

VILLAGE OF GRAYSON
Grayson, Louisiana

Report on Audit
of
Basic Financial Statements
For The Year Ended
December 31, 2017

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VILLAGE OF GRAYSON
Grayson, Louisiana

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Grayson, Louisiana

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**VILLAGE OF GRAYSON
Grayson, Louisiana**

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Independent Auditor's Report

To the Honorable Mayor and the
Board of Directors
Village of Grayson
Grayson, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Grayson, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of Grayson's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 and the aggregate remaining fund information of the Village of Grayson, as of December 31, 2017, and the respective changes in financial position and, where applicable cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, management adopted Government Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Accordingly, adjustments of \$58,921 have been made to the beginning net position on the government-wide financial statements to implement the new standard. My opinions are not modified with respect to this matter.

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management' discussion and analysis, budgetary comparison information, the Schedule of Proportionate Share of Net Pension Liability for Municipal Employees Retirement Pension and the Schedule of Employer Contributions to Municipal Employees Retirement System on pages 42 and 43, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic

financial statements. I do not express an opinion or provide any assurance on any of required supplementary information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which includes the Schedule of Findings and Responses, Summary Schedule of Findings, and Schedule of Compensation, Benefits, and Other Payments to Agency or Chief Executive Officer, shown on pages 49-53, is listed in the table of contents under Other Reporting Required by Government Auditing Standards, and is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, therefore, I express no opinion on it.

Also presented for the purpose of additional analysis and not a required part of the basic financial statements is the Schedule of Compensation Paid Elected Officials shown on page 45, listed in the table of contents under Other Supplementary Information. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, therefore, I express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 28, 2018, on my consideration of the Village of Grayson's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering Village of Grayson's internal control over financial reporting and compliance.



Jimmie Self, CPA
Monroe, Louisiana
June 28, 2018

Required Supplementary Information
(Part I)

Management's Discussion and Analysis

VILLAGE OF GRAYSON
GRAYSON, LOUISIANA
Management Discussion and Analysis
December 31, 2017

As management of the Village of Grayson we offer readers the Management's Discussion and Analysis (MD&A), a narrative overview and examination of the financial activities for the year then ended. The MD&A is designed to provide an objective and easy to read evaluation of the Village's financial activities based on currently known facts, decisions, and conditions. It is also intended to provide readers with a broad overview of the Village's finances and an analysis of short-term and long-term activities of the Village based on information presented in the financial report and fiscal policies that have been adopted. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify fund issues or concerns.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes (Notes to the Financial Statements), reports, and the other Financial Statements Schedules (Required Supplementary Information) that are provided in addition to this Management Discussion and Analysis.

Overview of Financial Statements

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

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

1. Government-Wide Financial Statements

Government-Wide Financial Statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

- A. The *Statement of Net Assets* presents information on all the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets.

Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or weakening.

B. The *Statement of Activities* presents information showing how government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the Village into:

A. *Governmental activities* that are principally supported by taxes and intergovernmental revenues, and

B. *Business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges.

Financial Analysis of the Town as a Whole

As year to year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole. Below is a brief description of the total assets, total liabilities, and net assets showing restricted and unrestricted portions, the program revenues, and the related expenditures and expenses.

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	218,000	197,797	125,856	134,368	343,856	296,502
Capital Assets	693,077	751,341	1,216,703	1,299,419	1,909,780	2,050,760
Total Assets	911,077	949,138	1,342,559	1,433,787	2,253,636	2,347,262
Deferred Outflows	19,282	28,138	11,151	16,134	30,433	44,272
Long-Term Liabilities	57,516	69,804	288,520	296,996	346,036	366,800
Other Liabilities	13,698	4,152	68,710	133,549	82,408	137,701
Total Liabilities	71,214	73,956	357,230	430,545	428,444	504,503
Deferred Inflows	9114	2,312	2,706	1,326	11,820	3,638
Net Assets:						
Invested in Capital Assets						
net of related debt	693,077	751,341	999,557	1,009,101	1,692,634	1,760,442
Restricted	-	-	56,600	52,611	56,600	52,611
Unrestricted	156,954	149,667	(62,383)	(79,326)	94,571	70,340
Total Net Position	850,031	901,007	993,774	982,386	1,843,805	1,883,393

VILLAGE OF GRAYSON
Summary of the Statement of Activities
For the Year Ended December 31, 2017

	2017			2016		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Charges for Services	12,597	540,298	552,895	2,406	485,857	488,263
Operating Grants & Contributions	11,809	-	11,809	16,174	-	16,174
Property Taxes	6,872	-	6,872	10,811	-	10,811
Franchise License Fees	8,826	-	8,826	8,612	-	8,612
Occupational Licenses	36,659	-	36,659	33,655	-	33,655
Fines	88,103	-	88,103	88,103	-	88,103
Fire Assessment	48,750	-	48,750	48,731	-	48,731
Investment Income	1,303	559	1,862	1,777	584	2,361
Other Miscellaneous Income	16,126	-	16,126	18,670	-	18,670
Transfers-internal activities	60,500	-	-	13,600	-	13,600
Total Revenues	304,023	540,857	844,880	242,539	486,441	728,980
EXPENSES:						
General Administration	309,428	-	226,910	223,540	-	226,910
Public Works	29,757	-	22,307	12,412	-	12,412
Public Safety	15,814	-	10,959	8,909	-	8,909
Water	-	366,234	326,272	-	335,149	335,149
Sewer	-	131,604	108,699	-	149,856	149,856
Interest Expense	-	31,631	25,820	-	14,106	25,820
Total Expenses	354,999	529,469	720,967	244,861	499,111	720,967
Change in Net Position	(50,976)	11,388	(127,044)	(2,322)	(12,670)	(127,044)
Net Position, Beginning	901,007	982,386	1,883,393	940,778	1,016,529	2,194,129
Net Position, Ending	850,031	993,774	1,843,805	938,456	1,003,859	1,942,315
Recognition net pension liability				-37,449	-21,473	-58,922
Restated Net Position				901,007	982,386	1,883,393

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like any other state or local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

- A. Governmental funds are used to account for most of the Village's basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Those funds are reported using modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a**

detailed short-term view of the Village's general governmental operations and basic services it provides. Governmental fund information 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 the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on pages 16 and 18.

The Village maintains one individual governmental fund. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund. The basic governmental fund financial statements can be found on pages 15 and 17 of this report

3. Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and financial statements. The notes to the financial statements can be found immediately following the section entitled "Basic Financial Statements."

4. Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning with a section entitled "Required Supplementary Information – Part II."

A. Budgetary Comparison Schedule – The Village adopts an annual appropriated budget for its general fund. A budgetary comparison schedule (Schedule 1 in the Required Supplementary Information Part II section) has been provided for these funds to demonstrate compliance with the adopted budget and state laws.

The Village has prepared its General Fund Budget for the Year 2017 on the assumption that revenues and expenditures will remain fairly constant next year. Revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

B. Analysis of Significant Budget Variances in the General Fund.

Budget Variances – General Fund	2016	2017
Revenues	-7958 unfavorable	67,265 favorable
Expenditures	6,691 favorable	-41,819 unfavorable

5. Combining Statements for the non-major Governmental Funds – N/A

6. Other Supplementary Schedules are included in this report.

Capital Assets and Debt Administration

1. Capital Assets

The Village’s investment in capital assets for current year of December 31, 2017, net of accumulated depreciation in its governmental activities is \$693,077 and in business-type activities is \$1,216,703 which totals \$1,909,780 for the Village. For the prior year ended December 31, 2016, the Village’s investment in capital assets, net of accumulated depreciation, in its governmental activities is \$751,341 and in business-type activities is \$1,299,419 which totals \$2,050,760 for the Village. The investment in governmental activities assets includes land, buildings and systems, machinery and equipment, parks and landscaping. The investment in assets for business-type activities includes the water and sewer system and treatment plants. Additions to governmental activities assets within the year, 2017, in the amount of \$0 included Equipment repairs. Additions to business-type activities assets (water and sewer system) for the year 2017 in the amount of \$15,135 include water line and well repairs.

2. Long-Term Debt

At the end of the current fiscal year ended December 31, 2017, the Village had a revenue bond indebtedness of \$219,960, a note payable of 21,395 (both long-term) and current portion of bond and net indebtedness of 14,055. At the end of the prior fiscal year ended December 31, 2016, the Village had a revenue bond indebtedness of \$248,067. This indebtedness was undertaken by the Village as Sewer Revenue Bonds in August of 1991 and is scheduled to be paid in full in the year of 2029. The Village also had a Loan balance of \$42,251 in 2016 to the Community Bank of Louisiana.

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ellen Scribner, Town Clerk, Village of Grayson, 5228 Hwy 126 E, Grayson, LA 71435.

Basic Financial Statements

VILLAGE OF GRAYSON, LOUISIANA
 STATEMENT OF NET POSITION
 December 31, 2017

EXHIBIT A

VILLAGE OF GRAYSON, LOUISIANA
 STATEMENT OF NET POSITION
 12/31/2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets:			
Cash and Cash Equivalents	\$ 18,870	\$ 28,958	\$ 47,828
Investments	191,468	-	191,468
Receivables, Net	7,662	40,298	47,960
Restricted Cash	-	56,600	56,600
Capital Assets, Net (See NOTE 3)	693,077	1,216,703	1,909,780
Total Assets:	<u>911,077</u>	<u>1,342,559</u>	<u>2,253,636</u>
Deferred Outflows	19,282	11,151	30,433
Total Assets:	<u>930,359</u>	<u>1,353,710</u>	<u>2,284,069</u>
Liabilities:			
Accounts Payable	13,698	2,079	15,777
Customer Deposits	-	66,631	66,631
Accrued Liabilities	-	-	-
Long-term Liabilities			
Due within one year	-	14,055	14,055
Bonds payable due in more than one year	-	241,355	241,355
	-	-	-
Net Pension Liability	57,516	33,110	90,626
Total Liabilities	<u>71,214</u>	<u>357,230</u>	<u>428,444</u>
Deferred Inflows	9,114	2706	11,820
Net Position:			
Invested in Capital Assets, Net of Related Debt	693,077	999,557	1,692,634
Restricted	-	56,600	56,600
Unrestricted	156,954	(62,383)	94,571
Total Net Position	<u>850,031</u>	<u>\$ 993,774</u>	<u>\$ 1,843,805</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
Statement of Activities
For the Year ended December 31, 2017

EXHIBIT B

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Business-type Activities	Total Net Expenses /Revenue
		Charges for Services	Operating Grants and Contributions			
Governmental Activities						
General Government	\$ (309,428)	\$ 12,597	\$ 11,809	\$ (285,022)	\$ -	\$ (285,022)
Public Safety	(15,814)	-	-	(15,814)	-	(15,814)
Public Works	(29,757)	-	-	(29,757)	-	(29,757)
Total Governmental Activities	(354,999)	12,597	11,809	(330,593)	-	(330,593)
Water	(366,234)	387,163	-	-	20,929	20,929
Sewer	(131,604)	153,135	-	-	21,531	21,531
Interest Expense	(31,631)	-	-	-	(31,631)	(31,631)
Total Business-Type Activities	(529,469)	540,298	-	-	10,829	10,829
Total Activities	\$ (884,468)	\$ 552,895	-	-	\$ 10,829	\$ (7,919)

	(330,593)	10,829	(319,764)
Taxes:			
Property Taxes	\$ 6,872	\$ -	\$ 6,872
2% Sales taxes	12,473	-	12,473
Occupational Licenses	36,659	-	36,659
Franchise fee	8,826	-	9,984
Fines	88,103	-	88,103
Fire Assessment	48,750	-	40,240
Refund Insurance	13,108	-	13,108
Miscellaneous Income	3,023	-	3,023
Investment Income	1,303	559	1,862
Transfers	60,500	-	13,600
Total General Revenues	279,617	559	280,176
Change in Net Position	(50,976)	11,388	(39,588)
Net Position, Beginning	901,007	982,386	1,883,393
Net Position, Ending	\$ 850,031	\$ 993,774	\$ 1,843,805

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

Fund Financial Statements

VILLAGE OF GRAYSON, LOUISIANA
BALANCE SHEET
Governmental Funds
December 31, 2017

EXHIBIT C

	<u>2,017</u>
	Total Governmental Funds
Assets:	
Cash	\$ 18,870
Investments	191,468
Receivables-(net, where applicable, of allowance for doubtful accounts)	<u>7,662</u>
Total Assets:	<u>\$ 218,000</u>
Liabilities and Fund Balance:	
Liabilities	
Accounts and Other Payables	\$ 25,544
Total Liabilities	<u>25,544</u>
Fund Balances:	
Unassigned	<u>192,456</u>
Total Fund Balance	<u>192,456</u>
Total Liabilities and Fund Balance	<u>\$ 218,000</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2016

EXHIBIT C-1

Fund Balances - Total Governmental Funds \$ 192,456

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

Capital assets used in Governmental Activities are not current financial resources, therefore, are not reported in the governmental funds Balance Sheet.

Capital Assets	1,580,727	
Less: Accumulated Depreciation	<u>(887,651)</u>	
	693,076	693,076

Net Pension Liability does not require the use of current financial resources, therefore, is not report in the governmental funds Balance Sheet. (57,516)

The net effect of deferred outflows of resources and deferred inflows of resources related to pensions do not require the use current financial resources and, therefore, are not reported in governmental fund Balance Sheet. 22,015

Net Position of Governmental Activities (exhibit A)	<u>\$ 850,031</u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenditures,
and Changes in Fund Balances of
Governmental Funds
For the Year Ended December 31, 2017

EXHIBIT D

	<u>Governmental Funds</u>
Revenues:	
Property Taxes	6,870.00
Citation Fines	98,717.00
Court Fees	941.00
Donations	1,043.00
Occupational Licenses	36,659.00
Franchise Fee	8,826
Fines	
Fire Assessment	48,750
2% Sales tax	12,473
Miscellaneous	3,024
Charges for Services	
Grant Income	11,809
Investment Earnings	1,303
Refund Insurance	13,108
Transfers	60,500
Total Revenues	<u>304,023</u>
Expenditures:	
General Government	263,063
Public Safety	13,534
Public Works	28,615
Total Expenditures	<u>305,212</u>
Excess (Deficiency) of Revenues over Expenditures	(1,189)
Fund Balance - Beginning of Year	193,645
Fund Balance - End of Year	<u>\$ 192,456</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2017

EXHIBIT D-1

Net Change in Fund Balances - Total Governmental Funds \$ (50,976)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Total capital outlays		
Current depreciation	58,265	
See Note 3 - Capital Assets	-	
Excess of capital outlays over Depreciation Expense	<u>58,265</u>	58,265

Government funds report current year contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflow of resources and the Village's proportionate share of the plan's pension expense is reported as expense (9588-985) 10,169

The Village's proportionate share of non-employer contributions to the pension plans do not provide current financial resources and are not reported as revenue in the governmental funds (18,647)

Change in Net Position of Governmental Activities \$ (1,189)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2017

EXHIBIT E

	Business-Type Activities		Totals
	Water Fund	Sewer Fund	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 18,064	\$ 10,895	\$ 28,959
Total Cash	18,064	10,895	28,959
Accounts Receivable, Net	20,509	19,789	40,298
Total Current Assets	38,573	30,684	69,257
Non-Current Assets:			
Restricted Assets: Cash and Cash Equivalents	-	56,600	56,600
Capital Assets:			
Land, Buildings, and Equipment	1,238,532	1,870,455	3,108,987
Accumulated Depreciation	(634,023)	(1,258,261)	(1,892,284)
Total Capital Assets	604,509	612,194	1,216,703
Other Assets			
Deferred Outflows	5,369	5,782	11,151
Total Other Assets	5,369	5,782	11,151
TOTAL ASSETS	648,450	705,260	1,353,710
Total Deferred :Liabilities	648,450	705,260	1,353,710
LIABILITIES			
Accounts and Other Payables	9,282	(9,625)	(343)
Customer Deposits	66,631	-	66,631
Accrued Note/Bond and Interest	901	(901)	-
Long-term liabilities			
Due within one year	-	14,055	14,055
Due in more than one year	21,395	219,960	241,355
Net Pension Liabilities	15,784	17,326	33,110
Total Liabilities	113,993	240,815	354,808
Deferred Inflows	2,422	2,706	5,128
	116,415	243,521	359,936
Net Position			
Invested in Capital Assets, Net of Related Debt	626,154	373,403	999,557
Restricted	-	56,600	56,600
Unrestricted	(94,119)	31,736	(62,383)
Total Net Position	\$ 532,035	\$ 461,739	\$ 993,774

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

VILLAGE OF GRAYSON, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

EXHIBIT F

	BUSINESS-TYPE ACTIVITIES Enterprise Funds		
	Water Fund	Sewer Fund	Totals
OPERATING REVENUES:			
Charges for Services	\$ 387,163	\$ 153,135	\$ 540,298
Other Revenue	-	-	-
Transfers	387,163	153,135	540,298
OPERATING EXPENSES:			
Bank Charges	3	-	3
Payroll	55,698	19,946	75,644
Cell Phone	500	-	500
Dept of Revenue-Sales tax	326	-	326
Depreciation	41,425	56,427	97,852
Dues and Subscriptions	400	-	400
Fire Assessment	27,619	-	27,619
Fuel	5,094	-	5,094
Insurance	13,954	6,985	20,939
Janitorial Service	1,369	-	1,369
License	20	-	20
Materials and Supplies-not Pond	-	142	142
Maintenance	3,125	-	3,125
Membership Fees	795	-	795
Repairs	983	-	983
Miscellaneous	1450	327	2104
Office Expense	6,933	417	7,767
Oxidation Pond	-	5,740	5,740
Materials andSupplies	6,779	-	6,779
Payroll Taxes	10,964	3,852	14,816
Postage & Supplies	2,886	-	2,886
Professional Fees	6,633	5,000	11,633
Retirement Expense	4,731	2,327	7,058
Pension Expense	3,038	3,396	9,830
water sales exp	1,548	-	1,548
SDW Expense	2,782	-	2,782
Sewer Revenue Funds	105,456	-	105,456
Transfers	34,290	26,458	60,748
Telephone Expense	1,224	137	1,361
Utilities	26,209	450	26,659
Total Operating Expenses	366,234	131,604	497,838
Operating income(loss) expense	20,929	21,531	42,460
Nonoperating revenues (expenses)			
Grant Revenues	-	-	-
Interest Income	-	559	559
Interest Expense	(19,761)	(11,870)	(31,631)
Total Non-operating Revenues and Expenses	(19,761)	10,220	(9,541)
Change in net Position	1,168	10,220	11,388
Total net position beginning	530,867	451,519	982,386
Total net position ending	\$ 532,035	\$ 461,739	\$993,774

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF GRAYSON, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

EXHIBIT G

	Business-Type Activities		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 387,162	\$ 153,135	\$ 540,297
Payments to Suppliers	(288,087)	(97,463)	(385,550)
Payments to Employees	(55,698)	(19,946)	(75,644)
Net Cash Provided /used) by Operating Activities	<u>43,377</u>	<u>35,726</u>	<u>79,103</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets-net	-	-	-
Principal paid on Revenue Bonds	(22,450)	(14,055)	(36,505)
Interest paid on Revenue Bonds	(19,761)	(12,010)	(31,771)
Net Cash Provided (used) by Capital and Related Financing Activities:	<u>(42,211)</u>	<u>(26,065)</u>	<u>(68,276)</u>
Cash Flows from Investing Activities			
Interest on investments		559	559
Net Cash Provided (used) by investing activities	<u>-</u>	<u>559</u>	<u>559</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,166	10,220	11,386
Cash and Cash Equivalents - Beginning	8,935	57,275	66,210
Correct beginning cash balance			
Cash and Cash Equivalents - Ending *	<u>\$ 18,064</u>	<u>\$ 67,495</u>	<u>\$ 85,559</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	1,166	\$ 10,220	\$ 11,386
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by Operating Activities:			
Depreciation	41,425	56,427	97,852
Purchase capital assets	-	(15,135)	(15,135)
DeferredmOutflows	786	(5,782)	(4,996)
Decrease in Receivables-Payables	-	(10,004)	(10,004)
Net Cash Provided by Operating operations	<u>43,377</u>	<u>\$ 35,726</u>	<u>\$ 79,103</u>

* NOTE: The Statement of Cash Flows consists of both:

	Water Fund	Sewer Fund	Total
Cash	18,064	\$ 10,895	\$ 28,959
Restricted Cash-from Sewer Fund	-	56,600	56,600
TOTAL	<u>18,064</u>	<u>\$ 67,495</u>	<u>\$ 85,559</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

NOTES

VILLAGE OF GRAYSON
Grayson, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

INTRODUCTION The Village of Grayson, Grayson, La., was incorporated under the provision of the Lawrason Act (Louisiana Revised Statutes [LSA - R.S. 33.321 – 463] and operates under a Mayor-Board of Aldermen/Women form consisting of 4 compensated members of government. It provides the following services to its residents: public safety (police); highways and streets; gas, water, sewer, and sanitation facilities through the utility fund; culture/recreation; and general administrative services. The Village has a full-time clerk, and 11 other employees

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the municipality conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

Adoption of New Financial Accounting Standards

The following Accounting Standards Update (ASU) recently issued and adopted by the GASB impacted the Village of Grayson's financial statements:

In June 2012, the Governmental Accounting Standards Board Statement (GASB) issued GASB No. 68 (GASB 68), Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27 replaces Statement 27 Accounting for Pensions by State and Local Governmental Employers and Statement 50 Pension Disclosures. GASB 68 requires governments providing defined benefit plans to report the net pension liability in their statement of net position. This net pension liability is the difference between the present value of the pension liability and the fair value of pension assets, set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The financial statements have been adjusted to reflect retroactive application as of July 1, 2014. As such, the impact of the cumulative effect of the change in accounting principle on net position as of July 1, 2016 is a decrease of \$58,921 to reflect beginning net pension liability.

Adoption of New Financial Accounting Standards (Continued)

In November 2013, the Governmental Accounting Standards Board Statement issued GASB No. 71 (GASB 71), Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68, requires that if a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

Additionally, in those circumstances, no beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions should be recognized. At the beginning of the period in which the provisions of Statement 68 are adopted, there may be circumstances in which it is not practical for a government to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to pensions. In such circumstances, the government should recognize a beginning deferred outflow of resources and deferred inflows of resources related to pensions should be recognized. The financial statements have been adjusted to reflect retroactive application as of July 1, 2014. As such, the impact of the cumulative effect of the change in

accounting principle on net position as of July 1, 2016 is an increase of \$58,921 to reflect beginning deferred pension contributions.

Pensions

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 Village's Pension and Relief Fund ("the Fund") and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BASIS OF PRESENTATION

The accompanying financial statements of the Village of Grayson, Grayson, La., have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

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

(GASB) Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14* established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of these statements, the Village of Grayson is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14 and 39, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt. The Village has no component units.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information for the Village as a whole excluding fiduciary activities such as employee pension plans. The primary government is presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Village's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to

externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

The Village of Grayson uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the Village of Grayson are classified into two categories, governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

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

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Definitions

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

Measurement Focus Utilized

On the Government-wide Statement of Net Assets and the Statement of Activities, both governmental and Business-like activities are presented using the economic resources measurement focus as defined in item “b.” below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” is used as appropriate.

a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost of recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Financial Statements

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village’s reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally include the reclassification or elimination of internal activity (between or within funds).

However, internal eliminations do not include utility services provided to Village's departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax are levied (5.46 mills) on a calendar year basis, and become due on January 1, of each year. Revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. Governmental fund financial statements reports use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the Village has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Major revenue sources susceptible to accrual include property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as needed.

Total Columns on Combined Statements

Total columns on the combined statements are captioned to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, result of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

E. MAJOR FUNDS

Governmental Funds

The Village reports the following major governmental funds:

General Fund – reports as the primary fund of the Village. This fund is used to account for all financial resources not reported in other funds.

Fire Fund – accounts for operating activities of the fire department.

Proprietary Funds

The Village reports the following enterprise funds:

Water Fund – accounts for the operating activities of the Village's water utilities services. This is a major fund.

Sewerage Fund – accounts for the operating activities of the Village's sewer utility services. This is a major fund.

F. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

The Village maintains and controls cash and investments, some of which are restricted. Legal restrictions and the Village's policies governing deposits and investments are discussed in Note 3.

The Village's reporting entity considers highly liquid investments (included restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value that is determined using selected bases. Short-term investments are reported at cost that approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities. Cash deposits are reported at carrying amount that reasonably estimates fair value. The Village's interest rate risk is limited by all investments maturing within 12 months of year end.

Capital Assets

Capital Outlays are recorded as expenditures of the General, Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the Village's capitalization threshold is met. Depreciation is recorded on capital assets on a government-wide basis. The Village did not retroactively report infrastructure when GASB 34 was adopted.

Capital outlays for the governmental funds are recorded as capital assets and depreciated over their projected useful lives on a straight-line basis. All donated capital assets are valued at their estimated fair market value on the date donated. All other capital assets are recorded at cost. Projected useful lives are demonstrated in the table below.

PROJECTED USEFUL LIVES OF CAPITAL ASSETS	
Governmental Funds	
Land	Non-Depreciable
Buildings	40 Years
Furniture and Fixtures and Equipment	5 – 10 Years
Canines	5 – 10 Years

Capital outlays for Proprietary Funds are recorded as capital assets and depreciated over their projected useful lives on a straight-line basis and government-wide basis. All donated capital assets are valued at their estimated fair market value on the date donated. All other capital assets are recorded at cost. The following table shows the projected useful lives of certain items utilized by the water and sewer utilities. These estimates demonstrate the period of time over which the item is depreciated. Following is a schedule of projected useful lives.

PROJECTED USEFUL LIVES OF CAPITAL ASSETS	
Enterprise Fund	
<u>Water Utility</u>	<u>Projected Useful Life</u>
Wells	20 years
Storage tanks	40 years
Purification plant	33 years
Lines and meters	40 years
<u>Sewerage Utility</u>	<u>Projected Useful Life</u>
Pump stations	40 years
Lines	40 years
Autos and trucks	5 years
Other equipment	10 years

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Obligations – Long-Term Debt

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results may differ from those estimates.

Equity Classifications

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

- a. Invested in capital assets, net of related debt, consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets consist of all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

G. REVENUES, EXPENDITURES, AND EXPENSES

Proprietary Funds

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related non-capital financing or investing activities

Ad Valorem Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October and are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted and the year billed. The revenue derived from this tax is not dedicated to any specific purpose.

The Village bills and collects its own property taxes using the assessed value determined by the tax assessor of Caldwell Parish. Property tax revenues are recognized when they become available. Available includes those property tax receivables elected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible and therefore an allowance for uncollectible taxes is not provided.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds – By Character
- Proprietary Funds – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Compensated Absences

Village employees are entitled to ten days of compensated absences. However, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

NOTE 2 BUDGETARY INFORMATION

Budget Policy and Practice

The Village Clerk submits an annual budget to the Village council in accordance with applicable statutes and policies. The budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. In December, the Village Council adopts the annual fiscal year budgets for Village operating funds. Once approved, the Village Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

The Village of Grayson (Mayor and Council) uses the following budget practices:

- (1) Prior to December 31 of each year, the town Clerk submits to the Mayor and Council Members a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.

- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) During the month of January the budget is legally enacted through passage of an ordinance.
 - (4) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- (5) Budgets for the General Fund, are adopted on the GAAP basis.
- (6) Appropriations lapse at the end of each fiscal year.
- (7) The Mayor and Council Members authorize supplemental appropriations during the year. Supplemental appropriations were made during the fiscal year.

Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental funds financial statements generally reflect such transactions as transfers.

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds. The transfers are made to the applicable fund when that fund's cash flow is too low to meet obligations.

Encumbrance Accounting

Encumbrance accounting is not utilized by the Village.

NOTE 3 ASSETS

Cash and Cash Equivalents

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

At December 31, 2017, the Village had cash totaling \$295,896 as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Demand Deposits-Book Balances	18,870	28,956	47,828
Investments	191,468	-	191,468
Restricted Cash	-	56,600	56,600
Total Cash	210,338	85,556	295,896

Under state law, the Village of Grayson may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost. Cash and investments (Bank Balances) are secured as follows:

	Caldwell Bank	Citizen's Bank	Homeland Bank
--	---------------	----------------	---------------

Bank Balances	4,222	132,211	160,145
Federal Deposit Insurance	250,000	250,000	250,000
Pledged Securities (Market Value)	-	29,026	-
Collateral Sufficient	245,778	148,615	89,855

The Village's bank accounts are now sufficiently collateralized, according to the Village's policy of furnishing collateral assurance. The Village has an agreement with their local bank to assure they have sufficient coverage.

Investments are categorized to give an indication of the level of risk assumed by the Village at December 31, 2016. Deposits are considered to be exposed to custodial risk if they are not covered by depository insurance, and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The Village has investments that are covered by \$156,924 by federal depository insurance. The remaining balance is exposed to custodial risk because it is uninsured and collateralized with securities held by the pledging financial institution.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent bank has failed to pay deposited funds upon demand. Louisiana R.S.39:12224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority, or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Village of Grayson has complied with these requirements of state law. Investments consist of Certificates of Deposit in the governmental activities, with a renewal period of 12 months. The entity does not have a policy for custodial credit risk.

Receivables

The receivables of \$ 47,960 at December 31, 2017 are as follows:

General Fund	7,662
Enterprise Fund	40,298
TOTAL RECEIVABLES	<u>\$ 47,960</u>

No allowance for doubtful accounts has been established.

Restricted Assets

Certain proprietary fund assets are restricted for construction funded through long-term debt. Net assets restricted for debt service include the excess of assets over certain liabilities restricted for the debt service on revenue bonds. Restricted assets are also reported in various funds for cash deposited in bank accounts legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt or mortgage loans, and certificates of deposit (CD) issued in the Village or trust name and deposited with the Village Treasurer in lieu of project retainages. Proceeds of restricted CD's on deposit with the Village Treasurer are payable as liabilities payable from restricted assets.

CAPITAL ASSETS	Beginning Balance	Accumulated Depreciation	Balance Before Current Depreciation	Current Depreciation	Total Accumulated Depreciation	Ending Balance
Land-Not Depreciated	13,600		13,600	-	-	13,600
Buildings	147,000	19,002	127,998	3,769	22,771	118,796
Street	155,367	75,664	79,703	13,284	88,948	66,419
Equipment	152,355	152,355	-	-	152,355	-
Vehicles	55,266	55,266	-	-	55,266	-
Furniture & Fixtures	7,500	7,500	1,185	-	7,500	
Totals	531,088	315,220	215,868	17,053	332,273	198,815
Equipment	50,676	30,083	20,593	3,301	33,384	17,292
Road Repairs-Asphalt Recap	48,295	15,689	32,606	2,957	18,646	29,649
Bldg-Water Tower	97,166	80,024	17,142	3,339	83,363	13,803
Addns 2014	6,823	2,046	5,459	682	2,728	4,777
Totals @2016	753,889	409,795	344,094	31,002	440,798	313,092
2017	-	-	-	-	-	-
Additions 2017 equipment	753,889	440,798	313,091	28,015	468,813	285,076
FIRE FUND						
Building	537,827	217,099	320,728	10,756	227,855	309,972
Equipment	184,445	113,681	70,764	9,222	122,903	61,542
Additions 2012	1,381	828	553	276	1,104	277
Additions 2013	93,405	54,883	38,522	9,341	64,224	29,181
Additions 2014	6,713	1,210	5,503	348	1,558	5,155
DIESEL PMP 0602/15	3,070	890	2,180	307	1,197	1,873
	826,841	388,591	438,250	30,250	418,841	408,000
Additions 2017	-	-	-	-	-	-
Total Governmental Funds	1,580,730	829,389	751,341	58,265	887,654	693,077

Depreciation allocated as:

	GEN FUND	FIRE FUND	TOTAL
ADM	25,774	27,830	53,604
PUBLIC SAFETY	1,401	2,118	3,519
PUBLIC WORKS	840	302	1,142
	28,015	30,250	58,265

CAPITAL
ASSETS
12-31-2017

Beginning	Balance	Accumulated	Before	Current	Current	
Balance	ADDNS	Acc Depr	Depreciation	Depreciation	Deprec	Net

Water System	1,238,550	0	1,238,550	592,598	688,841	41,425	604,507
Sewer System	1,855,320	15,135	1,201,334	1,201,334	669,121	56,927	612,194
Additions :06/09/16							
Equipment Repairs	2,999,520	94,330	3,093,850	1,686,814	1,407,036	101,032	1,216,703

NOTE 4 DEBT

Changes in Long-Term Debt

1. The following is a summary of the Village’s long-term debt at December 31, 2017, composed of the following:

		2016	Paid	2017
212,700	Sewer Revenue bond (Bond R-1) dated August 4, 1989; due in annual installments of \$12,500; due August 4, 1991-2029; Interest at 5%	117,201	6,641	110,560
237,500	1989, due in annual installments of \$13,958, due August 4, 1991-2029, Interest at 5%	130,866	7,414	123,454
		248,067	14,055	234,014
	Less Current Portion	14,055		14,055
	TOTAL LONG-TERM DEBT	234,682	14,055	248,067

The annual requirements to amortize all long-term debt outstanding which began December 31, 1996, are as follows:

LONG TERM DEBT AMORTIZATION

12/31/2016

Date	Beginning Balance	Principal	Interest	Ending Balance
12/31/2016	254,816	18,227	8,231	236,589
12/31/2017	236,589	19,873	6,560	230,029
12/31/2018	230,029	21,544	4,889	208,485
12/31/2019	208,485	23,215	3,211	185,270
12/31/19-12/31/24	185,270	132,785	1,540	50,955
12-31-24-12/31/29	50,955	50,955	-	-

Under the terms of the bond indenture on outstanding sewer revenue bonds, dated August 4, 1989, all income and revenues (hereinafter referred to as income) of every nature, earned or derived from operations of the sewer system are pledged and dedicated to the retirements of said bonds, and are to be set aside in the following funds:

Each month there will be set aside into a fund called the “Sinking Fund” an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to

assure prompt payment of principle and interest installments as they become due, and may be used only for such payments.

The following is a schedule of deposits that should be made to the sinking fund:

<u>PERIOD</u>	<u>MONTHLY INSTALLMENTS</u>
08/20/08 – 07/20/09	2204.86

There shall be set aside in a Reserve Fund an amount equal to 5% of the principle and interest payments required during the month until there shall have been accumulated in the reserve account an amount equal to \$38,202.

The following is a schedule of payments that should be made to the Reserve Fund:

<u>PERIOD</u>	<u>MONTHLY DEPOSITS</u>
08/20/08 through 07/20/09	\$176.23 per month must be deposited into the fund until \$42,294 has been accumulated.

Monthly deposits of \$112 should also be made for the period through July 20, 2029 to the Contingency Fund.

Under the terms of a Loan, which began as an Escrow Account, to the Community Bank of Louisiana, the total outstanding balance @ 12-31-2017 (interest rate of 4% annually), of 21,395, is as follows: The loan matures in 2018.

<u>Date</u>	<u>Principle</u>	<u>Interest</u>	<u>Balance</u>
2016			42,251
2017	22,824	1,688	21,395
2018	21395		0

Short-Term Debt

Short-term liabilities are paid as they accrue and become payable. They are paid on a monthly basis as approved by the mayor and council for payment.

NOTE 5. PROPERTY TAX REVENUES CORRECT

For the year ended December 31, 2017 taxes of \$10,135 (5.460 mills) were levied on property with assessed valuations totaling \$1,882,150 and were deducted as follows:

General corporate purposes 5.460 mills

NOTE 6. RESTRICTIONS ON USE OF UTILITIES REVENUES

Funds provided by utilities revenue is to be used in the following manner before they are available for other lawful purposes:

1. Operating expense of utility SYSTEM.
2. Revenue bond service funds.
3. Revenue bonds reserve funds.
4. Revenue bond depreciation and contingencies

NOTE 7. PENSION PLAN

Municipal Employees' Retirement System of Louisiana (MERS)

Employees of the Village are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Village are members of Plan B. The system issues a publicly available financial report that may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

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

- a. Any age with thirty (30) or more years of creditable service.
- b. Age 60 with a minimum of ten (10) years of creditable service.
- c. Any age with ten (10) years of creditable service eligible for disability benefits.
- d. Survivor's benefits require five (5) years creditable service at death of member.

Eligibility for Retirement for Plan B Tier 2 members hired on or after January 1, 2013 is as follows:

- a. Age 67 with seven (7) or more years of creditable service.
- b. Age 62 with ten (10) or more years of creditable service.
- c. Age 55 with thirty (30) or more years of creditable service.
- d. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused sick leave.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Survivor, death and disability benefits are also provided under the plan.

Deferred Retirement Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan 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 but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive 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 made them eligible to become members of MERS has been terminated for at least one full year. For the year ended December 31, 2017, the actual employer contribution rate was 11.000%, which is calculated on an actuarial basis each year.

The plan receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from nonemployer contributing entities, but are not considered as special funding situations.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of 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 MERS.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable 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 B shall be paid disability benefits 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 creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

Survivor's Benefits

Upon death of any member of Plan B with five (5) or more years of creditable 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 B, 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.

Permanent Benefit Increases/Cost-of-Living Adjustments

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 additional cost of living increases 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.

Deferred Benefits

Plan B provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017 and for the year ended June 30, 2016, the actual employer contribution rate was 11.00% and 9.50%, respectively, for Plan B. For the year ended June 30, 2016, the actuarially determined employer contribution rate was 11.04% for Plan B. The actuarially determined rate is the rate calculated to provide employer contributions that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. Contributions to the pension plan from the Village were \$9,055 for the year ended December 31, 2016.

In accordance with state statute, MERS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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

At December 31, 2017, the Village reported a liability of \$90,626 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June December 31, 2017, the Village's proportion of the plan was 0.104742%.

For the year ended December 31, 2017, the Village recognized pension expense of \$17,872.

In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

PLAN	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	2,946	12,273
Changes in assumptions	3,990	
Difference between expected and actual experience	475	1,968
Net difference between projected and actual earnings on pension plan investments	19,095	
Village contributions subsequent to the measurement date	3,927	
	\$ 30,433	\$ 14,241

The deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$7,268
2019	4,018
2020	120
2021	859
Thereafter	-

Actuarial assumptions:

The total pension liabilities in the December 31, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation 2.775%

Inflation	2.775%
Salary increases	5.
0% Investment rate of return	7.
4%	
Actuarial cost method	Entry age normal
Expected remaining service lives	4 years

Mortality rates for the Plan was based on the RP-2000 Employee Table for active members, Healthy Annuitant Table for healthy annuitants, and Disabled Lives Mortality Tables for disabled annuitants.

The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the Village will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the investment rate of return on plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

Arithmetic real rates of return for each major asset class:

For the year ended December 31, 2017 the following summarizes real rates of return for each major asset class included in the plans' target asset allocation:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equity	50%	2.3%
Public fixed income alternatives	35%	1.6%
	15%	0.7%
Totals	100%	4.6%

NOTE 8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries, and other payables of \$22,510 are as follows:

PAYABLES	
Accounts Payable – General Fund	4,152
Accounts Payable – Enterprise Fund	18,358
TOTAL	<u>\$22,510</u>

NOTE 9. CONTINGENCIES

Litigation

According to the attorney acting on behalf of the Village, there were no pending litigations or claims as of December 31, 2016. There have been no subsequent legal actions to date. Capital Grant Contingencies: The Village received funds from federal and state governmental agencies in the form of grants, which is subject to audit by the federal or state government. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlements reached,

VILLAGE OF GRAYSON
Grayson, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

NOTE 10. SUBSEQUENT EVENTS

Subsequent events were evaluated by management up to and including the issue date of this report, July 3, 2017. There was a fraud investigation ongoing at the issue date of this report; otherwise at the time of the issue date of this report, there were no other subsequent events noted which would affect the financial statements for the year ended December 31, 2016.

Updated information related to the ongoing fraud investigation against a former town employee, Eugenia Kay Sikes: The new mayor Sandra Evans advised: "the former employee, Eugenia Kay Sikes, is scheduled for criminal trial in the 37th Judicial District on 09-24-2018 at 9:00 AM".

NOTE 11. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In compliance with GASB 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Village of Grayson makes no provision for post-retirement health care or life insurance benefits. In compliance with GASB 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Village of Grayson makes no provision for post-retirement health care or life insurance benefits.

NOTE 12. EMPLOYEE TERMINATION BENEFITS

In compliance with GASB 47 *Accounting Standards for Termination Benefits*, the Village makes no provision for voluntary early retirement benefits or involuntary severance pay benefits.

NOTE 13. SEGMENT INFORMATION

The Village has issued revenue bonds to support a variety of public services. The fund financial statements report major funds with revenue supported debt for the water and sewer funds. Services provided by these funds are described in NOTE 1.E. MAJOR FUNDS - *Proprietary Funds* and also included in the basic financial statements identified as the water and sewer funds.

NOTE 14. RISK MANAGEMENT

The Village is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets, and injuries to employees. To handle such risk of loss, the Village carries insurance coverage with Travelers's Insurance Companies in Shreveport, LA. The policy covers property, liability, crime and fidelity, employee liability, and others. No claims have been paid on any of the policies during the past three years that exceeds the policies' coverage amounts. There were no significant reductions in insurance coverages during the year ended 12-31-2017.

Required Supplementary Information
(Part II)

VILLAGE OF GRAYSON, LOUISIANA
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
Budget (GAAP Basis) and Actual
For the Year ended December 31, 2017

	Prior Year Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Property Taxes	\$ 9,604	\$ 10,508	\$ 6,870	(3,638)
Occupational Licenses	34,735	36,651	36,659	8
Fire Assessment	46,655	27,283	27,283	-
Fire Assessment-Holum		20,948	21,467	519
Franchise Fee	9,937	8,826	8,825	(1)
Fines	47,817	88,103	98,717	10,614
Fire Insurance Rebate	415	-	13,108	13,108
Miscellaneous	4,440	1,621	3,024	1,403
Police Jury 2% tax	12,635	11,369	12,473	1,104
Contributions	2,935	906	1,042	136
Court Fees	-	-	941	941
Reimbursements	1,062	636	-	(636)
Grant Funds	17,679	16,173	11,809	(4,364)
Investment Earnings	1,062	134	1,305	1,171
Funds transferred in	14,934	13,600	60,500	46,900
	<u>203,910</u>	<u>236,758</u>	<u>304,023</u>	<u>67,265</u>
Expenditures:				
General Government	197,704	170,639	263,063	(92,424)
Public Safety	8,762	30,825	13,534	17,291
Public Works	11,068	19,166	28,615	(9,449)
Total Expenditures	<u>217,534</u>	<u>220,630</u>	<u>305,212</u>	<u>(84,582)</u>
Excess (Deficiency) of Revenues over expenditures	(13,624)	16,127	(1,189)	
Fund Balance Beginning of Year-	89,301	91,804	193,645	(41,819)
Fund Balance-End of Year	<u>\$ 75,677</u>	<u>\$ 91,804</u>	<u>\$ 192,456</u>	<u>(41,819)</u>

Note: The village did not budget Depreciation of

58,265
16,446

VILLAGE OF GRAYSON, LOUISIANANA
Last Ten Fiscal Years
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Municipal Employees Retirement System

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Village's proportion of the net pension liability	0.104742%	0.132498%	0.000000%	0.000000%
Village's proportionate share of the net pension liability	\$ 90,626	\$ 109,829	\$ -	\$ -
Village's covered employee payroll	77,741	-	-	-
Village's proportionate share of the net pension liability as a percentage of its covered employee payroll	116.57%	#DIV/0!	#DIV/0!	#DIV/0!
Plan fiduciary net position as a percentage of the total pension liability	63.49%	63.34%	0.00%	0.00%

VILLAGE OF GRAYSON, LOUISIANANA
Last Ten Fiscal Years
SCHEDULE OF CONTRIBUTIONS
Municipal Employees Retirement System

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Contractually required contribution	\$ 8,576	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>8,576</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered employee payroll	77,741	-	-	-
Contribution as a percentage of covered employee payroll	11.03%	#DIV/0!	#DIV/0!	#DIV/0!

Sensitivity of the of the Village’s proportionate share of the net pension liabilities to changes in the discount rate:

The following presents the Village’s proportionate shares of the net pension liabilities of the Plan, calculated using the discount rates as shown above, as well as what the Village’s proportionate shares of the net pension liability 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:

	1% Decrease	Current Discount Rate	1% Increase
MERS (current rate 7.50%)	\$ 117,260	\$ 90,626	\$ 67,898

Pension plan fiduciary net position:

Detailed information about the Plan’s fiduciary net position is available in the separate issued financial statements of the Plan.

Other Supplementary Information

VILLAGE OF GRAYSON

Schedule of Compensation Paid to the Mayor and Councilmen/Women
For the Year Ended December 31, 2017

CARMEN HEAD, MAYOR	\$6,000.00
201 Cruse Road Grayson, La. 71435 318-649-5076 Salary - \$ 500. per mo.	
SANDRA L. EVANS,	\$1,339.20
P.O. Box 144 Grayson, La. 71435 318-649-2152 Salary - \$ 111.60 per mo.	
THOMAS BURNS	\$1,339.20
1367 Hwy 850 Grayson, La. 71435 318-331-5661 Salary - \$ 111.60 per mo.	
JIMMY WHITTINGTON	\$1,339.20
1232 HWY 850 Grayson, LA 71435 (318) 649-2436	
Total	<u>\$10,017</u>

Other Reporting
Required By Government Auditing
Standards

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron St, Suite C
Monroe, LA 71201
Phone (318)-323-4656 • Fax (318)388-0724

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

To the Honorable Mayor
And the Board of Directors
Village of Grayson
Grayson, Louisiana

I 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 and the aggregate remaining fund information of the Village of Grayson, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of Grayson, Louisiana's basic financial statements and have issued my report thereon dated June 28, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village of Grayson, 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Grayson's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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 to the Village of Grayson's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

My 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 my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses that I consider to be significant deficiencies, which is described in the accompanying schedule of findings and responses as items # 2017-01, 2017-02.

Compliance and Other Matters

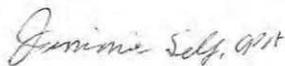
As part of obtaining reasonable assurance about whether Village of Grayson's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other such matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as items # 2017-1, 2017-2.

Village of Grayson's Response to Findings

Village of Grayson's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Village of Grayson's response was not subjected to the auditing procedures applied in the audit of the financial statements, accordingly, I express no opinion on it.

Purpose of this report

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



Jimmie Self, CPA
Monroe, Louisiana
June 28, 2018

SCHEDULE OF FINDINGS AND RESPONSES
Village of Grayson
For the Year Ended December 31, 2017

Finding 2017-1

CONDITION: No segregation of duties – only one clerk.

CRITERIA: Duties should be distributed among employees.

CAUSE OF CONDITION: The staff consists of a small work for handling the duties of the office.

EFFECT OF CONDITION: Proper internal control is weakened by the limited staff

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: The System states this cannot be remedied due to lack of funds and such a small entity.

FINANCIAL IMPACT OF FINDING: Finding without cause- resolution of finding is under the control of the agency and would be cost effective.

Finding 2017-2

CONDITION: Still a few accounts were incorrectly coded, and a few erroneous beginning balances were found – much improved this year.

CRITERIA: Duties are distributed among employees.

CAUSE OF CONDITION: The staff consists of a small workforce for handling the duties of the office, and a new employee was hired in mid-year. This was only human error.

EFFECT OF CONDITION: Proper internal control is weakened by the limited staff.

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: The System states this coding error has been located, the employee has been reminded, and this problem was quickly remedied.

FINANCIAL IMPACT OF FINDING: Finding without cause- resolution of finding is under the control of the agency and would be cost effective.

EFFECT OF CONDITION: The Audit was untimely filed, according to the requirement of the Statute, causing Village of Grayson to be in violation of the law.

CAUSE OF CONDITION: The audit firm, due to the fact of a suspected fraud occurrence which required additional work, the Village of Grayson was unable submit the audit within the prescribed time period.

RECOMMENDATION: Be more alert to the filing requirements, and make preparations to timely file.

CLIENT RESPONSE: Management maintains they agree to the above recommendation.

CURRENT STATUS: The management of Village of Grayson has increased its policies to no longer accept cash payments, which greatly improves possibility of fraud in the future. The audit report was filed July 5, 2017.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
For the year ended 12-31-2016

Finding 2016-1

CONDITION: No segregation of duties – only one clerk.

CRITERIA: Duties should be distributed among employees.

CAUSE OF CONDITION: The staff consists of only one clerk.

EFFECT OF CONDITION: Proper internal control is weakened by the limited staff

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: The System states this cannot be remedied due to lack of funds and such a small entity

FINANCIAL IMPACT OF FINDING: Finding without cause- resolution of finding is under the control of the agency and would be cost effective.

Finding 2015-2

CONDITION: A few accounts were incorrectly coded.

CRITERIA: Duties are distributed among employees.

CAUSE OF CONDITION: The staff consists of a small work for handling the duties of the office, and a new employee was hired in mid-year. This was only human error.

EFFECT OF CONDITION: Proper internal control is weakened by the limited staff.

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: The System states this coding error has been located, the employee has been reminded, and this problem was quickly remedied.

FINANCIAL IMPACT OF FINDING: Finding without cause- resolution of finding is under the control of the agency and would be cost effective.

Jimmie Self, CPA
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SUMMARY SCHEDULE OF FINDINGS

Village of Grayson.
For the Year Ended December 31, 2017

I have audited the financial statements of Village of Grayson as of and for the year ended December 31, 2016, and have issued my report dated July 5, 2017. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2017 resulted in an unqualified opinion (qualified, adverse, disclaimer).

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses no Internal Control Deficiencies yes no

Compliance

Compliance material to Financial Statements yes no

b. Federal Awards: None

c. Identification of major Programs:

None.

Village of Grayson
 Grayson, Louisiana
 12-31-2017

**Schedule of Compensation,
 Benefits and Other Payments to Agency Head
 or Chief Executive Officer**

Agency Head Name: Carmen Head

Purpose	Amount
Salary	\$6,000
Benefits-insurance	0
Benefits-retirement	0
Benefits-<list any other here>	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses*	0
Special meals	0
	0

Carmen Head, Mayor, receives \$6,000 annually. She receives **no** other benefits.

Other board members (3) received \$1,339.20, and **no** other benefits for the year
 Ended 12-31-2017.

Schedule of Compensation, benefits 2017

Other Required Information

AGREED-UPON PROCEDURES REPORT

Village of Grayson
Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended 06-30-2017

To the CEO of Village of Grayson
Grayson, Louisiana
Louisiana Legislative Auditor

I have performed the procedures enumerated below which were agreed to by Village of Grayson (the Entity) and the Louisiana Legislative Auditor (LLA), on the Entity's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2017, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Alliance's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested of for any other purpose.

The procedures and associated findings are as follows:

GENERAL

Written Policies and Procedures:

I obtained the written policies and procedures of the Entity, and determined that these policies and procedures address each of the following financial/business functions:

CASH
CONTRACTS
RECEIPTS
PAYROLL/PERSONNEL
CREDIT CARDS
TRAVEL AND EXPENSE REIMBURSEMENT
CAPITAL ASSETS
DEBT SERVICE
ETHICS

Board:

I Obtained and reviewed the board minutes for the fiscal period ending December 31, 2017.

- a. The board met on a frequency in accordance with the board's enabling legislation.
- b. The minutes referenced financial information for each meeting. No deficit spending was noted.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

Bank:

Village of Grayson had 17 Bank accounts in FY 2017, represented as the total list to me by management: I obtained a list of client bank accounts which I selected from the total 17 accounts for testing. I obtained the bank statements and reconciliations for all 12 months. I determined that the bank reconciliations were timely prepared. I determined that a member (with no involvement with the transactions associated with the bank accounts) had reviewed each reconciliation. Where applicable, management had documented whether they had researched reconciling items that had been outstanding more than six months of the fiscal period.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

Contracts:

I obtained a list of all contracts in effect for this fiscal period-there were only 3 contracts for Year ended December 31, 2017: A lease agreement, insurance agreement, and an L-3 grant. Management represented the list is complete. I determined there is a formal written contract that supports the services arrangements and the amount paid. Reviewed the grants for existence, completeness, and tested the transactions with the general ledger.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

Receipts:

In 2016, the Entity passed an ordinance that no cash would be accepted for any payment, and all deposits more than \$100.00 will be deposited on a daily basis. Any funds over \$100.00 shall be made daily.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

Payroll and Personnel:

There were approximately 10 employees from 01-01-2017 through 12/31/2017.

I obtained and checked the written documentation of personnel attendance, leave, time sheets (where applicable), vacation taken. Obtained proof of the payroll expenses, the required reports and payments made to those agencies.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

Credit Cards:

The management of Village of Grayson advised there is only one credit card owned or used by the entity. It is used only when someone has to purchase supplies. At the time that happens, the credit card is checked out by the Mayor and on return is checked in by the mayor. No major charges are made to the credit card.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

Travel and Expense Reimbursements:

Verification of :

1. Each travel expense selected is supported by:
 - An original itemized receipt that identifies exactly what was purchased
 - Documentation of the business/public purpose
 - Authorization for travel documented (a conference brochure)
 - Certificate of attendance
 - Rate charged does not exceed the entity policy

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

Capital Assets:

I obtained a list of capital assets, which was the representation of management for completeness and accuracy. The assets were all listed, with correct depreciation. A physical inventory has been taken, however, the list of assets is very uniform, with most assets being equipment which is in use. The list of assets, depreciation, and net assets were in balance with the general ledger.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

Debt Service:

Debt consists of 2 USDA Loans. I obtained supporting document from the entity, and ascertained the following: Debt service payments were timely made; debt reserves were maintained as required; the information agreed with the general ledger. No tax millage has been required for the debt.

Comment: No exceptions were noted as a result of applying the agreed upon procedures

Ethics: A council member is appointed as the Ethics Liaison to assist in training, monitoring, and violation action. The entity requires a copy of each employee's yearly ethics training certificate to be placed in in the employee's file. www.la.ethics.Gov.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Controller General. I was 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 the Alliance's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Alliance's compliance with certain laws and regulations containing in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Statute 24:513 and the Louisiana Governmental Audit Guide, 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 Louisiana Legislative Auditor as a public document.



Jimmie Self, CPA
Monroe, LA 70201

Agreed upon proc new report for 2017