

Village of Dixie Inn, Louisiana

Financial Statements

As of and for the Year Ended June 30, 2017

Village of Dixie Inn, Louisiana

Table of Contents

| | <u>Page No.</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Independent Auditors' Report | 1 – 3 |
| Basic Financial Statements: | |
| Government Wide Financial Statements: | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Fund | 6 |
| Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position | 7 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund | 8 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities | 9 |
| Proprietary Funds: | |
| Statement of Net Position | 10 |
| Statement of Revenues, Expenses and Changes in Fund Net Position | 11 |
| Statement of Cash Flows | 12 |
| Notes to the Financial Statements | 13 – 31 |
| Required Supplementary Information: | |
| Budget Comparison Schedule | 32 |
| Notes to Required Supplementary Information | 33 |
| Schedule of Proportionate Share of Net Pension Liability | 34 |
| Schedule of Contributions – Municipal Police Employees' Retirement System | 35 |
| Other Supplementary Information: | |
| Schedule of Compensation Paid Board of Aldermen | 36 |
| Schedule of Compensation, Benefits and Other Payments to Agency Head | 37 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards | 38 – 39 |
| Schedules for Louisiana Legislative Auditor | |
| Summary Schedule of Prior Year Audit Findings | 40 |
| Schedule of Current Year Audit Findings | 41 – 42 |

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Independent Auditors' Report

The Honorable Mayor, Kay Stratton
and the Village Council
Village of Dixie Inn
Dixie Inn, 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 Dixie Inn, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Dixie Inn, 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 conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 32 - 33, the Schedule of Proportionate Share of Net Pension Liability on page 34, and the Schedule of Contributions-Pension Plan on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Dixie Inn's basic financial statements. The other supplementary information schedules listed in the table of contents and shown on pages 36-37 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the Village of Dixie Inn, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Dixie Inn's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
December 29, 2017

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Net Position
June 30, 2017

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---------------------------------------|------------------------------------|-------------------------------------|---------------------|
| Assets | | | |
| Cash | \$ 367,837 | \$ 119,901 | \$ 487,738 |
| Investments | 78,919 | | 78,919 |
| Receivables | 72,448 | 7,685 | 80,133 |
| Prepaid expenses | 27,838 | | 27,838 |
| Restricted assets, cash | | 15,463 | 15,463 |
| Capital assets: | | | |
| Non - depreciable | 14,000 | 1,045 | 15,045 |
| Depreciable (net) | 35,099 | 1,099,761 | 1,134,860 |
| Total Assets | <u>596,141</u> | <u>1,243,855</u> | <u>1,839,996</u> |
| Deferred Outflows of Resources | | | |
| Pension related | <u>67,537</u> | | <u>67,537</u> |
| Liabilities | | | |
| Accounts, salaries and other payables | 21,674 | 6,296 | 27,970 |
| Payable from restricted assets: | | | |
| Customer deposits | | 15,463 | 15,463 |
| Non-current liabilities: | | | |
| Due in more than one year | <u>216,456</u> | | <u>216,456</u> |
| Total liabilities | <u>238,130</u> | <u>21,759</u> | <u>259,889</u> |
| Deferred Inflows of Resources | | | |
| Pension related | <u>4,963</u> | | <u>4,963</u> |
| Net Position | | | |
| Net Investment in capital assets | 49,099 | 1,100,806 | 1,149,905 |
| Unrestricted | <u>371,486</u> | <u>121,290</u> | <u>492,776</u> |
| Total net position | <u>\$ 420,585</u> | <u>\$ 1,222,096</u> | <u>\$ 1,642,681</u> |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Activities
For the Year Ended June 30, 2017

| | Program Revenues | | | Net (Expenses) Revenue and Changes in Net Position | | |
|---------------------------------|-------------------|----------------------|------------------------------------|----------------------------------------------------|--------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Functions/Programs: | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 376,511 | \$ | \$ | \$ (376,511) | \$ | \$ (376,511) |
| Public safety | 206,371 | 25,533 | 4,297 | (176,541) | | (176,541) |
| Total governmental activities | <u>582,882</u> | <u>25,533</u> | <u>4,297</u> | <u>(553,052)</u> | | <u>(553,052)</u> |
| Business-type activities | | | | | | |
| Water and Sewer | 143,237 | 79,158 | | | (64,079) | (64,079) |
| Garbage collection | 15,441 | 14,002 | | | (1,439) | (1,439) |
| Total business-type activities | <u>158,678</u> | <u>93,160</u> | | | <u>(65,518)</u> | <u>(65,518)</u> |
| Total government | <u>\$ 741,560</u> | <u>\$ 118,693</u> | <u>\$ 4,297</u> | <u>(553,052)</u> | <u>(65,518)</u> | <u>(618,570)</u> |
| General revenues: | | | | | | |
| Sales tax | | | | 303,489 | | 303,489 |
| Franchise taxes | | | | 8,731 | | 8,731 |
| Licenses and permits | | | | 37,674 | | 37,674 |
| Intergovernmental | | | | 172,446 | | 172,446 |
| Investment earnings | | | | 3,604 | 216 | 3,820 |
| Other miscellaneous | | | | 3,430 | 49 | 3,479 |
| Total general revenues | | | | <u>529,374</u> | <u>265</u> | <u>529,639</u> |
| Changes in net position | | | | (23,678) | (65,253) | (88,931) |
| Net position, beginning | | | | 444,263 | 1,287,349 | 1,731,612 |
| Net position, ending | | | | <u>\$ 420,585</u> | <u>\$ 1,222,096</u> | <u>\$ 1,642,681</u> |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Balance Sheet
Governmental Fund
June 30, 2017

| Assets | General |
|----------------------------------------|------------|
| Cash | \$ 367,837 |
| Investments | 78,919 |
| Receivables | 72,448 |
| Total Assets | \$ 519,204 |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Accounts, salaries, and other payables | \$ 21,674 |
| Total Liabilities | 21,674 |
| Fund balance: | |
| Unassigned | 497,530 |
| Total Fund Balance | 497,530 |
| Total Liabilities and Fund Balances | \$ 519,204 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2017

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------|
| Fund Balance - Governmental Fund | \$ | 497,530 |
| <p>Amounts reported for government activities in the Statement of Net Position are different because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p> | | 49,099 |
| <p>Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds</p> | | |
| <p style="padding-left: 40px;">Prepaid expenses</p> | | 27,838 |
| <p style="padding-left: 40px;">Deferred outflows-pension related</p> | | 67,537 |
| <p>Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds</p> | | |
| <p style="padding-left: 40px;">Net pension liability</p> | | (216,456) |
| <p style="padding-left: 40px;">Deferred inflows-pension related</p> | | (4,963) |
| | | (221,419) |
| Net Position of Governmental Activities | \$ | 420,585 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2017

| | General |
|---------------------------------|------------|
| Revenues: | |
| Taxes | |
| Sales tax | \$ 303,489 |
| Franchise tax | 8,731 |
| Licenses and permits | 37,674 |
| Intergovernmental revenues | |
| State funds | 172,446 |
| Fines and forfeitures | 25,533 |
| Investment earnings | 3,604 |
| Other revenues | 3,430 |
| Total revenues | 554,907 |
| Expenditures: | |
| Current | |
| General government | 369,411 |
| Public safety | 187,649 |
| Capital outlay | 15,385 |
| Total expenditures | 572,445 |
| Net change in fund balance | (17,538) |
| Fund balance, beginning of year | 515,068 |
| Fund balance, end of year | \$ 497,530 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in the Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balance - governmental fund \$ (17,538)

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$(15,646) exceeds capital outlays \$(15,385) in the current period. (261)

A loss on disposal of capital assets is recorded in the statement of activities, but is not recognized in the fund statements. (2,438)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 292

Resources that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities:

Non-employer contributions to cost-sharing pension plan 4,297

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:

Pension expense (8,030)

Change in Net Position of Governmental Activities \$ (23,678)

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2017

| | Business-Type Activities |
|-----------------------------------------------|--------------------------|
| | Enterprise Fund |
| | Water and Sewer Fund |
| Assets | |
| Current assets | |
| Cash | \$ 119,901 |
| Restricted cash | 15,463 |
| Receivables | 7,685 |
| Total current assets | 143,049 |
| Noncurrent assets | |
| Capital assets (net accumulated depreciation) | 1,100,806 |
| Total noncurrent assets | 1,100,806 |
| Total assets | 1,243,855 |
| Liabilities | |
| Current liabilities | |
| Accounts, salaries and other payables | 6,296 |
| Payable from restricted assets: | |
| Customer deposits | 15,463 |
| Total liabilities | 21,759 |
| Net position | |
| Net Investment in capital assets | 1,100,806 |
| Unrestricted | 121,290 |
| Total net position | \$ 1,222,096 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

| | Business-Type Activities |
|-----------------------------------------|--------------------------|
| | Enterprise Fund |
| | Water and Sewer Fund |
| Operating Revenues | |
| Charges for services | |
| Water sales | \$ 60,288 |
| Sewer charges | 18,870 |
| Total operating revenues | 79,158 |
| Operating Expenses | |
| Chemicals and supplies | 17,338 |
| Office expense | 4,516 |
| Utilities | 14,442 |
| Legal and accounting | 3,080 |
| Repair and maintenance | 32,068 |
| Depreciation | 71,793 |
| Total operating expenses | 143,237 |
| Operating income (loss) | (64,079) |
| Non-Operating Revenues (Expenses) | |
| Interest income | 216 |
| Other miscellaneous income | 49 |
| Garbage fees | 14,002 |
| Garbage collection fees | (15,441) |
| Total non-operating revenues (expenses) | (1,174) |
| Change in net position | (65,253) |
| Total net position, beginning of year | 1,287,349 |
| Total net position, end of year | \$ 1,222,096 |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

| | Business-Type Activities Enterprise Fund <u>Water and Sewer Fund</u> |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Cash Flows from Operating Activities | |
| Receipts from customers and users | \$ 80,858 |
| Payments to suppliers | <u>(71,471)</u> |
| Net cash provided by operating activities | <u>9,387</u> |
| Cash Flows from Noncapital Financing Activities | |
| Other | (1,390) |
| Repayment from general fund | <u>5,557</u> |
| Net cash provided by noncapital financing activities | <u>4,167</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchase of capital assets | <u>(42,560)</u> |
| Net cash (used) by capital and related financing activities | <u>(42,560)</u> |
| Cash Flows from Investing Activities: | |
| Interest income | <u>216</u> |
| Net cash provided by investing activities | <u>216</u> |
| Net (decrease) in cash | (28,790) |
| Cash, beginning of year | <u>164,154</u> |
| Cash, end of year | <u>\$ 135,364</u> |
| Cash is reflected on the statement of net position as follows: | |
| Cash | \$ 119,901 |
| Restricted cash | <u>15,463</u> |
| Total | <u>\$ 135,364</u> |
| Reconciliation of Operating Income(loss) to Net Cash Provided (used) by Operating Activities: | |
| Operating income (loss) | \$ (64,079) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Depreciation expense | 71,793 |
| (Increase) decrease in receivables | 5,469 |
| Increase (decrease) in accounts payable | (4,095) |
| Increase (decrease) in customer deposits | <u>299</u> |
| Net cash provided by operating activities | <u>\$ 9,387</u> |

See accompanying notes to the basic financial statements.

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017

Introduction

The Village of Dixie Inn, Louisiana (The Village) was incorporated August 8, 1962, under the provisions of the Lawrason Act. The Village is located in the Parish of Webster, being in the northwest corner of the State of Louisiana.

Elected officials of the Village of Dixie Inn are a mayor, and three (3) aldermen, who are elected every four years. The affairs of the Village are conducted and managed by the mayor and the board of aldermen.

(1) Summary of Significant Accounting Policies

The Village of Dixie Inn's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village of Dixie Inn are discussed below.

A. Reporting Entity

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

GASB established criteria for determining which component units should be considered part of the Village of Dixie Inn 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 criterion 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 would be misleading if data of the organization is not included because of the nature or significance of the relationship.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Village of Dixie Inn's basic financial statements include both government-wide (reporting the funds maintained by the Village of Dixie Inn as a whole) and fund financial statements (reporting the Village of Dixie Inn's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's general fund is classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Village of Dixie Inn's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village of Dixie Inn's functions. The functions are also supported by general government revenues (sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services.

The net costs (by function) are normally covered by general revenue (sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Village of Dixie Inn as an entity and the change in the Village of Dixie Inn's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Village of Dixie Inn are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Village of Dixie Inn:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Village of Dixie Inn:
 - a. General fund is the general operating fund of the Village of Dixie Inn. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Utility Fund – accounts for the provision of water and sewer services of the Village.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments 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 or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Village's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|----------------------------|-------------|
| Buildings and improvements | 10–40 years |
| Land improvements | 10–30 years |
| Infrastructure | 25–50 years |
| Furniture and equipment | 5–15 years |
| Vehicles | 5–15 years |
| Other equipment | 5–10 years |
| Water and sewer systems | 5–40 years |

GASBS requires the Village to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

H. Revenues

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Village is entitled to the funds.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Sales Taxes

The Village receives proceeds from a two percent sales and use tax, the revenue from which may be used for any lawful purpose.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

K. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

L. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

M. Postretirement Benefits

The Village provides no postretirement benefits to its employees.

N. Bad Debts

The Village uses the direct charge-off method of accounting for water and sewer system receivables. Although this method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

O. Capitalized Interest

The Village capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

P. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village currently has deferred outflows of resources related to pensions.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village currently has deferred outflows of resources related to pensions.

R. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Village's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expensed by the Mayor, an appointed body or official the Village Alderman has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.
5. Unassigned fund balance are the residual classification for the Village's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the Village's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

S. Compensated Absences

The vacation policy of the Village provided for the accumulation of leave during the year but does not allow any carryforward of that time. Sick leave policy of the Village provides for accumulation of sick leave but payable only upon separation of employment and meeting certain conditions.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

T. Pension Plan

The Village is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plan as described in Note 13. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position have been determined on the same basis as they are reported by the plan.

(2) Budgets

The Village follows the following budget practices:

- (a) The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
- (b) The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- (d) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Board of Aldermen.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The budget for the General Fund was adopted on a budgetary basis - cash for the year ended June 30, 2017. One amendment was made to the original budget.

(3) Cash and Cash Equivalents

At June 30, 2017, the Village of Dixie Inn had cash and cash equivalents (book balances) totaling \$503,201, of which \$15,463 is shown as restricted. 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.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2017, the Village's bank balances totaling \$256,145 were exposed to custodial credit risk as follows:

| | |
|-------------------------------------------------------------------------------------------------|------------|
| Uninsured and collateral held by the pledging bank's trust department not in the Village's name | \$ 256,145 |
|-------------------------------------------------------------------------------------------------|------------|

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(4) Investments

The investments in U.S. Government Securities are registered in the name of the Village and are held in a brokerage account insured by the SIPC. These investments are considered category A in applying the credit risk of the Governmental Accounting Standards Board (GASB).

The following is a summary of investments as of June 30, 2017:

| | <u>Fair Value/ Carrying Amount</u> | <u>Cost</u> |
|----------------------------|----------------------------------------|------------------|
| Governmental Funds | | |
| US Agency & Treasury Bonds | \$ 77,191 | \$ 77,191 |
| US Treasury Money Fund | 1,728 | 1,728 |
| Total investments | <u>\$ 78,919</u> | <u>\$ 78,919</u> |

(5) Receivables

Receivables at June 30, 2017 are as follows:

| | |
|---------------------------|------------------|
| Governmental activities: | |
| Sales and use taxes | \$ 27,601 |
| Franchise | 1,917 |
| Intergovernmental | 39,374 |
| Other | <u>3,556</u> |
| | <u>72,448</u> |
| Business-type activities: | |
| Water and sewer charges | <u>7,685</u> |
| | <u>7,685</u> |
| | <u>\$ 80,133</u> |

(6) Restricted Cash- Customers' Deposits

Deposits held for customers that are currently active on the water system total \$15,463 at June 30, 2017.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

(7) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2017 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|------------------------------------------------|----------------------|-----------------|-------------------|-------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 14,000 | \$ | \$ | \$ 14,000 |
| Total capital assets, not being depreciated | <u>14,000</u> | | | <u>14,000</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 51,770 | | | 51,770 |
| Improvements other than buildings | 282,344 | | | 282,344 |
| Machinery and equipment | <u>167,604</u> | <u>15,385</u> | <u>(31,931)</u> | <u>151,058</u> |
| Total capital assets, being depreciated | <u>501,718</u> | <u>15,385</u> | <u>(31,931)</u> | <u>485,172</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (44,739) | (1,017) | | (45,756) |
| Improvements other than buildings | (276,977) | (1,997) | | (278,974) |
| Machinery and equipment | <u>(142,204)</u> | <u>(12,632)</u> | <u>29,493</u> | <u>(125,343)</u> |
| Total accumulated depreciation | <u>(463,920)</u> | <u>(15,646)</u> | <u>29,493</u> | <u>(450,073)</u> |
| Total capital assets being depreciated, net | <u>37,798</u> | <u>(261)</u> | <u>(2,438)</u> | <u>35,099</u> |
| Governmental activities capital assets, net | <u>\$ 51,798</u> | <u>\$ (261)</u> | <u>\$ (2,438)</u> | <u>\$ 49,099</u> |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|------------------------------------------------|----------------------|-------------|-----------|-------------------|
| Business-Type Activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,045 | \$ | \$ | \$ 1,045 |
| Total capital assets, not being depreciated | 1,045 | | | 1,045 |
| Capital assets, being depreciated | | | | |
| Buildings | 478,785 | | | 478,785 |
| Improvements other than buildings | 1,306,975 | 42,560 | | 1,349,535 |
| Machinery and equipment | 84,074 | | | 84,074 |
| Total capital assets, being depreciated | 1,869,834 | 42,560 | | 1,912,394 |
| Less accumulated depreciation for: | | | | |
| Buildings | (173,354) | (11,895) | | (185,249) |
| Improvements other than buildings | (503,210) | (55,729) | | (558,939) |
| Machinery and equipment | (64,276) | (4,169) | | (68,445) |
| Total accumulated depreciation | (740,840) | (71,793) | | (812,633) |
| Total capital assets being depreciated, net | 1,128,994 | (29,233) | | 1,099,761 |
| Business-type activities capital assets, net | \$ 1,130,039 | \$ (29,233) | \$ | \$ 1,100,806 |

Depreciation expense for the year ended June 30, 2017 was charged as follows:

Governmental activities:

| | |
|---------------|-----------|
| General | \$ 4,953 |
| Public safety | 10,693 |
| Total | \$ 15,646 |

Business-Type activities

| | |
|-------|-----------|
| Sewer | \$ 43,133 |
| Water | 28,660 |
| Total | \$ 71,793 |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

(8) Operating Leases

The Village leases equipment under operating leases. The rental costs paid for the year ended June 30, 2017 was \$1,865.

Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year are as follows:

| Year Ending June 30, 2018 | Amount |
|---------------------------------|--------|
| | \$ 965 |

(9) 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 attempts to minimize risk from significant losses through the purchase of insurance.

(10) Subsequent Events

Subsequent events have been evaluated through December 29, 2017, the date the financial statements were available to be issued.

(11) Accounts, Salaries and Other Payables

Accounts, salaries and other payables at June 30, 2017 consisted of the following:

| | Governmental Activities | Business-type Activities | Total |
|----------------------------|----------------------------|-----------------------------|-----------|
| Accounts | \$ 7,469 | \$ 6,296 | \$ 13,765 |
| Salaries and payroll taxes | 14,205 | | 14,205 |
| Total | \$ 21,674 | \$ 6,296 | \$ 27,970 |

(12) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--------------------------------------------------------------|----------------------|-----------|------------|-------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Other long-term Liabilities – Net pension liability | \$ 182,845 | \$ 33,611 | \$ _____ | \$ 216,456 | \$ _____ |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

(13) Retirement

Certain police officers are members of the Municipal Police Employees Retirement System. All other municipal employees participate in the Village's Defined Contribution Plan. All employees of the Village of Dixie Inn are covered by the Federal Social Security System. Pertinent information relative to each plan follows:

Municipal Police Employee's Retirement System

The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana, 70809.

Plan Description

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

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

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2017
(Continued)

years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statues, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan

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

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2017
(Continued)

Initial Benefit Option Plan

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

Employer Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 10% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2017, total contributions due from employers and employees was 41.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34.25% and 7.5%, respectively. The Village contributions to the System for the years ended June 30, 2017, 2016, and 2015 were \$21,262, \$19,083, and \$19,666, respectively. Included in accounts payable at June 30, 2017, is \$1,679 of employer contributions for the month of June, 2017.

Non-Employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions totaling \$4,297 are recognized as revenue during the year ended June 30, 2017 and excluded from pension expense.

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

At June 30, 2017, the Village reported a liability of \$216,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on the employer's contributions to the System during the year ended June 30, 2016, as compared to the total of all employers' contributions to the System for the year ended June 30, 2016. At June 30, 2016, the Village's proportion was .023094%, which was an increase of .000246% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Village recognized pension expense of \$27,564, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$1,810.

At June 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2017
(Continued)

| | Governmental Activities | |
|---------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ | \$ 3,443 |
| Changes of assumptions | 10,524 | 13 |
| Net difference between projected and actual earnings on pension plan investments | 33,307 | |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 2,444 | 1,507 |
| Employer contributions subsequent to the measurement Date | 21,262 | |
| Total | \$ 67,537 | \$ 4,963 |

The Village reported a total of \$21,262 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016, which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

| Year | Amount |
|-------|-----------|
| 2018 | \$ 10,589 |
| 2019 | 9,491 |
| 2020 | 12,772 |
| 2021 | 8,460 |
| Total | \$ 41,312 |

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2016 valuation were based on the assumptions used in the June 30, 2016 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

| | |
|-------------------------------------|---------------------------------|
| Valuation Date | June 30, 2016 |
| Actuarial Cost Method | Entry Age Normal Cost |
| Investment Rate of Return | 7.5%, net of investment expense |
| Expected Remaining Service Lives | 4 years |
| Inflation Rate | 2.875% |

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2017
(Continued)

| | <u>Years of Service</u> | <u>Salary Growth Rate</u> |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Salary increases, including inflation and merit | 1-2 3 – 23 23 & Over | 9.75% 4.75% 4.25% |
| Mortality | <p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</p> <p>RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.</p> <p>RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.</p> | |
| Cost-of-Living Adjustments | <p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.</p> | |

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|------------------------------------|--------------------------------|---------------------------------------------------------|
| Equity | 53% | 3.69% |
| Fixed income | 21% | 0.49% |
| Alternatives | 20% | 1.11% |
| Other | 6% | 0.21% |
| Totals | <u>100%</u> | <u>5.50%</u> |
| Inflation | | <u>2.75%</u> |
| Expected Arithmetic Nominal Return | | <u>8.25%</u> |

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2017
(Continued)

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate.

| | Changes in Discount Rate | | |
|-----------------------|--------------------------|------------|------------|
| | 1% | Current | 1% |
| | Decrease | Discount | Increase |
| | 6.5% | 7.5% | 8.5% |
| Net Pension Liability | \$ 288,554 | \$ 216,456 | \$ 155,923 |

Change in Net Pension Liability

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

Differences between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions or Other Inputs:

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Financial Statements
June 30, 2017
(Continued)

Contributions – Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

Pension Plans Fiduciary Net Positions

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2016. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lia.la.gov.

Defined Contribution Plan

For the year ended June 30, 2017, the Village of Dixie Inn participated in a defined contribution plan, as set forth under section 457(b) of the Internal Revenue Code, for the village clerk and water superintendent. The plan is administered by the Trust Company of Louisiana and the participants may contribute the lesser of \$8,000 or 25% of their yearly compensation. Employer contribution requirements are established and may be amended by the Village. The Village currently contributes 10% of the employee's annual compensation. For the years ended June 30, 2017, 2016, and 2015, employee and employer contributions to the plan were \$12,732, \$13,645, and \$11,482, respectively.

Village of Dixie Inn
Dixie Inn, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Cash Basis) and Actual
General Fund
For the Year Ended June 30, 2017

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual Amount Cash Basis | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|---------------------------------|------------------------------|-----------------------------|---------------------------------------------------------|
| Revenues | | | | |
| Sales tax | \$ 270,000 | \$ 290,525 | \$ 304,289 | \$ 13,764 |
| Franchise tax | 9,500 | 8,406 | 8,458 | 52 |
| Licenses and permits | 30,000 | 36,111 | 37,674 | 1,563 |
| Intergovernmental revenues | 150,000 | 148,857 | 171,521 | 22,664 |
| Fines and forfeitures | 33,050 | 20,695 | 23,813 | 3,118 |
| Investment earnings | 200 | 452 | 3,604 | 3,152 |
| Miscellaneous | 1,250 | 6,012 | 11,031 | 5,019 |
| Total revenues | <u>494,000</u> | <u>511,058</u> | <u>560,390</u> | <u>49,332</u> |
| Expenditures | | | | |
| General government | 363,550 | 392,588 | 379,195 | 13,393 |
| Public safety | 189,000 | 194,500 | 186,714 | 7,786 |
| Capital outlay | | 15,384 | 15,385 | (1) |
| Total expenditures | <u>552,550</u> | <u>602,472</u> | <u>581,294</u> | <u>21,178</u> |
| Excess (deficiency) of revenues over (under) expenditures | (58,550) | (91,414) | (20,904) | 70,510 |
| Fund balance, beginning of year | <u>422,585</u> | <u>515,068</u> | <u>467,660</u> | <u>(47,408)</u> |
| Fund balance, end of year | <u>\$ 364,035</u> | <u>\$ 423,654</u> | <u>\$ 446,756</u> | <u>\$ 23,102</u> |

Village of Dixie Inn
Dixie Inn, Louisiana
Notes to Required Supplementary Information
June 30, 2017

The Village's budget is adopted on a cash basis for the general fund. There was one amendment to the June 30, 2017 budget. The budget comparison schedule included in the accompanying financial statements includes the original and final budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

| | <u>General Fund</u> |
|-------------------------------------------------------------------------------------------------------|-------------------------|
| Excess (deficiency) of revenues over (under) expenditures | \$ (20,904) |
| Adjustments: | |
| Revenue accruals – net | (5,483) |
| Expenditure accruals – net | <u>8,849</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis) | <u>\$ (17,538)</u> |

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2017

Municipal Police Employees' Retirement System

| | 2017 | 2016 | 2015 |
|-------------------------------------------------------------------------------------------------|------------|------------|------------|
| Proportion of the net pension liability | 0.023094% | 0.023340% | 0.023340% |
| Proportionate share of the net pension liability | \$ 216,456 | \$ 182,845 | \$ 145,454 |
| Covered-employee payroll | 65,190 | 62,433 | 60,261 |
| Proportionate share of the net pension liability as a percentage of covered employee payroll | 332.04% | 292.87% | 241.37% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.04% | 70.73% | 70.73% |

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

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Contributions
June 30, 2017

Municipal Police Employees' Retirement System

| | 2017 | 2016 | 2015 |
|----------------------------------------------------------------------|-----------|-----------|-----------|
| Contractually required contribution | \$ 21,261 | \$ 19,231 | \$ 19,666 |
| Contributions in relation to the contractually required contribution | 21,261 | 19,231 | 19,666 |
| Contribution deficiency (excess) | - | - | - |
| Covered-employee payroll | 66,966 | 65,190 | 62,433 |
| Contributions as a percentage of covered-employee payroll | 31.75% | 29.50% | 31.50% |

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

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Compensation Paid Board of Aldermen and Mayor
For the Year Ended June 30, 2017

| | | |
|-----------------------------------------------------------|----|--------|
| Mayor - Ava McWhorter (July 1, 2016 to December 31, 2016) | \$ | 13,750 |
| Mayor - Kay Stratton (January 1, 2017 to June 30, 2017) | | 12,414 |

Board Member:

| | | |
|------------------|----|----------------------|
| Kay Stratton | | 2,100 (1) |
| Connie Woods | | 2,100 |
| Pauline Fontenot | | 2,100 |
| Donna Hoffoss | | 2,300 |
| Marion McKenzie | | 2,300 |
| Opal Finlay | | <u>2,300</u> |
| Total | \$ | <u><u>39,364</u></u> |

(1) - Board member July 1, 2016 to December 31, 2016, Mayor January 1, 2017 to June 30, 2017.

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2017

| <u>Purpose</u> | | <u>Amount</u> |
|-----------------------------------------------------------------------------|----|---------------|
| Agency Head: Ava McWhorter, Mayor, July 1, 2016 to December 31, 2016 | | |
| Salary | \$ | 13,750 |
| Car allowance | | 270 |
| Travel | | 601 |

Agency Head: Kay Stratton, Mayor, January 1, 2017 to June 30, 2017

| | | |
|---------------|----|--------|
| Salary | \$ | 12,414 |
| Car allowance | | 188 |

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Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

The Honorable Mayor, Kay Stratton
and the Village Council
Village of Dixie Inn
Dixie Inn, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Village of Dixie Inn, 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 Dixie Inn's basic financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

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

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

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

We consider the deficiencies described in the accompanying schedule of current year audit findings as items 2017-1 and 2017-2 to be material weaknesses.

Compliance and Other Matters

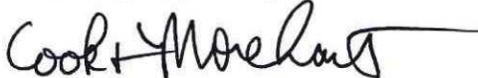
As part of obtaining reasonable assurance about whether Village of Dixie Inn's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

Village of Dixie Inn's Response to Findings

Village of Dixie Inn's response to the findings identified in our audit are described in the accompanying Schedule of Current Year Audit Findings. Village of Dixie Inn's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
December 29, 2017

Village of Dixie Inn
Dixie Inn, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2017

There were two findings for the prior audit for the year ended June 30, 2016, as described below:

2016-1 Material Weakness – Control of Utility Accounts Receivable and Customer Deposits

Finding: Internal controls should be in place to adequately account for water and sewer accounts receivable and customer deposit collections, including proper segregation of duties.

Recommendation: The Village should have the CPA firm that maintains the general ledger reconcile the water and sewer accounts receivable and customer deposits to the general ledger with reports generated by the billing service that prepares the monthly water and sewer billings. This reconciliation should be done on a monthly basis.

Current Status: See repeat findings in current year audit.

2016-2 Material Weakness – Control over Traffic Tickets

Finding: Internal controls should be in place, including a proper segregation of duties, over the collection and deposit of traffic ticket revenue.

Recommendation: Due to the lack of segregation of duties in regards to collection and deposit of ticket revenue, the Village should consider accepting only money orders/cashier checks for payment of traffic tickets or designate someone other than the Town Clerk to receive and collect payments of traffic tickets.

Current Status: See repeat finding in current year audit.

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2017

There were two findings for the current year audit ended June 30, 2017, as described below:

2017-1 Material Weakness – Control of Utility Accounts Receivable and Customer Deposits

Criteria: Internal controls should be in place to adequately account for water and sewer accounts receivable and customer deposit collections, including proper segregation of duties.

Condition: The general ledger for the Village is maintained on the cash basis by an outside CPA firm. Accounts receivable and customer deposit balances are adjusted–reconciled only at year end. Also, the Village Clerk is the only employee that collects payments from customers and makes the deposits.

Cause: The Village has only one employee, the Village Clerk, for the collection of water and sewer payments. Controls have not been implemented over the collection of water and sewer payments to adequately account for the accounts receivable and customer deposits on a monthly basis.

Effect: Because the Village Clerk is the only employee collecting and making the deposits for water and sewer payments, this causes a lack of segregation of duties. Also, by the CPA firm maintaining the Village's general ledger on the cash basis, controls are not in place to adequately account for the accounts receivable and customer deposits being collected by the Village.

Recommendation: Due to the lack of segregation of duties in regards to collections of utility accounts receivable and customer deposits, it may not be cost effective or practical to correct the finding.

The Village should have the CPA firm that maintains the general ledger reconcile the water and sewer accounts receivable and customer deposits to the general ledger with reports generated by the billing service that prepares the monthly water and sewer billings. This reconciliation should be done on a monthly basis.

Management Response: The Village of Dixie Inn is a small village with limited funds. Due to the size of our village and the work load involved it is not feasible to hire more than one employee to run our business office. We have several controls to monitor the village's utility fund business matters. Our billing is done by an outside billing agent. All payments made have to balance with the billing done by the billing agent. Payment stubs are sent to the billing agent and have to match funds received by our municipal clerk. All meter deposits, changes in billing and adjustments that are made within a month are kept in a journal and this journal is sent to the billing agent. A separate deposit is done for all water deposits received and the name, address and amount of deposit is put in the deposit book.

(Continued)

Village of Dixie Inn
Dixie Inn, Louisiana
Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2017
(Continued)

Deposit books are kept in accordance with our record retention program. We will discuss with the CPA firm that prepares the village's monthly general fund ledger and financial statements, to consider performing a reconciliation of our account receivable subsidiary ledger on a monthly basis. This will assure that all transactions and money amounts are in balance with amounts received by the municipal clerk.

Name of Contact Person: Kay Stratton, Mayor

2017-2 Material Weakness – Control over Traffic Tickets

- Criteria: Internal controls should be in place, including a proper segregation of duties, over the collection and deposit of traffic ticket revenue.
- Condition: The Village Clerk is the one individual responsible for collecting and depositing traffic ticket revenue. The Village also accepts cash—currency for payments.
- Cause: The Village Clerk is the one individual that is responsible for collecting and depositing traffic ticket revenue.
- Effect: Because the Village Clerk is the only employee collecting and depositing traffic ticket revenue, this causes a lack of segregation of duties. Errors or irregularities could occur and not be detected. Controls are not in place to adequately account for all traffic ticket revenue.
- Recommendation: Due to the lack of segregation of duties in regards to collection and deposit of ticket revenue, the Village should consider accepting only money orders/cashier checks for payment of traffic tickets or designate someone other than the Town Clerk to receive and collect payments of traffic tickets.
- Management Response: Due to the size of the village and the work load involved, it is feasible to have only one office employee. When cash is received, a written receipt is issued. All receipt books are kept in accordance with our record retention program. Cash deposits are recorded in the deposit book and the name and amount of each payment is recorded in these books. The deposit book and the receipt book must match in amounts. The village has implemented a payment program so that when payments are made they can be made through this collection company.

Name of Contact Person: Kay Stratton, Mayor

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Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Mayor, Kay Stratton
and the Village Council
Village of Dixie Inn
Shreveport, Louisiana
and the Louisiana Legislative Auditor

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Village provided written policies and procedures that addressed all the above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Aldermen of the Village met at least monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Exception: The Village's minutes referenced financial statements but the financial statements do not have budgetary to actual comparisons.

Management's Response: The Village will begin to include budgetary comparisons on the monthly financial statements.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes of the Aldermen of the Village did reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Management provided the requested information, along with management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
Bank reconciliations were prepared for each month.
 - 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

Exception: There was evidence of a member of management reviewing bank reconciliations through February 28, 2017.

Management's Response: Management will begin approving all 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.

There were no reconciling items greater than 6 months outstanding for those accounts selected.

Collections

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

Management provided the requested information, along with management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). 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.

Each person responsible for collecting cash was bonded. The person responsible for collecting cash was not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account.

Exception: The Village has only one cash register drawer and is available to who is in the office.

Management's Response: The Village is a small entity and it may not be practical or cost effective to have multiple cash drawers.

Exception: Effective January, 2017 the same person responsible for collecting cash is also recording the transaction and reconciling the related bank account.

Management's Response: The Village is a small entity and it may not be practical or cost effective to segregate all duties. The Mayor will begin reviewing and approving bank reconciliations.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source

and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Exception: The Village has a formal process to reconcile cash collections to the general ledger, but it is done by the same person who is responsible for cash collections.

Management's Response: The Village is a small entity and it may not be practical or cost effective to segregate all duties.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Exception: Deposits were usually made once a week.

Management's Response: It is the Village's policy to make deposits as needed and required at least once a week.

- 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.

For the week selected, daily cash collections were completely supported by collection documentation.

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

Exception: The Village has written procedures which define a process to determine completeness of collections, including electronic transfers, for each revenue source but, it is done by the same person responsible for collections.

Management's Response: The Village is a small entity and it may not be practical or cost effective to segregate all duties.

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

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

Management provided the requested information, along with management's representation that the listing is complete.

- 9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity

had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Exception: The Village does not have a formal purchase order system.

Management's Response: It is the Village's policy for payments to be made from approved vendor invoices.

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

Exception: The Village does not have a formal purchase order system.

Management's Response: It is the Village's policy for payments to be made from approved vendor invoices.

- 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.

Exception: The Village does not have a formal purchase order system.

Management's Response: It is the Village's policy for payments to be made from approved vendor invoices.

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

Exception: The person responsible for processing payments also adds vendors to the disbursement system.

Management's Response: The Village is a small entity and it may not be practical or cost effective to segregate all duties.

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

Exception: From 7-1-16 to 12-31-16, persons with signatory authority also recorded the purchases.

Management's Response: Effective 1-1-17, persons with signatory authority have no responsibility for initiating or recording purchases.

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

Exception: Unused checks are maintained in a locked location but, access is not restricted to those that do not have signatory authority.

Management's Response: The Village is a small entity and it may not be practical or cost effective to segregate all duties.

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.

Neither signature stamps nor a signature stamp machine are used.

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.

Management provided the requested information, along with management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. 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.

For each credit card statement selected for testing, all purchases were approved.

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

There were no finance charges or late fees assessed on the cards selected for testing.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the 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)

Exception: From 7-1-16 to 12-31-16, the Village did not require original receipts on the Village's Fuelman cards. The charges were monitored by transactions and information on the monthly statements.

Management's Response: Effective 1-1-17, the Village will require all original receipts on all Village charge accounts to be maintained.

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

The business purpose was documented for purchases on the cards selected for testing.

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

Other documentation required by Village's policy was attached.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We compared each transaction tested to the agency's written policies. There were no exceptions noted.

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

The Village's documentation met the requirements of Article 7, Section 14.

Travel and Expense Reimbursement

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

Management provided the requested information, along with management's representation that the listing is complete.

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

Amounts paid for travel and expense reimbursements per Village's written policies do not exceed the GSA rates.

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

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

The reimbursements selected were supported with documentation in accordance with The Village's written policies.

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.]

Each expense selected was supported by an itemized receipt.

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

The business purpose was documented on each invoice selected for testing.

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

Other documentation required by the Village policy was maintained.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Village's documentation met the requirements of Article 7, Section 14.

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

For each expense selected for testing, the expense and related documentation was reviewed and approved in writing by someone other than the person receiving 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.

Management provided the requested information, along with management's representation that the listing is complete.

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

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There were formal/written contracts that supported the service arrangement and the amount paid for each tested contract.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code.

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

By the nature of the contracts selected, quotes were not required to be 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 selected for testing 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.

The largest payment selected for testing from each of the five vendor contracts was supported by invoices that agreed with the terms of the contract.

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

For the contracts selected for testing, board approval was obtained.

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.

Management provided the requested information, along with management's representation that the listing is complete.

Randomly select five employees/officials, obtain their personnel files, and:

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

Payment was made in accordance with the terms of the approved pay rates.

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

Changes made to hourly pay rates/salaries during the fiscal period were approved in writing and in accordance with written policy.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

All selected employees documented their attendance with time sheets.

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

Exception: Four (4) employees were selected for testing. One (1) did not have a daily attendance or time sheet approved by a supervisor. This person is a salaried employee.

Management's Response: The Village's management will approve all timesheets going forward.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

For the transactions selected for testing, The Village maintained written leave records.

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.

Management provided the requested information, along with management's representation that the listing is complete. Termination payments tested were in accordance with Village policy and were approved by management.

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

Employee and employer portions of payroll taxes, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Exception: One (1) of the twelve (12) months of retirement reports and payments were made late.

Management's Response: It is the Village's policy to file all retirement reports and payments timely.

Ethics (excluding nonprofits)

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

The Village maintained documentation that demonstrated the required ethics training was completed for the five employees selected.

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

There were no alleged ethics violations reported to management during the fiscal period.

Debt Service (excluding nonprofits)

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

No debt issued during the fiscal year ended June 30, 2017.

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

The Village has no outstanding debt.

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

Not applicable

Other

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

Management did not report any misappropriation of public funds or assets for the fiscal year ended June 30, 2017.

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

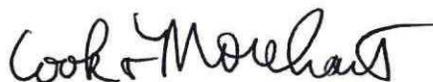
Exception: The Village has posted notice on its premises and on its website as required by R.S. 24:523.1.

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

We have not observed or identified any exceptions regarding management's representations in the above procedures.

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

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



Cook & Morehart
Certified Public Accountants
December 29, 2017