

VILLAGE OF PARKS, LOUISIANA

Financial Report

Year Ended June 30, 2017

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 2
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	5
Statement of activities	6
 FUND FINANCIAL STATEMENTS (FFS)	
Fund descriptions - major funds	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net position	10
Statement of revenues, expenditures, and changes in fund balances- governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of net position - proprietary fund	13
Statement of revenues, expenses, and changes in fund net position - proprietary fund	14
Statement of cash flows - proprietary fund	15-16
Notes to basic financial statements	17-39
 REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - budgetary comparison schedule	41
Sales Tax Special Revenue Fund - budgetary comparison schedule	42
Schedule of employer's share of net pension liability	43
Schedule of employer contributions	44
Notes to the required supplementary information	45

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47-48
Schedule of prior and current year audit findings and management's corrective action plan	49-51

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Parks, Louisiana, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 41 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2017, on our consideration of the Village of Parks, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Parks, Louisiana's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 10, 2017

BASIC FINANCIAL STATEMENTS

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

VILLAGE OF PARKS

Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 404,644	\$ 1,403,048	\$ 1,807,692
Receivables, net	23,978	242,664	266,642
Prepaid items	2,063	14,504	16,567
Due from other funds	<u>(55,632)</u>	<u>55,632</u>	<u>-</u>
Total current assets	<u>375,053</u>	<u>1,715,848</u>	<u>2,090,901</u>
Noncurrent assets:			
Capital assets, net	<u>473,723</u>	<u>1,739,102</u>	<u>2,212,825</u>
Total noncurrent assets	<u>473,723</u>	<u>1,739,102</u>	<u>2,212,825</u>
Total assets	<u>848,776</u>	<u>3,454,950</u>	<u>4,303,726</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>43,112</u>	<u>-</u>	<u>43,112</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	<u>12,475</u>	<u>100,450</u>	<u>112,925</u>
Total current liabilities	<u>12,475</u>	<u>100,450</u>	<u>112,925</u>
Noncurrent liabilities:			
Customer deposits payable	-	212,671	212,671
Net pension liability	<u>128,698</u>	<u>-</u>	<u>128,698</u>
Total noncurrent liabilities	<u>128,698</u>	<u>212,671</u>	<u>341,369</u>
Total liabilities	<u>141,173</u>	<u>313,121</u>	<u>454,294</u>
DEFERRED INFLOWS OF RESOURCES	<u>13,935</u>	<u>-</u>	<u>13,935</u>
NET POSITION			
Net investment in capital assets	473,723	1,739,102	2,212,825
Restricted	-	212,671	212,671
Unrestricted	<u>263,057</u>	<u>1,190,056</u>	<u>1,453,113</u>
Total net position	<u>\$ 736,780</u>	<u>\$ 3,141,829</u>	<u>\$ 3,878,609</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Activities
For the Year Ended June 30, 2017

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 102,760	\$ 3,901	\$ -	\$ -	\$ (98,859)	\$ -	\$ (98,859)
Public safety	192,569	-	-	-	(192,569)	-	(192,569)
Culture and recreation	9,588	-	-	-	(9,588)	-	(9,588)
Total governmental activities	304,917	3,901	-	-	(301,016)	-	(301,016)
Business-type activities:							
Water & waste	1,694,734	1,955,008	-	-	-	260,274	260,274
Total business-type activities	1,694,734	1,955,008	-	-	-	260,274	260,274
Total	\$1,999,651	\$ 1,958,909	\$ -	\$ -	(301,016)	260,274	(40,742)
General revenues:							
Taxes -							
Sales and use taxes, levied for general purposes					178,933	-	178,933
Franchise and other taxes					59,753	-	59,753
Grants and contributions not restricted to specific programs					9,537	-	9,537
Miscellaneous					6,694	4,131	10,825
Transfers					114,155	(114,155)	-
Total general revenues and transfers					369,072	(110,024)	259,048
Change in net position					68,056	150,250	218,306
Net position - July 1, 2016					668,724	2,991,579	3,660,303
Net position - June 30, 2017					\$ 736,780	\$ 3,141,829	\$ 3,878,609

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

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

Special Revenue Fund

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

Sales Tax Fund -

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

Enterprise Fund

Utilities Fund -

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

NONMAJOR FUNDS

Park Commission Fund -

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

VILLAGE OF PARKS

Balance Sheet
 Governmental Funds
 June 30, 2017

	Major Funds		Nonmajor Fund	
		Sales Tax Special Revenue	Park Commission Special Revenue	Total Governmental Funds
	General			
ASSETS				
Cash and interest-bearing deposits	\$ 119,724	\$ 260,579	\$ 24,341	\$ 404,644
Receivables:				
Taxes and licenses	-	16,291	-	16,291
Other	7,687	-	-	7,687
Prepaid items	-	2,063	-	2,063
Total assets	<u>\$ 127,411</u>	<u>\$ 278,933</u>	<u>\$ 24,341</u>	<u>\$ 430,685</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 7,382	\$ 5,093	\$ -	\$ 12,475
Due to other funds	11,459	43,747	426	55,632
Total liabilities	<u>18,841</u>	<u>48,840</u>	<u>426</u>	<u>68,107</u>
Fund balances -				
Nonspendable	-	-	-	-
Restricted	-	230,093	-	230,093
Assigned	-	-	23,915	23,915
Unassigned	108,570	-	-	108,570
Total fund balances	<u>108,570</u>	<u>230,093</u>	<u>23,915</u>	<u>362,578</u>
Total liabilities and fund balances	<u>\$ 127,411</u>	<u>\$ 278,933</u>	<u>\$ 24,341</u>	<u>\$ 430,685</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balances for governmental funds at June 30, 2017 \$ 362,578

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

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

Land	\$ 30,000	
Construction in progress	20,156	
Buildings and improvements, net of \$78,642 accumulated depreciation	44,560	
Vehicles, net of \$38,698 accumulated depreciation	12,999	
Furniture and equipment, net of \$29,056 accumulated depreciation	-	
Infrastructure, net of \$94,180 accumulated depreciation	<u>366,008</u>	473,723

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds.
This debt is:

Net pension liability	(128,698)	
Deferred outflows of resources	43,112	
Deferred inflows of resources	<u>(13,935)</u>	<u>(99,521)</u>

374,202

Total net position of governmental activities at June 30, 2017 \$ 736,780

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds		Nonmajor Fund	Total
	General	Sales Tax Special Revenue	Park Commission Special Revenue	
Revenues:				
Taxes	\$ 929	\$ 178,933	\$ -	\$ 179,862
Licenses and permits	58,824	-	-	58,824
Fines and penalties	3,901	-	-	3,901
Intergovernmental	537	9,000	-	9,537
Miscellaneous	-	79	6,615	6,694
Total revenues	<u>64,191</u>	<u>188,012</u>	<u>6,615</u>	<u>258,818</u>
Expenditures:				
Current -				
General government	84,090	-	-	84,090
Public safety	-	182,229	-	182,229
Culture and recreation	-	-	6,420	6,420
Capital outlay	-	-	2,200	2,200
Total expenditures	<u>84,090</u>	<u>182,229</u>	<u>8,620</u>	<u>274,939</u>
Excess (deficiency) of revenues over expenditures	<u>(19,899)</u>	<u>5,783</u>	<u>(2,005)</u>	<u>(16,121)</u>
Other financing sources (uses):				
Operating transfers in	114,155	-	-	114,155
Total other financing sources (uses)	<u>114,155</u>	<u>-</u>	<u>-</u>	<u>114,155</u>
Net changes in fund balances	94,256	5,783	(2,005)	98,034
Fund balances, beginning	<u>14,314</u>	<u>224,310</u>	<u>25,920</u>	<u>264,544</u>
Fund balances, ending	<u>\$ 108,570</u>	<u>\$ 230,093</u>	<u>\$ 23,915</u>	<u>\$ 362,578</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2017

Total net changes in fund balances at June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 98,034
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,200
Depreciation expense for the year ended June 30, 2017	<u>(37,424)</u> (35,224)
Implementation of GASB 68 (revenue less expenses)	(10,172)
Reversal of prior year accrual	<u>15,418</u>
Total changes in net position at June 30, 2017 per Statement of Activities	<u>\$ 68,056</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Net Position
 Proprietary Fund
 June 30, 2017

	<u>Utilities Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 1,403,048
Receivables:	
Accounts (net)	242,664
Due from other funds	55,632
Prepaid items	<u>14,504</u>
Total current assets	<u>1,715,848</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,739,102</u>
Total noncurrent assets	<u>1,739,102</u>
Total assets	<u>3,454,950</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	100,450
Customers' deposits	<u>212,671</u>
Total current liabilities	<u>313,121</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Investment in capital assets	1,739,102
Restricted	212,671
Unrestricted	<u>1,190,056</u>
Total net position	<u>\$ 3,141,829</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 For the Year Ended June 30, 2017

	<u>Utilities Fund</u>
Operating revenues:	
Charges for services:	
Water and waste fees	\$ 1,900,687
Meter installations	33,871
Connection fees	5,950
Building Permit Fees	4,420
Other operating income	<u>10,080</u>
Total operating revenues	<u>1,955,008</u>
Operating expenses:	
Salaries	313,830
Payroll taxes	30,183
Insurance	114,408
Repairs and maintenance	22,151
Chemicals	15,019
Operating supplies	74,380
Office expense	3,552
Advertising	708
Dues and subscriptions	31,016
Utilities	70,486
Contractual services	68,289
Automotive expense	18,692
Licenses and permits	966
Professional fees	47,997
Telephone/internet expense	7,916
Depreciation expense	200,597
Garbage service fees	636,085
Miscellaneous expense	<u>38,459</u>
Total operating expenses	<u>1,694,734</u>
Operating income	<u>260,274</u>
Nonoperating revenues (expenses):	
Interest income	652
Miscellaneous	<u>3,479</u>
Total nonoperating revenues	<u>4,131</u>
Income before transfers	<u>264,405</u>
Operating transfers:	
Transfers out	<u>114,155</u>
Total operating transfers out	<u>114,155</u>
Change in net position	150,250
Net position, beginning	<u>2,991,579</u>
Net position, ending	<u>\$ 3,141,829</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2017

	<u>Utilities Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,957,166
Payments to suppliers	(1,153,089)
Payments to employees	<u>(313,830)</u>
Net cash provided by operating activities	<u>490,247</u>
Cash flows from noncapital financing activities:	
Operating transfers out to other funds	(111,347)
Other receipts	<u>3,479</u>
Net cash used by noncapital financing activities	<u>(107,868)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(16,872)</u>
Net cash used by capital and related financing activities	<u>(16,872)</u>
Cash flows from investing activities	<u>652</u>
Net increase in cash and cash equivalents	366,159
Cash and cash equivalents, beginning of period	<u>1,036,889</u>
Cash and cash equivalents, end of period	<u>\$ 1,403,048</u>

(continued)

VILLAGE OF PARKS

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2017

	<u>Utilities Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 260,274
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	200,597
Changes in current assets and liabilities:	
Increase in accounts receivable	(16,406)
Decrease in prepaid items	482
Increase in accounts payable and accrued liabilities	<u>45,300</u>
Total adjustments	<u>229,973</u>
Net cash provided by operating activities	<u>\$ 490,247</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

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

A. Financial Reporting Entity

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

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

Governmental Funds -

General Fund -

The General Fund is the general operating fund of the Village. It is used to account for and report all financial resources not accounted for and reported in another fund.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Special Revenue Fund -

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

Sales Tax Fund –

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

Proprietary Fund -

Utilities Fund -

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

The nonmajor fund of the Village is described below:

Governmental Funds -

Special Revenue Fund

Park Fund -

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

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

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

Cash, interest-bearing deposits, and investments

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Interfund receivables and payables

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

Receivables

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

Capital Assets

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

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Village’s threshold for capitalization is \$1,000.

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

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

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Long-term debt

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

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

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

Compensated Absences

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Equity Classifications

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

Fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned – all other spendable amounts.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

As of June 30, 2017, fund balances are composed of the following:

	General	Sales Tax Special Revenue	Nonmajor Fund	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted:				
Sales taxes	-	230,093	-	230,093
Assigned:				
Culture and recreation	-	-	23,915	23,915
Unassigned	<u>108,570</u>	<u>-</u>	<u>-</u>	<u>108,570</u>
Total fund balances	<u>108,570</u>	<u>230,093</u>	<u>23,915</u>	<u>362,578</u>

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Capitalization of Interest Expense

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest incurred for the year ended June 30, 2017.

F. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Village has cash and interest-bearing deposits (book balances) totaling \$1,807,692.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2017 are secured as follows:

Bank balances	<u>\$ 1,844,332</u>
At June 30, 2017 the deposits are secured as follows:	
Federal deposit insurance	\$ 648,805
Pledged securities	<u>1,195,527</u>
Total	<u>\$ 1,844,332</u>

Deposits in the amount of \$1,195,527 were exposed custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Village's name. The Village does not have a policy for custodial credit risk.

VILLAGE OF PARKS, LOUISIANA
Notes to Basic Financial Statements (Continued)

(3) Receivables

Receivables at June 30, 2017 of \$266,642 consist of the following:

	Governmental Activities	Business- Type Activities	Total
Accounts	\$ -	\$ 242,664	\$ 242,664
Taxes:			
Sales tax	16,291	-	16,291
Franchise tax	7,687	-	7,687
Totals	\$ 23,978	\$ 242,664	\$ 266,642

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	20,156	-	-	20,156
Total assets not being depreciated	<u>50,156</u>	<u>-</u>	<u>-</u>	<u>50,156</u>
Capital assets being depreciated:				
Buildings and improvements	121,001	2,200	-	123,201
Vehicles	51,698	-	-	51,698
Furniture and equipment	29,057	-	-	29,057
Infrastructure	460,187	-	-	460,187
Total assets being depreciated	<u>661,943</u>	<u>2,200</u>	<u>-</u>	<u>664,143</u>
Less accumulated depreciation:				
Buildings and improvements	75,474	3,168	-	78,642
Vehicles	28,358	10,340	-	38,698
Furniture and equipment	29,056	-	-	29,056
Infrastructure	70,264	23,916	-	94,180
Total accumulated depreciation	<u>203,152</u>	<u>37,424</u>	<u>-</u>	<u>240,576</u>
Governmental activities, net	<u>\$ 508,947</u>	<u>\$ (35,224)</u>	<u>\$ -</u>	<u>\$ 473,723</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 111,327	\$ -	\$ -	\$ 111,327
Construction in progress	62,998	-	-	62,998
Total assets not being depreciated	<u>174,325</u>	<u>-</u>	<u>-</u>	<u>174,325</u>
Capital assets being depreciated:				
Waterworks plant and equipment	5,711,806	16,872	(8,735)	5,719,943
Total assets being depreciated	<u>5,711,806</u>	<u>16,872</u>	<u>(8,735)</u>	<u>5,719,943</u>
Less accumulated depreciation:				
Waterworks plant and equipment	3,963,304	200,597	(8,735)	4,155,166
Total accumulated depreciation	<u>3,963,304</u>	<u>200,597</u>	<u>(8,735)</u>	<u>4,155,166</u>
Business-type activities, net	<u>\$ 1,922,827</u>	<u>\$ (183,725)</u>	<u>\$ -</u>	<u>\$ 1,739,102</u>

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 23,916
Public safety	10,340
Culture and recreation	<u>3,168</u>
Total depreciation expense	<u>\$ 37,424</u>

(5) Accounts, Salaries, and Other Payables

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

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 3,419	\$ 98,434	\$ 101,853
Salaries	4,291	-	4,291
Payroll taxes	<u>4,765</u>	<u>2,016</u>	<u>6,781</u>
Totals	<u>\$ 12,475</u>	<u>\$ 100,450</u>	<u>\$ 112,925</u>

(6) Dedication of Sales and Use Tax Revenues

Proceeds of the two percent (2%) sales and use tax being levied by the Village of Parks, after payment of all necessary expenses of collection and administration, have been dedicated to constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, sidewalks, sewers and sewerage disposal works, public buildings, police department and equipment, public parks, recreational facilities, waterworks, disposal of garbage street lighting, purchasing of immovable property and purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements, and facilities. Proceeds from the 2% sales and use tax were \$178,933 for the year ended June 30, 2017.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2017:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ -	\$ 11,459
Sales Tax Special Revenue Fund	-	43,747
Enterprise Fund:		
Utility Fund	55,632	-
Nonmajor Funds	-	426
Total	<u>\$ 55,632</u>	<u>\$ 55,632</u>

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

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2017:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 114,115	
Enterprise Fund:		
Utilities Fund		114,115
Total	<u>\$ 114,115</u>	<u>\$ 114,115</u>

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

(8) Ad Valorem Taxes

For the year ended June 30, 2017, the Village formally waived the imposition of its approved statutory millage.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Pension Plan/GASB 68

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of significant accounting policies:

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

Basis of accounting:

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

System employees:

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

Plan fiduciary net position:

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

Plan Description:

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

Benefits provided:

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

Membership prior to January 1, 2013:

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

Benefit rates are 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 per month, whichever is greater.

Membership commencing January 1, 2013:

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and 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 statutes, 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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

Initial benefit option plan:

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

Employer contributions:

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

For the year ended June 30, 2016, total contributions due for employers and employees were 39.5%. 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 29.5% and 10% respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 31.5% 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 32% and 7.5%, respectively.

Non-employer contributions:

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue and excluded from pension expense. The Village recognized \$2,555 of non-employer contribution revenue.

Schedule of employer allocations:

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

The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the year ended June 30, 2016 as compared to the total of all employers' contributions to the System for during the year ended June 30, 2016.

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 \$128,698 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 a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Village's proportion was .013731%, which was a decrease of .001048% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized pension expense of \$12,698 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$29.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 2,047
Changes of assumptions	6,257	8
Net difference between projected and actual earnings on pension plan investments	19,803	-
Change in proportion and differences between Employer contributions and proportionate share of contributions	1,634	11,880
Employer contributions subsequent to the measurement date	<u>15,418</u>	<u>-</u>
Total	<u>\$ 43,112</u>	<u>\$ 13,935</u>

Deferred outflows of resources of \$15,418 related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ended	
6/30/2018	\$ 1,636
6/30/2019	1,127
6/30/2020	5,964
6/30/2021	5,032

Actuarial methods and assumptions:

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

The actuarial assumptions used in the June 30, 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	2016 - 4 years 2015 - 4 years 2014 - 4 years	
Inflation Rate	2.875%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	<p>RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.</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>	

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 set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	53.00%	3.69%
Fixed Income	21.00%	0.49%
Alternative	20.00%	1.11%
Other	6.00%	0.21%
Totals	100.00%	5.50%
Inflation		2.75%
Expected Nominal Return		8.25%

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.

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

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, 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 rates as of June 30, 2016.

	Changes in Discount Rate		
	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Decrease 8.5%
Employer's Proportionate share of Net Pension Liability	\$ 171,566	\$ 128,698	\$ 92,707

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period as pension expense except as follows:

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$2,047 for the year ended June 30, 2016.

2. Changes of assumptions or other inputs: Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred inflow of resources in the amount of \$8 and in a deferred outflow of resources in the amount of \$6,257 for the year ended June 30, 2016.
3. Differences between projected and actual investment earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$19,803 for the year ended June 30, 2016.
4. Change in proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in the employer's proportionate shares resulted in a deferred inflow of resources in the amount of \$11,880 and in a deferred outflow of resources in the amount of \$1,634 for the year ended June 30, 2016.

Contributions – proportionate share:

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

Retirement system audit report:

Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Estimates:

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

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Commitments and Contingencies

At June 30, 2017, the Village is involved in one lawsuit. The lawsuit is in the discovery stages and it is therefore, premature to estimate the liability, if any. Therefore, no liability has been recorded as of June 30, 2017.

(11) Compensation of Village Officials

A detail of compensation paid to Village officials for the year ended June 30, 2017 follows:

Kevin J. Kately, Mayor	<u>\$ 51,495</u>
Aldermen:	
Yvonne Narcisse	\$ 4,225
Eva Potier	4,225
Harold Robertson	<u>3,900</u>
Total	<u>\$ 12,350</u>
Ronald J. Solarie, Chief of Police	<u>\$ 45,612</u>

(12) Risk Management

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

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

Under Act 706, the Village of Parks is required to disclose the compensation, reimbursements, benefits, and other payments made to the mayor, in which the payments are related to the position. The following is a schedule of payments made to the mayor for the year ended June 30, 2017.

Entity head: Kevin J. Kately, Mayor

Salary	\$ 51,495
Benefits-insurance	26,568
Allowance - vehicle	<u>5,100</u>
Total	<u>83,163</u>

VILLAGE OF PARKS, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) On-behalf Payments

The Village recognized \$9,000 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF PARKS
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 400	\$ 400	\$ 929	\$ 529
Licenses and permits	55,000	45,000	58,824	13,824
Fines and penalties	1,500	1,500	3,901	2,401
LGAP Grant	10,000	-	-	-
Intergovernmental	500	500	537	37
Miscellaneous	500	500	-	(500)
Total revenues	67,900	47,900	64,191	16,291
Expenditures:				
General government	81,015	87,195	84,090	3,105
Capital outlay	10,066	10,066	-	10,066
Total expenditures	91,081	97,261	84,090	13,171
Deficiency of revenues over expenditures	(23,181)	(49,361)	(19,899)	29,462
Other financing sources:				
Transfers in	66	110,961	114,155	3,194
Total other financing sources	66	110,961	114,155	3,194
Net change in fund balances	(23,115)	61,600	94,256	32,656
Fund balance, beginning	14,314	14,314	14,314	-
Fund balance, ending	\$ (8,801)	\$ 75,914	\$ 108,570	\$ 32,656

VILLAGE OF PARKS
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 140,000	\$ 140,000	\$ 178,933	\$ 38,933
Intergovernmental	12,000	12,000	9,000	(3,000)
Miscellaneous - interest and other	<u>100</u>	<u>100</u>	<u>79</u>	<u>(21)</u>
Total revenues	<u>152,100</u>	<u>152,100</u>	<u>188,012</u>	<u>35,912</u>
Expenditures:				
Public safety - police	176,970	185,970	182,229	3,741
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>176,970</u>	<u>185,970</u>	<u>182,229</u>	<u>3,741</u>
Excess of revenues over expenditures	<u>(24,870)</u>	<u>(33,870)</u>	<u>5,783</u>	<u>39,653</u>
Other financing uses:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(24,870)	(33,870)	5,783	39,653
Fund balance, beginning	<u>224,310</u>	<u>224,310</u>	<u>224,310</u>	<u>-</u>
Fund balance, ending	<u>\$ 199,440</u>	<u>\$ 190,440</u>	<u>\$ 230,093</u>	<u>\$ 39,653</u>

VILLAGE OF PARKS, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2017

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

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

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

VILLAGE OF PARKS, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2017

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

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

VILLAGE OF PARKS, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

(1) Budgets and Budgetary Accounting

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

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

(2) Pension Plan

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

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Parks, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village of Parks, Louisiana's basic financial statements and have issued our report thereon dated November 10, 2017.

Internal Control over Financial Reporting

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

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

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

deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, identified as item 2017-001 and 2017-002, to be material weaknesses.

Compliance and Other Matters

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

Village of Parks, Louisiana's Response to Findings

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

Purpose of this Report

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

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 10, 2017

VILLAGE OF PARKS

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2017

I. Prior Year Findings:

Internal Control Over Financial Reporting

2016-001 – Inadequate Segregation of Accounting Functions

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

Status: Unresolved. See item 2017-001.

2016-002 – Inadequate Controls Over Financial Statement Preparation

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

Status: Unresolved. See item 2017-002.

Compliance

2016-003 – Inadequate Securities Pledged

Finding: The total amount of the Village's bank balances at one particular bank were not fully insured and/or collateralized with pledged securities held by the custodial bank in the name of the pledging financial institution for the Village and, therefore, they were exposed to custodial credit loss risk of a maximum of \$2,680.

Status: Resolved.

Management Letter Items

There were no findings that were required to be reported at June 30, 2016.

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

Internal Control Over Financial Reporting

2017-001 – Inadequate Segregation of Accounting Functions; Year Initially Occurred--Unknown

(continued)

VILLAGE OF PARKS

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2017

Condition and Criteria:

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

Effect:

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

Cause:

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

Recommendation:

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

Management's Corrective Action Plan:

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

2017-002 – Inadequate Controls over Financial Statement Preparation; Year Initially Occurred—Unknown

Condition and Criteria:

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

Effect:

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

Cause:

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

Recommendation:

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

(continued)

VILLAGE OF PARKS

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2017

Management's Corrective Action Plan:

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

Compliance

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

Management Letter Items

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

VILLAGE OF PARKS, LOUISIANA

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2017

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of the Village of Parks and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Parks' compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the Village of Parks is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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.

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

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

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained; however, policies have no mention of how vendors are added, of controls to ensure compliance with public bid law or of documentation required to be maintained for all bids and price quotes.

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

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

d) **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures were obtained; however, policies do not address the functions noted above.

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

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

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

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

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

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

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained; however, policies do not address the functions noted above.

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

Written policies and procedures were obtained; however, policies do not address (2) – (4) 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.

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

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not include monthly budget-to-actual comparisons for the major funds for 11 out of the 12 meetings during the fiscal period.

- 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.

There was no deficit spending noted.

- 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.)

Obtained and reviewed the minutes of the managing board for the fiscal period noting that non-budgetary financial information was included.

Bank Reconciliations

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

Obtained listing of client bank accounts from management and management's representation that 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). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months for three of the accounts; however, there were no reconciliations prepared for one of the accounts.

- 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

Obtained bank statements and reconciliations for all months in the fiscal period noting that out of 48 tested months, none showed that management/board review took place for the bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting that accounts tested did not have management documentation reflecting research of the outstanding checks that had been outstanding for more than 6 months.

Collections

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

Obtained listing of cash collection locations and management's representation that 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). If there is a change in practitioner, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

At all locations, two of the three employees responsible for collecting cash were not bonded. Also, at all locations, the person responsible for collecting cash is also responsible for depositing cash in the bank, recording the deposit, and sharing a drawer with another person.

- 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.

Written documentation was obtained and addresses the functions noted above; however, this process is not performed by a person independent of the cash collection process.

- 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.

There were a total of 49 deposits tested, of which 2 were deposited within two days of receipt; 2 were deposited within three days of receipt; 7 were deposited within four days of receipt, and 1 was deposited within fifty days of receipt. The receipt that was held for fifty days involved a park rental fee. It is the Village's policy to hold the total funds received as a deposit for the rental. After the rental date, if the facility is in order, 1/2 of funds are returned to renter and other 1/2 is deposited by the Village.

- 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.

Collection documentation was obtained and addresses the functions noted above.

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.

Written policies and procedures were obtained and address the functions noted above except for the fact that there is no written documentation to determine the completeness of all collections.

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.

Listing of disbursements and management's representation that the listing is complete was obtained

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.

Of the 25 disbursements tested, 17 disbursements did not have a purchase order but should have based on the Village's policy. Another four disbursements were recurring and did not require a purchase order per Village policy.

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

Examined supporting documentation for each of the 25 disbursements selected and found appropriate approval.

- 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.

Examined supporting documentation for each of the 25 disbursements. Twenty-one did not have purchase orders as mentioned in 9a) above. None of the 25 disbursements had a receiving report. All of the disbursements had an approved invoice.

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.

Written policies and procedures were obtained and address the function noted above; however, the person responsible for processing payments can also add vendors.

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.

Written policies and procedures were obtained and address the functions noted above; however, the person with signatory authority can also initiate and record purchases.

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

documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

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

The Village does not use a signature stamp or signature machine.

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.

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained

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. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

The Village as only two credit cards; therefore, tested both cards.

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

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

Monthly statements were obtained. For one of the cards, the approval is done by the card holder.

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

No finance charges or late fees were assessed.

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

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Out of 13 transactions, only one did not have a receipt and it was for a carwash that did not provide a receipt.

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

No exceptions noted.

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

No other documentation required by Village policy.

- 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.

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.

No exceptions noted.

Travel and Expense Reimbursement

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

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained

- 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.

Policies were obtained. No amounts listed exceed 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.

Expenses were paid in accordance with written policy.

- 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.]

One exception noted.

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

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

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

The mayor approves his own expenses.

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.

Listing of all contracts in effect and management's representation that the listing is complete was obtained

- 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.

Only one contract was written and supported the services and amount paid. The other agreements were verbal agreements.

- 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)

None of the contracts were 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.

No quotes were obtained as a best practice.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No amendments noted.

- 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.

No noncompliance noted

- 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).

Mayor approves any major contracts as their policy does not require board approval.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained

- 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.

No exceptions noted

- 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.

There were no pay rate changes during the fiscal period.

- 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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted

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

No exceptions noted

- 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.

No exceptions noted.

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

There were no terminations during the fiscal period.

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.

Out of the 64 payroll dates tested, the payroll taxes were paid past the due date on 37 occasions.

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.

None of the employees selected had ethics training completed. The only people with ethics training were the Clerk, the Mayor, council, and police chief.

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.

Management asserted that they have received no allegations 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.

Not applicable.

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.

Not applicable.

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 asserted that the entity did not have any misappropriations of public funds or assets.

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.

The "fight fraud" sign was not found on the premises or on their website.

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

No exceptions noted.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Parks and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 10, 2017