furniture & equipment	534,665	523,051	72,533	72,533	607,198	595,584
Infrastructure	<u>1,439,039</u>	<u>1,304,369</u>	<u>-</u>	<u>-</u>	<u>1,439,039</u>	<u>1,304,369</u>
Total depreciable assets	2,270,432	2,116,247	803,804	803,804	3,074,236	2,920,051
Less accumulated depreciation	<u>658,565</u>	<u>561,223</u>	<u>370,541</u>	<u>351,600</u>	<u>1,029,106</u>	<u>912,823</u>
Book value-depreciable assets	<u>\$ 1,611,867</u>	<u>\$ 1,555,024</u>	<u>\$ 433,262</u>	<u>\$ 452,204</u>	<u>\$ 2,045,129</u>	<u>\$ 2,007,228</u>
Percentage depreciated	<u>29%</u>	<u>27%</u>	<u>46%</u>	<u>56%</u>	<u>33%</u>	<u>31%</u>
Book value-all assets	<u>\$ 1,659,508</u>	<u>\$ 1,660,761</u>	<u>\$ 433,262</u>	<u>\$ 452,204</u>	<u>\$ 2,092,770</u>	<u>\$ 2,112,965</u>

At June 30, 2017, the depreciable capital assets for governmental activities were 33% depreciated.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

Compared to 31% at June 30, 2016. This comparison indicates that the Village is depreciating its assets at a higher rate than they are replacing them.

With the Village's business type activities, 46% of the asset values were depreciated at June 30, 2017 compared to 44% at June 30, 2016.

Major additions are a sewer upgrade project and wiring for the City Hall shop.

Long-term debt

At the end of the fiscal year, the Village had no debt outstanding.

ECONOMIC CONDITIONS AFFECTING THE VILLAGE

Since the primary revenue stream for the Village are fines and taxes, the Village's fines and tax revenues are subject to changes in the economy. Since these are considered an "elastic" revenue stream, fines and tax collections are higher in a flourishing economy and are lower in a depressed economy.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Village's Clerk, Kamela Kingrey, P.O. Box 119, Reeves, LA. 70658.



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GULLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.

INDEPENDENT AUDITORS' REPORT

December 19, 2017

The Honorable Scott Walker, Mayor
and the Board of Councilmen
Village of Reeves, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Reeves, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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.

45 East Street • Lake Charles, LA 70601
Mailing Address: P.O. Drawer 1847 • Lake Charles, LA 70602-1847
phone: 337.439.1986 • fax: 337.439.1366 • www.gcgcpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village of Reeves, 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 the budgetary comparison information on pages 3 through 10 and 39 through 40, respectively 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 the 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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 Reeves's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented on page 42 for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer 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 prepared the basic financial statements, or 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 Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Village of Reeves, Louisiana
December 19, 2017
Page Three

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of the Village of Reeves, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Reeves, Louisiana's internal control over financial reporting and compliance.

Gragson, Casiday & Guillory

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

VILLAGE OF REEVES, LOUISIANA

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 227,947	\$ 3,587	\$ 231,534
Receivables, net	12,932	2,117	15,049
Prepaid expenses	5,782	-	5,782
Capital assets:			
Land	47,641	-	47,641
Construction in progress	-	-	-
Capital assets, net	<u>1,611,867</u>	<u>433,262</u>	<u>2,045,129</u>
Total assets	<u>1,906,169</u>	<u>438,966</u>	<u>2,345,135</u>
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Accounts and other accrued payables	22,347	2,262	24,609
Customer meter deposits	-	48	48
Total liabilities	<u>22,347</u>	<u>2,310</u>	<u>24,657</u>
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	1,659,508	433,262	2,092,770
Unrestricted	224,314	3,394	227,708
Total net position	<u>\$ 1,883,822</u>	<u>\$ 436,656</u>	<u>\$ 2,320,478</u>

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

VILLAGE OF REEVES, LOUISIANA

Statement of Activities

Year Ended June 30, 2017

Activities	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Fees, Fines and Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 257,924	\$ -	76,976	\$ 12,380	\$ (168,568)	\$ -	\$ (168,568)
Police	230,640	263,416	-	-	32,776	-	32,776
Total Governmental Activities	488,564	263,416	76,976	12,380	(135,792)	-	(135,792)
Business-type activities:							
Sewer	40,723	25,654	-	-	-	(15,069)	(15,069)
Total	\$ 529,287	\$ 289,070	\$ 76,976	\$ 12,380	(135,792)	(15,069)	(150,861)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					5,285	-	5,285
Franchise taxes					13,882	-	13,882
Sales					31,974	-	31,974
Licenses					21,851	-	21,851
Interest					156	-	156
Miscellaneous					6,865	-	6,865
Transfers					-	-	-
Total general revenues					80,013	-	80,013
Change in net position					(55,779)	(15,069)	(70,848)
Net position - Beginning					1,939,601	451,725	2,391,326
Net position - Ending					\$ 1,883,822	\$ 436,656	\$ 2,320,478

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

FUND FINANCIAL STATEMENTS

FUND DESCRIPTIONS

General Fund

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

VILLAGE OF REEVES, LOUISIANA

Balance Sheet - Governmental Fund

June 30, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 227,947	\$ 272,037
Receivables:		
Franchise taxes	1,495	1,201
Interest	64	65
Intergovernmental	11,373	3,646
Prepaid insurance	5,782	11,873
Prepaid expenses	-	-
Total Assets	<u>246,661</u>	<u>288,822</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
	<u>\$ 246,661</u>	<u>\$ 288,822</u>
LIABILITIES		
Accounts payable	\$ 19,233	\$ 5,209
Payroll taxes payable	3,114	4,773
Total Liabilities	<u>22,347</u>	<u>9,982</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
FUND BALANCE		
Assigned	50,000	50,000
Unassigned	174,314	228,840
Total Fund Balance	<u>224,314</u>	<u>278,840</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
	<u>\$ 246,661</u>	<u>\$ 288,822</u>

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

VILLAGE OF REEVES, LOUISIANA

Reconciliation of Balance Sheet - Governmental Funds to the
Statement of Net Position

June 30, 2017

Total fund balance for governmental fund at June 30, 2017 \$ 224,314

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

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

Land	\$ 47,641	
Construction in progress	-	
Capital assets, net of \$658,565 accumulated depreciation	<u>1,611,867</u>	<u>1,659,508</u>

Total net position of governmental activities at June 30, 2017 \$ 1,883,822

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

VILLAGE OF REEVES, LOUISIANA

Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund

Year Ended June 30, 2017

	2017	2016
REVENUES		
Property taxes	\$ 5,285	\$ 5,493
Franchise taxes	13,882	13,640
Sales tax	31,974	37,937
Occupational license	21,851	21,271
Interest	156	81
Intergovernmental	12,380	11,190
Fines	263,416	304,655
Grant CDBG	76,976	58,096
Miscellaneous	6,865	1,382
Total Revenues	432,785	453,745
EXPENDITURES		
General government		
Advertisements	930	1,195
Bank charges	-	210
Conference/meetings	2,935	2,381
Contract labor	13,039	13,922
Dues	2,395	1,570
Fuel	40	143
Insurance - health	9,237	11,729
Insurance - other	22,242	13,707
Miscellaneous	2,928	6,373
Office supplies	15,732	15,219
Per diem	24,600	24,600
Professional fees	12,945	12,965
Repairs and maintenance	2,206	24,723
Salaries	50,577	45,958
Supplies	6,671	8,935
Taxes	3,449	3,851
Telephone	8,246	8,228
Travel	784	422
Utilities - city hall	15,939	12,786
Total General Government	194,895	208,917
Police		
Fuel	17,257	16,553
Insurance - other	5,734	5,338
Miscellaneous	-	140
Repairs and maintenance	6,213	9,356
Reports	33,781	9,749
Salaries	109,535	111,798
Supplies	14,015	18,827
Taxes	8,379	9,012
Telephone	-	4,725
Training	1,413	222
Travel	-	53
Uniforms/equipment	-	1,291
Total Police	196,327	187,064
Capital outlay	96,089	114,709
Total Expenditures	487,311	510,690

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

Continued

VILLAGE OF REEVES, LOUISIANA

Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund - Continued

Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (54,526)	\$ (56,945)
OTHER FINANCING SOURCES (USES) Operating Transfers In (Out)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(54,526)	(56,945)
FUND BALANCE, BEGINNING	<u>278,840</u>	<u>335,785</u>
FUND BALANCE, ENDING	<u>\$ 224,314</u>	<u>\$ 278,840</u>

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

VILLAGE OF REEVES, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended June 30, 2017

Total net changes in fund balance at June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$	(54,526)
The change in net position reported for governmental activities in the Statement of Activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$	96,089	
Depreciation expense for the year ended June 30, 2017		<u>(97,342)</u>	<u>(1,253)</u>
Total change in net position at June 30, 2017 per Statement of Activities		\$	<u>(55,779)</u>

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

VILLAGE OF REEVES, LOUISIANA
Statement of Net Position - Proprietary Funds

June 30, 2017

	<u>2017</u>	<u>2016</u>
Current assets		
Cash	\$ 3,587	\$ 607
Receivables	<u>2,117</u>	<u>2,120</u>
Total current assets	5,704	2,727
Fixed assets, net of accumulated depreciation	<u>433,262</u>	<u>452,204</u>
Total assets	438,966	454,931
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 438,966</u>	<u>\$ 454,931</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 2,262	\$ 3,158
Customer meter deposits	<u>48</u>	<u>48</u>
Total current liabilities	2,310	3,206
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	433,262	452,204
Unrestricted	<u>3,394</u>	<u>(479)</u>
Total net position	<u>436,656</u>	<u>451,725</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 438,966</u>	<u>\$ 454,931</u>

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

VILLAGE OF REEVES, LOUISIANA
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Fund
Year Ended June 30 2017

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Sewer service charges	\$ 25,654	\$ 25,410
OPERATING EXPENSES		
Depreciation	18,942	18,940
Dues	-	405
Fuel surcharge	45	70
Hazmat charge	21	-
Permits	495	495
Repairs and maintenance	15,223	20,694
Samples	1,854	1,842
Utilities	4,143	4,659
Total Operating Expenses	<u>40,723</u>	<u>47,105</u>
 INCOME (LOSS) BEFORE NONOPERATING REVENUES (EXPENSES)	 (15,069)	 (21,695)
 NONOPERATING REVENUES (EXPENSES)		
Operating transfers in (out)	<u>-</u>	<u>-</u>
 CHANGE IN NET POSITION	 (15,069)	 (21,695)
 NET POSITION, BEGINNING	 <u>451,725</u>	 <u>473,420</u>
 NET POSITION, ENDING	 <u>\$ 436,656</u>	 <u>\$ 451,725</u>

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

VILLAGE OF REEVES, LOUISIANA
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 25,657	\$ 25,312
Payments to suppliers	(22,677)	(25,867)
Net cash from operating activities	2,980	(555)
NET INCREASE (DECREASE) IN CASH	2,980	(555)
CASH, BEGINNING	607	1,162
CASH, ENDING	\$ 3,587	\$ 607
Reconciliation of change in net position to cash from operating activities:		
Operating income (loss)	\$ (15,069)	\$ (21,695)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation	18,942	18,940
(Increase) decrease in receivables	3	(98)
Increase (decrease) in accounts payable	(896)	2,298
Net cash from operating activities	\$ 2,980	\$ (555)

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

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant of the government's accounting policies are described below.

1. Reporting Entity

As the governing authority of the Village, for reporting purposes, the Village of Reeves, Louisiana is the financial reporting entity. The financial reporting entity consists of (a) the primary government (Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Village of Reeves, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Based upon the application of these criteria, there are no component units included in the Village's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the Village of Reeves, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Government-Wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Village's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Village, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed on a separate column. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the Village or its total assets, liabilities, revenues, or expenditures of the individual governmental and enterprise fund is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Village reports the following major funds:

The General Fund is the primary operating fund of the Village. It accounts for all financial resources except those that are required to be accounted for in other funds.

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

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

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

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

4. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Council for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. The budget was amended once during the year.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2017, the Village has \$234,747 in deposits (collected bank balances), of which all is secured from risk by federal deposit insurance.

6. Accounts Receivable

Uncollectible amounts due for sewer charges and other receivables are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectable. This method does not result in a charge to bad debt that is materially different from the amount that would be charged if the reserve method were used.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for sewer user fees in the Enterprise Fund. The Village's ability to collect the amounts due from the users of the Village's sewer system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

7. Statement of Cash Flows

For the purpose of the Statement of Cash Flows, for the enterprise fund, the Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset of materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15-40 years
Furniture and Equipment	5-10 years
Infrastructure, Building and Plant	40 years

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

9. Equity Classification

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of the above mentioned categories.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, committed, assigned or unassigned.

- a. Restricted – Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- b. Committed – Amounts that can be used only for specific purposes determined by a formal action by Board ordinance or resolution.
- c. Assigned – Includes fund balance amounts that are intended to be used for specific purposes based on internal actions. At June 30, 2017, \$50,000 has been assigned for sewer system improvements.
- d. Unassigned – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balance shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

10. Sales Tax

Proceeds of a 1.0% sales and use tax (effective January 1, 2010) levied by the Village of Reeves, Louisiana is not dedicated for any special purpose and may be utilized for any lawful purpose.

11. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Revenues, Expenditures, and Expenses

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

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Village primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Village.

13. Subsequent Events

Management has evaluated subsequent events through December 19, 2017, the date the financial statements were available to be issued.

14. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of charges in the Village's financial position and operations.

NOTE B - PROPERTY TAXES

For the year ended June 30, 2017, taxes for general purposes were levied on property as follows:

<u>Millage</u>	<u>Assessed Valuations</u>	<u>Taxes Levied</u>
4.89	\$ 1,204,360	\$ 5,890

Property tax millage rates are adopted in July of the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by February 28th are subject to property lien.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ 47,641	\$ -	\$ -	\$ 47,641
Construction in progress	58,096	-	58,096	-
Buildings	288,827	7,901	-	296,728
Furniture and Equipment	523,051	11,614	-	534,665
Infrastructure	<u>1,304,369</u>	<u>134,670</u>	-	<u>1,439,039</u>
Totals at historical cost	2,221,984	154,185	58,096	2,318,073
Less accumulated depreciation for:				
Buildings	71,383	9,828	-	81,211
Furniture and Equipment	335,777	54,353	-	390,130
Infrastructure	<u>154,063</u>	<u>33,161</u>	-	<u>187,224</u>
Total accumulated depreciation	<u>561,223</u>	<u>97,342</u>	-	<u>658,565</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,660,761</u>	<u>\$ 56,843</u>	<u>\$ 58,096</u>	<u>\$ 1,659,808</u>
Business Type Activities:				
Land	\$ -	\$ -	\$ -	\$ -
Buildings and plant	731,271	-	-	731,271
Equipment	<u>72,533</u>	-	-	<u>72,533</u>
Totals at historical cost	803,804	-	-	803,804
Less accumulated depreciation for:				
Buildings and plant	313,725	14,609	-	328,334
Equipment	<u>37,875</u>	<u>4,333</u>	-	<u>42,208</u>
Total accumulated depreciation	<u>351,600</u>	<u>18,942</u>	-	<u>370,542</u>
Business-type Activities Capital Assets, Net	<u>\$ 452,204</u>	<u>\$ (18,942)</u>	<u>\$ -</u>	<u>\$ 433,262</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 63,029
Police	<u>34,313</u>
Total	<u>\$ 97,342</u>

Major additions are a sewer upgrade project, utility trailer, vehicle, vehicle equipment and computers.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2017

NOTE D – COMPENSATION/PER DIEM

Total compensation/per diem paid for the year ended June 30, 2017 consisted of the following:

Mayor Scott Walker, term expires December 31, 2018	\$ 12,000
Councilwoman Robin Newell, term expires December 31, 2018	4,200
Councilwoman Renae Duhon, term expires December 31, 2018	4,200
Councilman Chris Guillory, term expires December 31, 2018	4,200
	<u>\$ 24,600</u>

NOTE E - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F – SCHEDULE OF INSURANCE COVERAGE

The schedule of insurance coverage as of June 30, 2017 is as follows:

	<u>Limits</u>	<u>Expiration Date</u>
Automobile liability	\$500,000 bodily injury and physical damage	May 4, 2018
Commercial general liability: Premises/Operations	\$500,000 per occurrence-bodily injury and physical damage	May 4, 2018
Products/Completed operation	\$500,000 in the aggregate-bodily injury and physical damage	May 4, 2018
Medical payments	\$1,000 per person \$10,000 per accident	May 4, 2018
Fire legal liability	\$50,000 per occurrence	May 4, 2018
Errors and omissions		May 4, 2018
Commercial property	\$150,000 building \$20,000 contents	December 21, 2017
Worker's Compensation		May 4, 2018

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF REEVES, LOUISIANA

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 5,000	\$ 5,000	\$ 5,285	\$ 285
Franchise taxes	11,500	11,500	13,882	2,382
Sales tax	35,000	35,000	31,974	(3,026)
Occupational license	15,000	15,000	21,851	6,851
Interest	200	200	156	(44)
Intergovernmental	382,000	12,000	12,380	380
Fines	318,250	284,800	263,416	(21,384)
Grant CDBG	151,053	-	76,976	76,976
Miscellaneous	-	-	6,865	6,865
Total Revenues	918,003	363,500	432,785	69,285
EXPENDITURES				
General government				
Advertisements	1,000	1,000	930	70
Bank charges	100	100	-	100
Conference/meetings	4,000	4,000	2,935	1,065
Contract labor	6,000	13,000	13,039	(39)
Dues	1,400	1,400	2,395	(995)
Fuel	-	-	40	(40)
Insurance - health	40,000	40,000	9,237	30,763
Insurance - other	-	-	22,242	(22,242)
Miscellaneous	2,600	2,600	2,928	(328)
Office supplies	10,800	10,800	15,732	(4,932)
Per diem	24,000	24,000	24,600	(600)
Professional fees	12,300	12,300	12,945	(645)
Repairs and maintenance	8,000	8,000	2,206	5,794
Salaries	46,000	46,000	50,577	(4,577)
Supplies	8,000	8,000	6,671	1,329
Taxes	12,000	12,000	3,449	8,551
Telephone	6,000	6,000	8,246	(2,246)
Travel	2,000	2,000	784	1,216
Utilities - city hall	11,750	11,750	15,939	(4,189)
Total General Government	195,950	202,950	194,895	8,055
Police				
Dues	125	125	-	125
Fuel	15,000	15,000	17,257	(2,257)
Insurance - other	-	-	5,734	(5,734)
Miscellaneous	-	-	-	-
Repairs and maintenance	17,000	17,000	6,213	10,787
Reports	10,000	15,050	33,781	(18,731)
Salaries	100,000	109,000	109,535	(535)
Supplies	18,775	18,775	14,015	4,760
Taxes	-	-	8,379	(8,379)
Training	500	500	1,413	(913)
Travel	400	400	-	400
Telephone	1,200	1,200	-	1,200
Uniforms/equipment	10,000	10,000	-	10,000
Total Police	173,000	187,050	196,327	(9,277)
Capital outlay	549,053	28,000	96,089	(68,089)
Total Expenditures	918,003	418,000	487,311	(69,311)

Continued

VILLAGE OF REEVES, LOUISIANA

Budgetary Comparison Schedule - General Fund - Continued

Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (54,500)	\$ (54,526)	\$ (26)
OTHER FINANCING SOURCES (USES) Operating Transfers In (Out)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	(54,500)	(54,526)	(26)
FUND BALANCE, BEGINNING	278,840	278,840	278,840	-
FUND BALANCE, ENDING	\$ 278,840	\$ 224,340	\$ 224,314	\$ (26)

OTHER INFORMATION

VILLAGE OF REEVES

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended June 30, 2017

Chief Executive Officer: Scott Walker, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	12,000
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-



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CERTIFIED PUBLIC ACCOUNTANTS

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COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.

INDEPENDENT AUDITORS' RE/PORT 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

December 19, 2017

The Honorable Scott Walker, Mayor
and the Board of Councilmen
Village of Reeves, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Village of Reeves, 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 Reeves, Louisiana's basic financial statements, and have issued our report thereon dated December 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Reeves, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Reeves, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village'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, detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

145 East Street • Lake Charles, LA 70601
Mailing Address: P.O. Drawer 1847 • Lake Charles, LA 70602-1847
phone: 337.439.1986 • fax: 337.439.1366 • www.gcgcpa.com

Village of Reeves, Louisiana
December 19, 2017

Compliance and Other Matters

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

The Village of Reeves, Louisiana's Response to Findings

The Village of Reeves, Louisiana's response to the findings identified in our audit is described in the accompanying findings and responses. The Village of Reeves, Louisiana's response was not subjected to the auditing procedures 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 distributed by the Legislative Auditor as a public document.

Gragson, Casiday & Guillory

VILLAGE OF REEVES, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2017

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses(es) identified? ___ yes X no
- Control deficiencies identified that are
not considered to be material weakness(es)? X yes ___ none reported
- Noncompliance material to financial
statements noted? ___ yes X no

II – Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2017-001:

Inadequate Segregation of Duties

Condition: Because of the small size of the Village's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

III – Findings and Questioned Costs for Federal Awards

- N/A

VILLAGE OF REEVES, LOUISIANA
Schedule of Findings and Responses - Continued
Year Ended June 30, 2017

IV – Prior Year Findings

Finding #2016-001: Inadequate Segregation of Duties

Status: This is repeat finding in 2017



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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Councilmen
Village of Reeves, LA
Reeves, Louisiana

December 19, 2017

We have performed the procedures included enumerated below, which were agreed to by the Village of Reeves, LA and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the fiscal year July 1, 2016 through June 30, 2017. The Village's management is responsible for those C/C areas identified in the SAUP's.

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.
The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.
 - 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.
The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.
 - c) *Disbursements*, including processing, reviewing, and approving.
The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

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

The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

- 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.

The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

- 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.

The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

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

The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

- 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.

The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

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

The Village does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

Council (or Finance Committee, if applicable)

2. Obtain and review the board minutes for the fiscal year, 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.

The minutes reflected that the managing board met monthly in accordance with enabling legislation.

- 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 year reflect that the board is monitoring the plan.

Monthly income statements with budgetary comparisons and variances were not provided to the board. In addition, there was not a fund balance deficit.

- 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 year.

Minutes, where applicable, contained approval of non-budgetary financial information.

Bank Reconciliations

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

The listing was provided by management.

- 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 year and report whether:
 - a) Bank reconciliations have been prepared;

For each bank account selected, the accounts were reconciled.

- 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

There is no documentation that a member of management or a board member has reviewed the bank reconciliations.

- 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.

As of June 30, 2017, there are no outstanding checks for more than six months.

Collections

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

The listing was provided by management.

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.

All employees are covered by a \$100,000 theft policy. One employee performs all functions: collections, deposits, records the transaction, and reconciles the bank account. There are no compensating controls performed. The Village does not maintain a cash drawer.

- 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.

The same person performs all functions of collections, deposits, recording and reconciliations. There is no formal process of reconciling collections to ledgers by an independent individual. However, a formal process exists and is documented of reconciling collections to ledgers.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using Village 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.

All deposits were made within one day of collections.

- 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.

No evidence of exceptions was found during the testing.

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.

The Village's policies include some of the processes specifically defined to determine completeness of all collections but they are generally performed by persons who are also responsible for collections.

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

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

The listing was provided by management.

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:

Randomly selected 25 disbursements and obtained supporting documentation for each transaction.

- 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.

Not applicable, Village does not use purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Not applicable, Village does not use purchase order system.

- 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.

All 25 disbursement invoices were approved by check signatures; however, approved documentation was not reflected on the invoices. There was one exception, one invoice for a disbursement could not be found.

10. Using Village 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.

The Clerk has the authority to sign checks, perform accounts payable payment processing, and add vendors to the Village's system.

11. Using Village 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.

The Clerk has signatory authority and authorization for disbursements. The clerk can also initiate and record 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 Village documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The Village's checks are printed on blank check stock. The blank checks are maintained in a locked location. The Clerk has signatory authority and access to print checks.

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

The Village does not have signature stamps. Checks are maintained under the control of the signer until mailed.

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.

The listing was provided by management.

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 year, 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.]

On the months tested, supporting documentation was reviewed and approved in writing, however not by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the months tested.

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).

Each transaction was supported by an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Documentation of business/public purpose was provided.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

All documentation appeared to be in order.

- 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.

No exceptions were noted.

- 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.

No exceptions were noted.

Travel and Expense Reimbursement

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

The listing was provided by management.

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.

The Village does not have a written travel and expense reimbursement policy. No reimbursements were made during the year for travel and expenses.

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.

The Village had no travel and expense reimbursement.

- 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.]

The Village had no travel and expense reimbursement.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

The Village had no travel and expense reimbursement.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No other documentation is required.

- 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.

The Village had no travel and expense reimbursement.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The Village had no travel and expense reimbursement.

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.

The listing was provided by management.

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.

Three of the five highest paid vendors had formal/written contracts, and invoices were present for all five vendor payments.

- 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)

One contract/vendor was subject to the public bid law and the Village was in compliance.

- If no, obtain supporting contract documentation and report whether the Village solicited quotes as a best practice.

Solicited quotes were not obtained.

- 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.

None of the contracts were amended.

- 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.

All payments complied with the terms of the contract/invoice.

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

Council approval was obtained where required.

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:

The listing was provided by management.

- a) Review compensation paid to each employee during the fiscal year and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

All selected employees were paid in strict accordance with the approved pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal year and report whether those changes were approved in writing and in accordance with written policy.

Changes to pay rate/salaries during the period were properly approved.

- 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.)

All employees tested had documentation of attendance and leave.

- b) is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There was written documentation that supervisors approved attendance and leave.

- 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.

The Village maintained written leave records reflecting the hours earned, the hours used, and the balance available.

- 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.

The listing was provided by management. One employee was terminated during the fiscal year. The termination payments were made in strict accordance with policy.

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.

Documentation reflected that payroll tax return/reports were timely filed and all payroll taxes were timely paid and submitted for the fiscal year. The Village does not have a retirement plan.

Ethics

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

The selected employees had documentation to reflect compliance with required ethics training.

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.

Management was not notified of any alleged or actual ethics violations during the fiscal year.

Debt Service

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

No debt was issued during the year.

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.

The Village had no outstanding debt during the fiscal year.

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.

The Village did not have tax millages related to debt service payments.

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 Village attorney of the parish in which the Village is domiciled.

Management informed us that the Village did not have any misappropriation of public funds or assets during the fiscal year.

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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Village did not have the required notice posted in a conspicuous place upon its premises or its website.

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

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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 SAUP's. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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 SAUP's, 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.

