
VILLAGE OF GROSSE TETE, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2018

VILLAGE OF GROSSE TETE, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
Village of Grosse Tete, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Grosse Tete, Louisiana, as of and for the year ended, December 31, 2018, and the related notes to the financial statement, which collectively comprise the Village of Grosse Tete, Louisiana '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 statements contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund information of the Village of Grosse Tete, Louisiana, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of plan contributions on pages 3 through 8 and 39 through 42, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Grosse Tete, Louisiana's basic financial statements. The schedule of compensation, benefits, and other payments to chief executive officer is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 on our consideration of the Village of Grosse Tete, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Grosse Tete, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Grosse Tete, Louisiana's internal control over financial reporting and compliance.

Diez, Dupuy & Ruiz

June 28, 2019
Gonzales, Louisiana

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

This section of Village's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year that ended on December 31, 2018. This MD&A should be read in conjunction with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Village's combined total net position increased by \$581,391 or 9.5 percent over the course of the year's operations. Net position of the governmental activities and business-type activities was \$5,203,457 and \$1,486,232, respectively.
- During the year, the Village's governmental activities expenses and transfers were \$523,495 less than the \$1,766,063 generated in charges for services, capital grants & contributions, taxes, and other revenue. In the Village's business-type activities, total revenues and transfers were \$326,963 and total expenses were \$269,608.
- The Village's general fund reported a decrease in fund balance of \$128,662 during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts-management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as water.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

**Figure A-1
Major Features of Village's Government-Wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Fund
Scope	Entire Village Government	The activities of the Village that are not proprietary or fiduciary, such as police, fire, and parks	Activities the Village operates similar to private businesses: the water system
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

Government-wide Statements

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net position and how they have changed. Net position, the difference between the Village's assets and liabilities, is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Village are divided into two categories:

- Governmental activities-most of the Village's basic services are included here, such as the police department, and general administration. Fines and fees finance most of these activities.
- Business-type activities-The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's water system is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds- not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

The Village has two kinds of funds:

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

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position. The Village's combined net position was \$6,689,689 at the end of the fiscal year. (See Table A-1.)

Table A-1

	Village's Net Position			
	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Current and other assets	\$ 1,284,633	\$ 1,326,304	\$ (410,750)	\$ (410,089)
Capital assets, net	4,215,819	3,696,990	1,971,239	1,903,343
Total assets	5,646,752	5,023,294	1,560,489	1,493,254
Deferred outflows of resources	178,415	184,220	23,688	27,744
Total assets and deferred outflows of resources	5,825,167	5,207,514	1,584,177	1,520,998
Current liabilities	50,715	13,156	14,698	12,866
Long-term liabilities	550,154	499,586	78,053	74,993
Total liabilities	600,869	512,742	92,751	87,859
Deferred inflows of resources	20,841	14,810	5,194	4,803
Total liabilities and deferred inflows of resources	621,710	527,552	97,945	92,622
Net position				
Net investment in capital assets	4,362,119	3,702,468	1,971,239	1,903,343
Restricted	307,003	257,571	-	-
Unrestricted	534,335	719,923	(485,007)	(475,007)
Total net position	\$ 5,203,457	\$ 4,679,962	\$ 1,486,232	\$ 1,428,336

Net position of the Village's governmental activities increased 11.1 percent to approximately \$5.2 million. Net position of the Village's business-type activities increased 4.0 percent to approximately \$1.49 million.

Changes in net position. The Village's total revenues and transfers for all programs increased approximately 26.1 percent to approximately \$1.98 million (See Table A-2.) 44 percent of the Village's revenues are derived from sales tax revenues, intergovernmental and grant revenues represent 41 percent of revenues, and charges for services represent 10 percent of revenues.

The total cost of all programs and services increased approximately 1.3 percent to approximately 1.41 million. The Village's expenses cover all services performed by its office.

Governmental Activities

Revenues and transfers for the Village's governmental activities increased by 64.3 percent and total expenses increased by 0.2 percent.

Business-type Activities

Revenues and transfers for the Village's business-type activities decreased by 42.0 percent and total expenses decreased by 7.1 percent.

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

**Table A-2
Changes in Village's Net Position**

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Revenues				
Program revenues				
Charges for services	\$ 62,740	\$ 103,748	\$ 138,986	\$ 126,185
Grants and contributions	644,567	12,079	73,010	203,068
General revenues				
Taxes	876,428	943,850	-	-
Licenses and permits	52,580	52,781	-	-
Miscellaneous	18,449	13,050	4,433	749
Intergovernmental	94,819	101,624	-	-
Interest	7,146	6,215	161	81
Pension benefit	9,334	8,189	898	742
Transfers (out) in	(110,016)	(233,839)	110,016	233,839
Total revenues and transfers	1,656,047	1,007,697	327,504	564,664
Expenses				
General government	370,970	339,282	-	-
Public safety	341,959	295,723	-	-
Highways and streets	380,656	472,788	-	-
Culture and recreation	38,967	22,119	-	-
Water and Sewer	-	-	269,608	290,158
Total expenses	1,132,552	1,129,912	269,608	290,158
Increases (decrease) in net position	\$ 523,495	\$ (122,215)	\$ 57,896	\$ 274,506

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported a combined fund balance of \$1,233,918. General Fund's fund balance decreased by \$128,662. The primary reason for the general fund's decrease in fund balance is due to the decrease in sales taxes collected.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Village's General Fund budget was amended. The amendment of the operating budget is customary practice of the Village and reflective of the financial changes that occur throughout the year. The most significant reasons for the budget amendment during 2018 is as follows:

- A decrease in tax revenues by \$100,000.
- An increase in intergovernmental revenues by \$300,000.
- A decrease in fines and forfeiture revenues by \$33,000.
- An increase in general government expenditures by \$52,500.
- An increase in highways and streets capital outlay expenditures by \$110,850.

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

Actual revenues exceeded budgeted amounts by \$64,245. Budgeted expenditures exceeded actual amounts by \$62,109.

CAPITAL ASSETS

At the end of 2018, the Village had invested approximately \$6,333,358 in a broad range of capital assets, including police equipment, vehicles, buildings, and water well and sewer systems. (See Table A-3)

Table A-3
Village's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	Total
	2018	2017	2018	2017	2018	2017
Land	\$ 146,300	\$ 146,300	\$ 1,000	\$ 1,000	\$ 147,300	\$ 147,300
Construction in progress	-	83,690	-	-	-	83,690
Buildings	2,700,643	2,762,712	-	-	2,700,643	2,762,712
Other Improvements	861,618	471,894	-	-	861,618	471,894
Sewer System	-	-	1,726,278	1,673,044	1,726,278	1,673,044
Water System	-	-	243,961	229,299	243,961	229,299
Equipment	653,558	232,394	-	-	653,558	232,394
Total	\$ 4,362,119	\$ 3,696,990	\$ 1,971,239	\$ 1,903,343	\$ 6,333,358	\$ 5,600,333

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village is dependent on taxes for 73% of its revenues. Fines and video poker account for 18%. The economy is not expected to generate any significant growth. The Village's revenues are expected to be consistent with the current years actual revenues with the exception of a capital grants not expected to be received in 2019. Budgeted expenditures are expected to decrease attributed to the decrease in capital outlay as a result of the grants awarded in the prior year ended 2018.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Michael Chauffe, Mayor, P.O. Box 98, Grosse Tete, LA 70740-0089 or by calling (225)648-2131.

VILLAGE OF GROSSE TETE
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 358,205	\$ 25,792	\$ 383,997
Certificates of deposit	337,976	-	337,976
Receivables, net	96	16,337	16,433
Grant receivables	15,266	-	15,266
Taxes receivable	77,958	-	77,958
Due from other governments	21,921	-	21,921
Internal balances	453,860	(453,860)	-
Prepaid expenses	19,351	981	20,332
Capital assets:			
Non-depreciable	146,300	1,000	147,300
Depreciable, net of accumulated depreciation	4,215,819	1,970,239	6,186,058
Total assets	<u>5,646,752</u>	<u>1,560,489</u>	<u>7,207,241</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	178,415	23,688	202,103
Total deferred outflows of resources	<u>178,415</u>	<u>23,688</u>	<u>202,103</u>
Total assets and deferred outflows of resources	<u>\$ 5,825,167</u>	<u>\$ 1,584,177</u>	<u>\$ 7,409,344</u>
LIABILITIES			
Accounts payable	\$ 33,980	\$ 14,698	\$ 48,678
Accrued liabilities	16,735	-	16,735
Long-term liabilities:			
Net pension liability	550,154	78,053	628,207
Total liabilities	<u>600,869</u>	<u>92,751</u>	<u>693,620</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	20,841	5,194	26,035
Total deferred inflows of resources	<u>20,841</u>	<u>5,194</u>	<u>26,035</u>
NET POSITION			
Net investment in capital assets	4,362,119	1,971,239	6,333,358
Restricted for fire protection	307,003	-	307,003
Unrestricted	534,335	(485,007)	49,328
Total net position	<u>5,203,457</u>	<u>1,486,232</u>	<u>6,689,689</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,825,167</u>	<u>\$ 1,584,177</u>	<u>\$ 7,409,344</u>

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

VILLAGE OF GROSSE TETE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Activities							
Governmental:							
General government	\$ 370,970	\$ -	\$ -	\$ 329,488	\$ (41,482)	\$ -	\$ (41,482)
Public safety	341,959	60,900	-	-	(281,059)	-	(281,059)
Public works - highways and streets	380,656	1,840	-	315,079	(63,737)	-	(63,737)
Culture and recreation	38,967	-	-	-	(38,967)	-	(38,967)
Total governmental activities	<u>1,132,552</u>	<u>62,740</u>	<u>-</u>	<u>644,567</u>	<u>(425,245)</u>	<u>-</u>	<u>(425,245)</u>
Business-type:							
Utility	269,608	138,986	-	73,010	-	(57,612)	(57,612)
Total business-type activities	<u>269,608</u>	<u>138,986</u>	<u>-</u>	<u>73,010</u>	<u>-</u>	<u>(57,612)</u>	<u>(57,612)</u>
Total Primary Government	<u>\$ 1,402,160</u>	<u>\$ 201,726</u>	<u>\$ -</u>	<u>\$ 717,577</u>	<u>(425,245)</u>	<u>(57,612)</u>	<u>(482,857)</u>
General Revenues:							
Taxes					876,428	-	876,428
Licenses and permits					52,580	-	52,580
Intergovernmental					94,819	-	94,819
Interest					7,146	161	7,307
Miscellaneous					18,449	4,433	22,882
Contributions from non-employer contributing entities - pension benefit					9,334	898	10,232
Transfers					(110,016)	110,016	-
Total general revenues and transfers					<u>948,740</u>	<u>115,508</u>	<u>1,064,248</u>
Change in net position					523,495	57,896	581,391
Net position - beginning					<u>4,679,962</u>	<u>1,428,336</u>	<u>6,108,298</u>
Net position - ending					<u>\$ 5,203,457</u>	<u>\$ 1,486,232</u>	<u>\$ 6,689,689</u>

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

VILLAGE OF GROSSE TETE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Special Revenue Fire Protection Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 165,245	\$ 192,960	\$ 358,205
Certificates of deposit	235,064	102,912	337,976
Accounts receivables, net	96	-	96
Grants receivable	15,266	-	15,266
Taxes receivable	64,058	13,900	77,958
Due from other funds	453,860	5,522	459,382
Due from other governments	18,443	3,478	21,921
Prepaid expenses	9,753	9,598	19,351
Total assets	\$ 961,785	\$ 328,370	\$ 1,290,155
LIABILITIES			
Accounts payable	\$ 12,613	\$ 21,367	\$ 33,980
Accrued liabilities	16,735	-	16,735
Due to other funds	5,522	-	5,522
Total liabilities	34,870	21,367	56,237
FUND BALANCES			
Nonspendable	9,753	9,598	19,351
Restricted for:			
Fire Protection	-	297,405	297,405
Unassigned	917,162	-	917,162
Total fund balances	926,915	307,003	1,233,918
Total liabilities and fund balances	\$ 961,785	\$ 328,370	\$ 1,290,155

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

VILLAGE OF GROSSE TETE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total fund balances - Governmental funds		\$ 1,233,918
Amounts reported for governmental activities in the statement of net position is different because:		
Deferred outflows-pension related		178,415
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets at December 31, 2018	\$ 6,822,056	
Less: accumulated depreciation as of December 31, 2018	<u>(2,459,937)</u>	4,362,119
Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Net pension liability		(550,154)
Deferred inflows-pension related		<u>(20,841)</u>
Total net position at December 31, 2018 - Governmental Activities		<u><u>\$ 5,203,457</u></u>

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

VILLAGE OF GROSSE TETE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Special Revenue Fire Protection Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 705,355	\$ 171,073	\$ 876,428
Licenses and permits	52,580	-	52,580
Intergovernmental revenue	739,386	-	739,386
Fines and forfeitures	62,740	-	62,740
Interest	4,025	3,121	7,146
Miscellaneous	12,849	6,675	19,524
Total revenues	<u>1,576,935</u>	<u>180,869</u>	<u>1,757,804</u>
EXPENDITURES			
Current:			
General government	317,852	-	317,852
Public safety	130,283	103,982	234,265
Public works - highways and streets	292,633	-	292,633
Culture & recreational	22,357	-	22,357
Capital Outlay:			
General government	455,146	-	455,146
Public safety	-	27,455	27,455
Public works - highways and streets	377,310	-	377,310
Total expenditures	<u>1,595,581</u>	<u>131,437</u>	<u>1,727,018</u>
Excess (deficiency) of revenues over expenditures	(18,646)	49,432	30,786
OTHER FINANCING USES			
Transfers out	(110,016)	-	(110,016)
Total other financing uses	<u>(110,016)</u>	<u>-</u>	<u>(110,016)</u>
Net change in fund balances	(128,662)	49,432	(79,230)
Fund Balances, Beginning of Year	1,055,577	257,571	1,313,148
Fund Balances, End of Year	<u>\$ 926,915</u>	<u>\$ 307,003</u>	<u>\$ 1,233,918</u>

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

VILLAGE OF GROSSE TETE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO CHANGES
IN NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Net change in fund balances - Governmental Funds \$ (79,230)

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

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

Capital Assets:

Capital outlay capitalized	\$ 859,911	
Depreciation expense for the year ended December 31, 2018	(186,374)	673,537

In the statement of activities, only the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the difference in cost and accumulated depreciation of disposed assets. (8,408)

Certain revenues in the statement of activities that do not provide available current financial resources are not reported as revenues in the funds.

Contributions from non-employer contributing entities - pension benefit	9,334
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Certain expenses in the statement of activities that do not provide available current financial resources are not reported as expenditures in the funds.

Net effect of change in net position liability and deferrals	(71,738)
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Change in net position of governmental activities	\$ 523,495
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF GROSSE TETE
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2018

ASSETS

Current assets:	
Cash and cash equivalents	\$ 25,792
Accounts receivables, net	16,337
Prepaid expenses	981
Total current assets	<u>43,110</u>
Noncurrent assets	
Capital assets:	
Non-depreciable	1,000
Capital assets, net of accumulated depreciation	1,970,239
Total noncurrent assets	<u>1,971,239</u>
Total assets	<u>2,014,349</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related	<u>23,688</u>
Total deferred outflows of resources	<u>23,688</u>
Total assets and deferred outflows of resources	<u>\$ 2,038,037</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ 14,698
Due to other funds	453,860
Total current liabilities	<u>468,558</u>
Noncurrent liabilities:	
Net pension liability	78,053
Total noncurrent liabilities	<u>78,053</u>
Total liabilities	<u>546,611</u>

DEFERRED INFLOWS OF RESOURCES

Pension related	<u>5,194</u>
Total deferred inflows of resources	<u>5,194</u>

NET POSITION

Net investment in capital assets	1,971,239
Unrestricted	<u>(485,007)</u>
Total net position	<u>1,486,232</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,038,037</u>

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

VILLAGE OF GROSSE TETE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

OPERATING REVENUES

Charges for service	\$ 135,566
Connection/reconnection fees	1,350
Penalty charges	2,070
Miscellaneous	4,433
Contributions from non-employer contributing entities - pension benefit	898
Total operating revenues	144,317

OPERATING EXPENSES

Salaries & benefits	42,061
Depreciation	94,169
Insurance & bonds	4,981
Miscellaneous	376
Dues & subscriptions	6,539
Postage, printing and office supplies	684
Professional services	1,506
Repairs & maintenance	7,635
Sewer expenses	15,452
Tools & supplies	4,234
Water purchases - Water District # 4	91,971
Total operating expenses	269,608

OPERATING LOSS

(125,291)

NONOPERATING REVENUES

Interest income	161
Total non-operating revenues	161

Loss before capital grants, contributions and transfers (125,130)

CAPITAL GRANTS AND CONTRIBUTIONS

73,010

TRANSFERS IN

110,016

Change in net position 57,896

Total net position - beginning 1,428,336

Total net position - ending \$ 1,486,232

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

VILLSGE OF GROSSE TETE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 141,792
Payments for goods and services	(131,524)
Payments for salaries and benefits	(34,554)
Net cash used in operating activities	<u>(24,286)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	161
Net cash provided by investing activities	<u>161</u>

CASH FLOWS FROM NONCAPITAL FINANCING

Proceeds from loans due to other funds	3,433
Transfers from other funds	110,016
Net cash provided by noncapital financing	<u>113,449</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCIAL ACTIVITIES**

Capital contributions from other governments	73,010
Capital asset additions	(162,065)
Net cash used in capital and related financing activities	<u>(89,055)</u>

Net increase in cash and cash equivalents 269

Cash and cash equivalents - December 31, 2017	<u>25,523</u>
Cash and cash equivalents - December 31, 2018	<u>\$ 25,792</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Operating loss	\$ (125,291)
Adjustments to reconcile operating loss to net cash used in operating activities-	
Depreciation	94,169
Change in assets and liabilities	
Accounts receivable - customers	(2,525)
Prepaid expenses	22
Accounts payable	1,832
Net pension liability and related deferred inflows and outflows	7,507
Net cash used in operating activities	<u>\$ (24,286)</u>

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

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Village of Grosse Tete, Louisiana, (the Village) was incorporated April 15, 1922, under the provision of the Lawrason Act. The Village operates under a Mayor-Aldermen form of government. The Village provides general government and public safety (police and fire protection) services, maintains streets, street lighting and highways, and provides water and sewer services to its approximately 647 residents. The Village has approximately 25 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Village of Grosse Tete, Louisiana, (the Village) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Both the government-wide financial statements and the proprietary fund financial statements follow guidance included in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Reporting Entity

The Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the municipality is considered a primary government since it is a general purpose government that have a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the municipality without the approval or consent of another governmental entity determine or modify its own budget, levy its taxes or set rates or charges, and issue bonded det. The municipality has oversight of other component units that are either blended into the municipality's basic financial statements or discretely presented in a separate column in the government-wide financial statements.

Related Organizations – The following organization was considered for inclusion in the reporting entity but did not meet all of the requirements. Therefore, this entity was considered to be a related organization not reported in the accompanying basic financial statements.

Rosedale-Grosse Tete Volunteer Fire Department – This potential component unit provides volunteer fire services within the Village. Although the Village provides facilities and equipment, it does not exercise direct control over their operations.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the Village of Grosse Tete. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental and business-type activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. 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 fund financial statements provide information about the Village's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental funds:

- a. General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue resources (other than assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports the following proprietary fund:

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

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Sales and franchise taxes, video poker revenues, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Transfers between funds are not expected to be repaid and are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Policy and Accounting

Budgets and Budgetary Accounting - The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

- 1) The Village's Mayor and Village Aldermen prepare a proposed budget message and budget prior to the beginning of each fiscal year.
- 2) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- 3) A special meeting is held to conduct a public hearing to review and discuss on the proposed budget.
- 4) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 5) Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Village Aldermen.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget for the General Fund Special Revenue Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Interfund Activity - Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when on fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Non-operating Revenue and Expense - The Village's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's water and sewer fund consists of charges for services (including tap fees) and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of Cash Flows - For purposes of the statement of cash flows, the Utility Enterprise Fund considers all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased to be cash equivalents.

Cash and Cash Equivalents - Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with original maturities of three months or less are cash equivalents. Earnings are recorded in the general and proprietary funds.

Accounts Receivables - Accounts receivables are recorded at cost, net of any allowance for doubtful accounts. The Village uses the allowance method to recognize any bad debts for utility receivables. The allowance is based on management's estimate of uncollectible receivables as of the end of each year.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond December 31 are recorded as prepaid items.

Long-Term Liabilities - Long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term liabilities 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 principle and interest are reported as expenditures in the fund statements.

The reporting of long-term liabilities in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

Capital Assets - Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary fund. Capital assets purchases or acquired are reported at historical cost or estimated historical costs. Donated assets are reported at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Land improvements	20 years
Water distribution system	20 years
Fire Trucks	15 years
Firefighting equipment	10 years
Machinery and equipment	5-7 years
Vehicles	5 years

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Annual and Sick Leave - The Village's annual and sick leave policy does not provide for the accumulation and vesting of leave.

Pension Plans - The Village is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 7. 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 plan, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

Fund Equity – Equity Classifications

Government-wide and proprietary fund net position is displayed in three components:

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attainable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of net assets with constraints placed on the use of either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Financial Statements - are reported in as many as five classifications as listed below:

- Nonspendable- represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.
- Restricted- represents balances where constraints have been established by parties outside the Village or imposed by law through constitutional provisions or enabling legislation.
- Committed- represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village Alderman.
- Assigned- represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted or committed.
- Unassigned- represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Use of Restricted Resources - When an expense is incurred that can be paid using either restricted or unrestricted resources net position, the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Village's policy is to first apply the expenditure toward restricted fund balance and then to other less-restrictive classification-committed and then assigned fund balances before using assigned fund balances.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Village has one item that qualifies for this category; pension related deferrals, which are reported in the government-wide statement.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The Village has one item that qualifies for this category; pension related deferrals. The amounts deferred are recognized as an inflow of resources in the period that the amount becomes available.

2. CASH AND CASH EQUIVALENTS

At December 31, 2018, the Village's cash and cash equivalents (book balance) consisted of the following:

Cash in checking accounts	\$ 189,609
Funds held in LAMP	<u>194,388</u>
Total cash and cash equivalents	<u>\$ 383,997</u>

Custodial Credit Risk- Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. The Village's bank balances were not exposed to custodial credit risk at December 31, 2018.

Cash held at December 31, 2018 include \$194,388 invested in the Louisiana Asset Management Pool, Inc. (LAMP). The LAMP portfolio includes only securities and other obligations in which local governments are authorized to invest in accordance with LA-RS 33:2955.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS (continued)

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is (NUMBER- days) (from LAMP's monthly Portfolio Holdings) as of (DATE - month-end).
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

3. CERTIFICATES OF DEPOSIT

The Village holds certificates of deposits at various financial institutions. The certificates of deposit have maturities ranging from 12 months to 23 months. The following is a summary of the Village's certificates of deposit at book value as of December 31, 2018:

Governmental Funds:	
Certificates of deposit	\$ 337,976
Total governmental funds	<u>\$ 337,976</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

4. ACCOUNTS RECEIVABLE

In the government-wide statements, receivables consist of all revenues earned as year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales taxes and franchise taxes. Business-type activities report utility earnings as its major receivable.

The following is a summary of receivables for December 31, 2018, net of allowance for uncollectible accounts where applicable:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total 2017</u>
Taxes				
Parish sales tax	\$ 55,231	\$ 13,900	\$ -	\$ 69,131
Franchise	8,827	-	-	8,827
Total taxes	<u>64,058</u>	<u>13,900</u>	<u>-</u>	<u>77,958</u>
Grants				
Capital Grants	15,266	-	-	15,266
Total grants	<u>15,266</u>	<u>-</u>	<u>-</u>	<u>15,266</u>
Due from other governments				
State video poker	17,331	-	-	17,331
Other	1,112	3,478	-	4,590
Total due from other governments	<u>18,443</u>	<u>3,478</u>	<u>-</u>	<u>21,921</u>
Other receivables, net	96	-	16,337	16,433
Total receivables	<u>\$ 97,863</u>	<u>\$ 17,378</u>	<u>\$ 16,337</u>	<u>\$ 131,578</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at December 31, 2018:

<u>Class of Receivables</u>	<u>Proprietary Fund</u>
Customer Accounts	\$ 5,021
	<u>\$ 5,021</u>

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 146,300	\$ -	\$ -	\$ 146,300
Construction in progress	83,690	828,134	911,824	-
Total Capital Assets Not Being Depreciated:	<u>229,990</u>	<u>828,134</u>	<u>911,824</u>	<u>146,300</u>
Capital Assets Being Depreciated:				
Buildings and improvements	3,506,814	30,284	11,626	3,525,472
Office furniture and equipment	26,228	-	-	26,228
Machinery and equipment	287,252	-	38,775	248,477
Vehicles	97,745	-	-	97,745
Park	121,961	481,195	34,308	568,848
Waterlines and hydrants	54,920	-	-	54,920
Sidewalk and street improvements	664,548	430,627	-	1,095,175
Fire vehicles and equipment	1,098,226	1,495	40,830	1,058,891
Total Capital Assets Being Depreciated:	<u>5,857,694</u>	<u>943,601</u>	<u>125,539</u>	<u>6,675,756</u>
Totals	<u>6,087,684</u>	<u>1,771,735</u>	<u>1,037,363</u>	<u>6,822,056</u>
Less Accumulated Depreciation for:				
Buildings and improvements	744,102	92,353	11,626	824,829
Office furniture and equipment	21,472	1,135	-	22,607
Machinery and equipment	213,455	19,173	30,367	202,261
Vehicles	74,453	5,947	-	80,400
Park	49,855	16,610	34,308	32,157
Waterlines and hydrants	51,938	769	-	52,707
Sidewalk and street improvements	192,654	40,903	-	233,557
Fire vehicles and equipment	1,042,765	9,484	40,830	1,011,419
Total Accumulated Depreciation	<u>2,390,694</u>	<u>\$186,374</u>	<u>\$ 117,131</u>	<u>2,459,937</u>
Capital Assets Being Depreciated, net	<u>3,467,000</u>			<u>4,215,819</u>
Governmental Activities Capital Assets, net	<u>\$ 3,696,990</u>			<u>\$ 4,362,119</u>

For the year ended December 31, 2018, depreciation expense was \$186,374.

General Government	\$ 17,118
Public Safety – Police	7,583
Public Safety – Fire	95,466
Public Works – Highways and Streets	16,610
Culture and Recreation	49,597
	<u>\$ 186,374</u>

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

5. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated:	1,000	-	-	1,000
Capital Assets Being Depreciated:				
Water system	762,159	59,419	116,013	705,565
Sewer System	1,933,742	102,646	-	2,036,388
Machinery and equipment	3,815	-	-	3,815
Total Capital Assets Being Depreciated:	2,699,716	162,065	116,013	2,745,768
Totals	2,700,716	162,065	116,013	2,746,768
Less Accumulated Depreciation for:				
Water system	532,860	44,757	116,013	461,604
Sewer System	260,698	49,412	-	310,110
Machinery and equipment	3,815	-	-	3,815
Total Accumulated Depreciation	797,373	94,169	116,013	775,529
Capital Assets Being Depreciated, net	1,902,343			1,970,239
Business-type Activities Capital Assets, net	\$ 1,903,343			\$ 1,971,239

6. INTERFUND RECEIVABLES/PAYABLE

The following is a detailed list of interfund balances reported in the fund financial statements at December 31, 2018:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 453,860	\$ 5,522
Fire Protection Fund	5,522	-
Utility Fund	-	453,860
	\$ 459,382	\$ 459,382

Transfers from the general fund to the fire protection fund and utility fund are to provide supplemental funds for fund operations. These balances are not expected to be repaid within a year.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN

The Village of Grosse Tete (the Village) is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29 (F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a spate board of trustees.

Each System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing, calling or downloading the report as follows:

MERS:

7937 Office Park Boulevard
Baton Rouge, Louisiana 70809
(225) 925-4810
www.mersla.com

MPERS:

7722 Office Park
Boulevard, Suite 200
Baton Rouge, LA 70809
www.lampers.com

Plan Description:

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2018, there were 84 contributing municipalities in Plan A and 68 in Plan B. The Village of Grosse Tete is a participant in Plan A only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any member of Plan A, who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of credible service.
2. Age 60 with a minimum of ten (10) years credible service.
3. Any age with five (5) years of credible service eligible for disability benefits.
4. Survivor's benefits require five (5) years credible service at death of member.
5. Any age with 20 years of credible service, exclusive of military service with an actuarially reduced early benefit.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN (continued)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Eligibility for Retirement for Plan A and Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of credible service
2. Age 62 with ten (10) or more years of credible service
3. Age 55 with thirty (30) or more years of credible service
4. Any age with twenty five (25) years of credible service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued service to the age

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of credible service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Upon death of any member of Plan A with five (5) or more years of credible service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits. Upon death for any member of Plan B with five (5) or more years of credible service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable by employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and received a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which make them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of a specified period of participation, a participant in the Drop may receive, at his option, a lump sum from the account equal to the payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary, or if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN (continued)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of credible service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of credible service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of credible service projected to his earliest normal retirement age.

Municipal Police Employees' Retirement System (MPERS)

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

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

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 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.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN (continued)

Municipal Police Employees' Retirement System of Louisiana (MPERS)

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 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 GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN (continued)

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plan are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2018, for the Village and covered employees were as follows:

	<u>Village</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A		
All employees	24.75%	9.50%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	30.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	30.75%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	33.25%	7.50%

The Village's contributions made to the System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Municipal Employees' Retirement System Plan A	\$ 60,529	\$ 54,635	\$ 37,191
Municipal Police Employees' Retirement System	\$ 14,359	\$ 7,125	\$ 6,726

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

The following schedule lists the Village's proportionate share of the Net Pension Liability allocated by the pension plan for based on the June 30, 2018 measurement date. The Village uses this measurement to record its Net Pension Liability and associated amount as of December 31, 2018, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 rate.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN (continued)

The Village's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>Net Pension Liability at June 30, 2018</u>	<u>Rate at June 30, 2018</u>	<u>Increase (Decrease) on June 30, 2017 Rate</u>
Municipal Employees' Retirement System Plan A	\$ 535,390	0.1293%	0.0079%
Municipal Police Employees' Retirement System	<u>92,817</u>	0.0110%	(0.0033%)
	<u>\$ 628,207</u>		

The following schedule list each pension plan's recognized pension expense of the Village for the year ended December 31, 2018:

	<u>Total</u>
Municipal Employees' Retirement System Plan A	\$ 75,498
Municipal Police Employees' Retirement System	<u>4,645</u>
	<u>\$ 80,143</u>

At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 418	\$ 24,018
Changes in assumptions	22,182	-
Net difference between projected and actual earnings on pension plan investments	86,494	-
Changes in proportion and differences in employer contributions and proportionate share of contributions	54,020	2,017
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	38,989	-
	<u>\$ 202,103</u>	<u>\$ 26,035</u>

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Municipal Employees' Retirement System Plan A	\$ 163,928	\$ 19,275
Municipal Police Employees' Retirement System	38,175	6,760
	<u>\$ 202,103</u>	<u>\$ 26,035</u>

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN (continued)

The Village reported a total of \$38,989 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2018. The following schedule list each pension contributions made subsequent to the measurement period for each plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan A	\$ 31,140
Municipal Police Employees' Retirement System	7,849
	\$ 38,989

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

Year	MERS	MPERS	Total
2019	\$ 70,125	\$ 10,822	\$ 80,947
2020	33,828	8,647	72,475
2021	7,221	3,935	11,156
2022	2,339	162	2,501
	\$ 113,513	\$ 23,566	\$ 137,079

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2018, are as follows:

	MERS	MPERS
Valuation Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:		
Expected Remaining		
Service Lives	3 years	4 years
Investment Rate of Return	7.275%	7.20% net of investment expenses
Inflation Rate	2.60%	2.60%
Mortality	RP-2000 Healthy Annuitant Sex Distinct Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using Scale AA.	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.
	RP-2000 Employees Sex Table set back 2 years for both males and females.	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.
	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN (continued)

	MERS	MPERS								
Salary Increases	5.0%	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Years of Service</th> <th style="text-align: center; border-bottom: 1px solid black;">Salary Growth Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">9.75%</td> </tr> <tr> <td style="text-align: center;">3-23</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td style="text-align: center;">23 & Over</td> <td style="text-align: center;">4.25%</td> </tr> </tbody> </table>	Years of Service	Salary Growth Rate	1-2	9.75%	3-23	4.75%	23 & Over	4.25%
Years of Service	Salary Growth Rate									
1-2	9.75%									
3-23	4.75%									
23 & Over	4.25%									
Cost of Living Adjustments	<p>The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.</p>	<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 actuarial assumptions used in the June 30, 2018 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014 for MERS and MPERS.

The following schedule list the methods used by each of the retirement system in determining the long-term rate of return on pension plan investments:

MERS	MPERS
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 7.0% for the year ended June 30, 2018.</p>	<p>The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.03% for the year ended June 30, 2018.</p>

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for the major asset class included in the Retirement System target asset allocations as of June 30, 2018:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	50.0%	-	2.20%	-
Equity	-	52.0%	-	3.58%
Public fixed income	35.0%	-	1.50%	-
Fixed income	-	22.0%	-	0.46%
Alternatives	15.0%	20.0%	0.60%	1.07%
Other	-	6.0%	-	0.17%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>4.30%</u>	<u>5.28%</u>
Inflation			<u>2.70%</u>	<u>2.75%</u>
Expected Arithmetic Nominal Return			<u>7.00%</u>	<u>8.03%</u>

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan'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. The discount rate used to measure the total pension liability for MERS and MPERS was 7.275% and 7.200%, respectively, for the year ended June 30, 2018.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Village's proportionate share of the Net Pension Liability (NPL) using the discount rate for the Retirement System as well as what the Village's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS			
Rates	6.275%	7.275%	8.275%
Village of Grosse Tete Share of NPL	\$ 687,757	\$ 535,390	\$ 405,339
MPERS			
Rates	6.200%	7.200%	8.200%
Village of Grosse Tete Share of NPL	\$ 130,434	\$ 92,817	\$ 61,258

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION AND RETIREMENT PLAN (continued)

Non-Employer Contributions

MPERS – 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 were recognized as revenue during the year ended June 30, 2018, and excluded from pension expense.

MERS – According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

8. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village is a member of two separate trust funds established by the Louisiana Municipal Association that encompasses self-insurance of (1) Municipal professional liability and comprehensive general liability, and (2) Statutory workers' compensation. The Village carries commercial insurance for all other risk of loss.

9. DEFERRED COMPENSATION PLAN

All full-time employees are eligible to participate in the Louisiana Public Employees Deferred Compensation Plan. Through payroll deductions, employees can make pre-tax contributions to this 457 plan from eligible pay. The amount allowed to contribute to the plan is based on taxable compensation as defined by the Internal Revenue Code (IRC). In 2018, the Village matched employee's contributions up to 8.0%, dollar for dollar. The total employer contributions made for December 31, 2018 was \$7,580.

10. COMPENSATION OF VILLAGE OFFICIALS

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2018 is as follows:

Mayor-	
Michael Chauffe	\$ 26,400
Members of the Board	
Jeanie David	8,400
Marcus Hill	8,400
Client Senaca	8,400
	<hr/>
	\$ 51,600

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 28, 2019, and determined that there were no events that require disclosure.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

VILLAGE OF GROSSE TETE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 761,200	\$ 661,200	\$ 705,355	\$ 44,155
Licenses and permits	47,340	47,340	52,580	5,240
Intergovernmental revenue	441,000	741,000	739,386	(1,614)
Fines and forfeitures	91,000	58,000	62,740	4,740
Interest	1,600	1,600	4,025	2,425
Miscellaneous	2,050	3,550	12,849	9,299
Total revenues	<u>1,344,190</u>	<u>1,512,690</u>	<u>1,576,935</u>	<u>64,245</u>
<u>EXPENDITURES</u>				
Current:				
General government	362,700	415,200	317,852	97,348
Public safety	165,800	170,950	130,283	40,667
Public works - highways and streets	354,843	354,843	292,633	62,210
Culture & recreational	15,000	15,000	22,357	(7,357)
Capital Outlay:				
General government	465,847	465,847	455,146	10,701
Public safety	25,000	25,000	-	25,000
Highways and streets	100,000	210,850	377,310	(166,460)
Total expenditures	<u>1,489,190</u>	<u>1,657,690</u>	<u>1,595,581</u>	<u>62,109</u>
Excess (deficiency) of revenues over expenditures	(145,000)	(145,000)	(18,646)	126,354
<u>OTHER FINANCING USES</u>				
Transfers out	(80,000)	(80,000)	(110,016)	(30,016)
Total other financing uses	<u>(80,000)</u>	<u>(80,000)</u>	<u>(110,016)</u>	<u>(30,016)</u>
Net change in fund balance	(225,000)	(225,000)	(128,662)	96,338
Fund Balance, Beginning of Year	<u>225,000</u>	<u>225,000</u>	<u>1,055,577</u>	<u>830,577</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926,915</u>	<u>\$ 926,915</u>

VILLAGE OF GROSSE TETE
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Taxes	\$ 180,000	\$ 160,000	\$ 171,073	\$ 11,073
Intergovernmental revenue	50,000	-	-	-
Interest	1,000	1,000	3,121	2,121
Miscellaneous	5,000	5,000	6,675	1,675
Total revenues	<u>236,000</u>	<u>166,000</u>	<u>180,869</u>	<u>14,869</u>
<u>EXPENDITURES</u>				
Current:				
Public Safety - Fire	180,925	115,325	103,982	11,343
Capital Outlay	55,075	50,675	27,455	23,220
Total expenditures	<u>236,000</u>	<u>166,000</u>	<u>131,437</u>	<u>34,563</u>
Excess of revenues over expenditures	-	-	49,432	49,432
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>257,571</u>	<u>257,571</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,003</u>	<u>\$ 307,003</u>

VILLAGE OF GROSSE TETE

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

LAST TEN FISCAL YEARS (1)

As of the fiscal year ended (2):

	2018		2017		2016		2015	
	MERS (Plan A)	MPERS						
Employer's Proportion of the Net Pension Liability (Assets)	0.1293%	0.0110%	0.1214%	0.0076%	0.1054%	0.0081%	0.0780%	0.0082%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 535,390	\$ 92,817	\$ 507,905	\$ 66,674	\$ 432,070	\$ 76,285	\$ 278,535	\$ 64,144
Employer's Covered-Employee Payroll	\$ 237,101	\$ 32,400	\$ 221,424	\$ 22,800	\$ 188,307	\$ 22,800	\$ 132,817	\$ 21,900
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	225.8067%	286.4722%	229.3812%	292.4298%	229.4498%	334.5833%	209.7134%	292.8950%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.9406%	71.8871%	62.4940%	66.0422%	62.1103%	66.0422%	66.1800%	70.7300%

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

(2) The amounts presented have a measurement date of MERS & MPERS June 30th fiscal year end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan A) - Municipal Employee's Retirement System

MPERS - Municipal Police Employee's Retirement System

VILLAGE OF GROSSE TETE

SCHEDULE OF PLAN CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

	2018		2017		2016		2015	
	<u>MERS (Plan A)</u>	<u>MPERS</u>	<u>MERS (Plan A)</u>	<u>MPERS</u>	<u>MERS (Plan A)</u>	<u>MPERS</u>	<u>MERS (Plan A)</u>	<u>MPERS</u>
Contractually required contribution	\$ 60,866	\$ 14,359	\$ 50,161	\$ 7,239	\$ 37,191	\$ 6,726	\$ 25,940	\$ 7,088
Contributions in relation to contractually required contributions	<u>60,529</u>	<u>14,359</u>	<u>54,635</u>	<u>7,125</u>	<u>37,191</u>	<u>6,726</u>	<u>26,009</u>	<u>6,899</u>
Contribution deficiency (excess)	337	-	(4,474)	114	-	-	(69)	189
Employer's Covered Employee Payroll	\$ 239,888	\$ 45,500	\$ 233,067	\$ 22,800	\$ 188,307	\$ 22,800	\$ 131,340	\$ 22,500
Contributions as a % of Covered Employee Payroll	25.23%	31.56%	23.44%	31.25%	19.75%	29.50%	19.75%	31.50%

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

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan A) - Municipal Employee's Retirement System

MPERS - Municipal Police Employee's Retirement System

VILLAGE OF GROSSE TETE
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2018

CHIEF EXECUTIVE OFFICER: Michael Chauffe, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 26,400
Benefits - retirement	6,699
Benefits - deferred compensation	1,760
Cellphone provided by Village	1,140
Expense allowance	1,262
Membership dues	20
Conference registration fees	375
Travel and meals	2,725
	<hr/>
Total	\$ 40,381



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

To the Honorable Mayor and
Members of the Board of Aldermen
Village of Grosse Tete, 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, and each major fund of the Village of Grosse Tete, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Grosse Tete, Louisiana's basic financial statements and have issued our report dated June 28, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Grosse Tete, Louisiana's financial statements are free of 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 the 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 Grosse Tete, Louisiana's Response to Findings

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

Purpose of this Report

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



Gonzales, Louisiana
June 28, 2019

VILLAGE OF GROSSE TETE

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of the Village of Grosse Tete were prepared in accordance with GAAP.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Village of Grosse Tete, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2018-001 Segregation of Duties

Criteria: Effective internal controls are key to mitigating risk of fraud in billing and collection functions.

Condition: There is a lack of segregation of duties within the Village's accounting department. The following was observed:

- Individuals who process bills are not independent of the collection function.
- An individual who prepares deposits also maintains cash receipts ledger and posts entries to the general ledger.

Effect: A lack of segregation of duties does not provide effective internal controls over collections to mitigate potential fraud.

Cause: There is a lack of an appropriate number of accounting staff to properly segregate duties within the accounting department.

Recommendation: The Village has an independent CPA firm to assist its accounting department. We found that duties are divided between the CPA firm and the Village personnel so that internal controls are enhanced. However, it is still noted that the Village's size may make it unfeasible to adequately staff an accounting department with sufficient segregation of duties over all functions.

Management's response: Management concurs with this finding and will evaluate procedures to pursue proper segregation of duties.

C. FINDINGS – NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS

None

VILLAGE OF GROSSE TETE

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2018

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 Segregation of Duties

Condition: There is a lack of segregation of duties within the Village’s accounting department. The following was observed:

- Individuals who process bills are not independent of the collection function.
- An individual who prepares deposits also maintains cash receipts ledger and posts entries to the general ledger.

Current Years Status: Similar finding reported in current year.

B. FINDINGS – NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS

2017-002 Budget Law

Condition: Actual revenues in the Fire Protection Fund had an unfavorable variance of 14.4% to the final budgeted amounts.

Current Years Status: No similar finding reported in current year.

VILLAGE OF GROSSE TETE, LOUISIANA
STATEWIDE AGREED UPON PROCEDURES
DECEMBER 31, 2018



**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor, Board of Aldermen, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Grosse Tete (the "Village") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Village's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

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

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

Written policies and procedures were obtained and address the functions noted above with the exception of how vendors are added to the vendor list.

Management's response: The Village plans to amend the purchasing policy to address how vendors are added to the vendor list.

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

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and do not address the functions noted above for all sources of revenue generated and collected by the Village.

Management's response: The Village intends to amend its policy to address the functions noted above for all sources of revenue generated and collected by the Village.

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

The Village does not have a payroll/personnel policy to address the functions noted above.

Management's response: The Village intends to prepare a payroll/personnel policy to 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 with the exception of legal review.

Management's response: The Village intends to amend the contracting policy to address legal review of contracts.

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

Written policies and procedures were obtained 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.

The Village's ethics policy does not address the functions noted above.

Management's response: The Village intends to amend the ethics policy to address the functions noted above.

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

The Village does not have a debt service policy.

Management's response: The Village intends to prepare a debt service policy to address the functions noted above.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Obtained listing of client bank accounts for the fiscal period from management and management's representation that listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing of deposit sites and management's representation that listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained listing of collection locations and management's representation that listing is complete.

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

Cash collections are performed by three employees at one collection location. Cash drawers were shared by the employees at that location.

Management's Response: Efforts will be made to segregate duties in the collection process to the extent possible with the limited number of employees involved.

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

No exceptions noted for two of three employees at the Village hall. One of three employees responsible for collecting cash is responsible for preparing/making deposits.

Management's Response: Efforts will be made to segregate duties in the collection process to the extent possible with the limited number of employees involved.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted for two of three employees at the Village hall. One of three employees responsible for collecting cash is responsible for posting collection entries to the general ledger or subsidiary ledgers without another employee/official responsible for reconciling ledger postings to each other and to deposit.

Management's Response: Efforts will be made to segregate duties in the collection process to the extent possible with the limited number of employees involved.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The Village does not have a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source, by a person who is not responsible for cash collections in the cash collection location selected.

Management's response: There are 3 employees that are responsible for cash collections at Village Hall. Efforts will be made to develop a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers to the extent possible with the limited number of employees involved.

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

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exception noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained listing of locations that process payments and management's representation that listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

We were unable to perform the above prescribed procedure because the entity does not have the resources available to separate duties for the initiation and approval of transactions. However, we noted that invoices and/or adequate supporting documentation was present for the each of the transactions, matched the associated payments, and checks were signed by authorized signor.

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

Village Clerk and Mayor are responsible for approving payments to vendors. Village Clerk is also responsible for processing the vendor payment. Exception noted.

Management's response: Due to the limited amount of Village administrative personnel, the Village is not able to properly segregate these functions of processing and approving payments to vendors.

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

The person responsible for processing payments is not prohibited from adding/modifying vendor files and there is no evidence that another employee is responsible for periodically reviewing changes to vendor files.

Management's response: Due to the limited amount of Village administrative personnel, the Village is not able to properly segregate these functions of processing payment and adding vendors to the Village's purchasing/disbursement system.

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

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

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

We were unable to perform the above prescribed procedure because the entity does not have the resources available to separate duties for the initiation and approval of transactions. However, we noted that invoices and/or adequate supporting documentation was present for the each of the transactions, matched the associated payments, and checks were signed by authorized signor.

Management's response: Due to the limited amount of Village administrative personnel, the Village is not able to properly segregate these functions of processing payment and adding vendors to the Village's purchasing/disbursement system

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

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

One of the five employee/official's selected did not document their daily attendance for pay period selected.

Management's response: Although the employee's time was not documented, management is aware of attendance and leave taken by employees. Payroll is reviewed by Clerk and Mayor prior to signing payroll checks. Management intends to discuss with all employees/officials the importance of documenting attendance and leave.

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

No exceptions noted for two of the five employees selected. Three of the five employee's time sheets were not approved by a supervisor.

Management's response: Management will consider responsibilities for approving attendance and leave records when preparing the Village's payroll/personnel policy.

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

No exceptions noted.

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

The Village does not make termination payments.

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

Management represented that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

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

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

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

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

Diez, Dupuy & Ruiz

Gonzales, Louisiana
June 28, 2019