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**VILLAGE OF NAPOLEONVILLE, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR DECEMBER 31, 2017**

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**VILLAGE OF NAPOLEONVILLE, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Ron Animashaun, Mayor  
and Members of the Village Council  
Village of Napoleonville, Louisiana

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and the guide require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 judgement, including the assessment of risk of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major fund of the Village of Napoleonville, Louisiana, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of plan contributions on pages 3 through 8 and 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Napoleonville's basic financial statements. The schedule of compensation, benefits, and other payments to chief executive officer, the schedule of sewer customers and rates, aged accounts receivable, insurance in force, and contact information for the Mayor and Board of Alderman, as required by the U.S. Department of Agriculture is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the Village of Napoleonville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Napoleonville, Louisiana's internal control over financial reporting and compliance.

*Diez, Dupuy & Ruiz*

Gonzales, Louisiana  
June 29, 2018

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The section of Village of Napoleonville's (the Village) annual financial report presents a discussion and analysis of the Village's financial performance for the year ended on December 31, 2017. Please read this document in conjunction with the Village's financial statements.

**Financial Highlights**

- At December 31, 2017, the Village's combined total assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources by \$3,323,709 (net position). Net position of the governmental activities was \$529,650 while the business-type activities was \$2,794,059.
- For the year ended December 31, 2017, the Village's total net position decreased by \$159,811.
- At December 31, 2017, the Village's governmental activities reported net position of \$529,650. Of this amount, \$108,195 is available for spending at the Village's discretion (unrestricted net position).
- At December 31, 2017, the Village's business-type activity reported net position of \$2,794,059. Of this amount \$61,964 is available for spending at the Village's discretion (unrestricted net position).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business.

The **Statement of Net Position** presents information on the Village's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The **Statement of Activities** presents information showing how the Village's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused annual leave).

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

In both of the government-wide financial statements, the Village's activities are divided into two types:

- Governmental activities – Most of the Village's basic services are reported here, including the general government, public safety, highways and streets, and sanitation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.
- Business-type activities – the Village charges fees to customers to help it cover the costs of certain services it provides. The Village's sewer system services are included here.

**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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Village uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

- Governmental funds are used to account for most of the Village's basic services. 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 that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which 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 government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.
- Proprietary funds account for sewer utility services provided by the Village to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Village's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Change in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Financial Analysis of the Village as a Whole**

**Net Position.** The Village's combined net position decreased between fiscal years 2017 and 2016 from approximately \$3.5 million to approximately \$3.3 million.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Village's Net Position**  
**December 31, 2017**

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Current and other assets	\$ 177,872	\$ 187,834	\$ 67,167	\$ 71,253
Restricted cash	-	-	114,245	101,145
Capital assets, net	404,729	464,780	3,352,196	3,484,131
<b>Total Assets</b>	<b>582,601</b>	<b>652,614</b>	<b>3,533,608</b>	<b>3,656,529</b>
Deferred outflows of resources	12,719	14,314	-	-
<b>Total assets and deferred outflows of resources</b>	<b>595,320</b>	<b>666,928</b>	<b>3,533,608</b>	<b>3,656,529</b>
Current liabilities	8,256	9,011	29,090	26,069
Long-term liabilities	55,861	52,377	710,459	734,374
<b>Total Liabilities</b>	<b>64,117</b>	<b>61,388</b>	<b>739,549</b>	<b>760,443</b>
Deferred inflows of resources	1,553	18,106	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>65,670</b>	<b>79,494</b>	<b>739,549</b>	<b>760,443</b>
Net investment in capital assets	404,729	464,780	2,617,850	2,727,074
Restricted for				
Other purpose	16,726	16,726	-	-
Debt service	-	-	114,245	101,145
Unrestricted	108,195	105,928	61,964	67,867
<b>Total Net Position</b>	<b>\$ 529,650</b>	<b>\$ 587,434</b>	<b>\$ 2,794,059</b>	<b>\$ 2,896,086</b>

The largest portion of the Village's net position reflects its investment in capital assets (land, buildings, equipment, infrastructure, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The total net position of the Village's governmental activities decreased by approximately \$58,000 and the business-type activities decreased by approximately \$102,000 during 2017. Governmental activities unrestricted net position, which increased by approximately \$2,000, represents the portion of the Village's resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Revenues for the Village's governmental activities decreased 2.0 percent while the expenses increased by 10.7 percent. The Village's business-type activities revenues and expenses increased 4.5 percent and 2.0 percent, respectively, for the current year. The governmental activities revenues generated for the 2017 and 2016 years did not cover the total cost of operations. The business-type activities revenue generated for the 2017 and 2016 years did not cover the total cost of operations, as depicted below.

	<b>Changes in Village's Net Position</b>			
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Program revenues	\$ 71,391	\$ 92,930	\$ 106,721	\$ 102,240
General revenues	263,773	249,324	1,292	633
Total revenues	335,164	342,254	108,013	102,873
Operating expenses	392,948	355,018	210,040	205,393
<b>Increase (decrease) in net position</b>	<b>\$ (57,784)</b>	<b>\$ (12,764)</b>	<b>\$(102,027)</b>	<b>\$(102,520)</b>

**Financial Analysis of the Village's Funds**

As the Village completed the year, its governmental fund reported a fund balance of \$169,616, a decrease from last year of \$9,207 or 5.1 percent.

**Governmental Funds**

The focus of the Village's general fund, its only governmental fund, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year. At the end of the current year, the Village's governmental funds reported a fund balance of \$169,616, all of which is unassigned and available for spending at the Village's discretion. The following schedule presents a summary of governmental fund revenues and expenditures for the year ended December 31, 2017, and the amount and percentage of increases and decreases in relation to the prior year.

<b>Revenues</b>	<b>2017 Amount</b>	<b>Percent of Total</b>	<b>2016 Amount</b>	<b>Increase (Decrease) from 2016</b>	<b>Percent Increase (Decrease)</b>
Taxes	\$ 167,860	50.2%	\$ 167,647	\$ 213	0.1%
Intergovernmental	5,298	1.6%	6,553	(1,255)	(19.2%)
Grants	11,197	3.4%	29,916	(18,719)	(62.6%)
Charges for services	50,524	15.1%	52,177	(1,653)	(3.2%)
Fines and forfeitures	320	0.1%	1,867	(1,547)	(82.9%)
Licenses and permits	85,291	25.5%	74,799	10,492	14.0%
Rental income	9,350	2.8%	8,970	380	4.2%
Interest	345	0.1%	187	158	84.5%
Miscellaneous	3,939	1.2%	138	3,801	2,754.4%
<b>Total Revenues</b>	<b>\$ 334,124</b>	<b>100.0%</b>	<b>\$ 342,254</b>	<b>\$ (8,130)</b>	

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

<b>Expenditures</b>	<b>2017 Amount</b>	<b>Percent of Total</b>	<b>2016 Amount</b>	<b>Increase (Decrease) from 2016</b>	<b>Percent Increase (Decrease)</b>
General Government	\$ 178,140	51.9%	\$ 156,339	\$ 21,801	13.9%
Public Safety	49,570	14.4%	29,117	20,453	70.2%
Streets and drainage	32,963	9.6%	28,454	4,509	15.9%
Sanitation	63,832	18.6%	63,137	695	1.1%
Culture and recreation	14,032	4.1%	9,378	4,654	49.6%
Capital outlays	4,794	1.4%	24,741	(19,947)	(80.6%)
<b>Total Expenditures</b>	<b>\$ 343,331</b>	<b>100.0%</b>	<b>\$ 311,166</b>	<b>\$ 32,165</b>	

**Proprietary Funds**

The Village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

**General Fund Budgetary Highlights**

Over the course of the year, the Village's General Fund budget was amended. The amendment of the operating budget is customary practice of the Village and reflective of the financial changes that occur throughout the year. The most significant reasons for budget amendments during 2017 were as follows:

- A decrease in federal, state and local grant revenue by \$26,200,
- An increase in licenses and permit revenue by \$12,500,
- An increase in general government expenditures by \$14,060,
- An increase in Public Safety expenditures by \$8,800,
- A decrease in capital outlay expenditures by \$23,300.

Budgeted revenues exceeded actual amounts by \$13,076. Budgeted expenditures exceeded actual amounts by \$9,039.

**Capital Assets**

The Village's net investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$3,756,925.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$ 88,500	\$ 88,500	\$ -	\$ -	\$ 88,500	\$ 88,500
Buildings and improvements	109,977	119,032	-	-	109,977	119,032
Vehicles	3,413	3,773	-	-	3,413	3,773
Machinery and equipment	76,760	111,452	-	-	76,760	111,452
Infrastructure	126,079	142,023	-	-	126,079	142,023
Utility property	-	-	3,352,196	3,484,131	3,352,196	3,484,131
<b>Totals</b>	<b>\$ 404,729</b>	<b>\$ 464,780</b>	<b>\$ 3,352,196</b>	<b>\$ 3,484,131</b>	<b>\$ 3,756,925</b>	<b>\$ 3,948,911</b>

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Long-Term Debt**

At December 31, 2017, the Village has total long-term debt outstanding of \$790,177. Of this total, \$23,887 is due within one year.

**Outstanding Debt  
December 31, 2017**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental Activities:				
Net pension liability	\$ 35,651	\$ 14,958	\$ 14,473	\$ 36,136
Compensated absences	-	2,969	-	2,969
Claims payable	16,726	-	-	16,726
Business-type activities:				
USDA loans	757,057	-	22,711	734,346
Total long-term debt	<u>\$ 809,434</u>	<u>\$ 17,927</u>	<u>\$ 37,184</u>	<u>\$ 790,177</u>

**Other Factors Affecting the Village**

The Village of Napoleonville's management approach is conservative. When possible, the Mayor and Alderman attempt to provide services for the Village based on existing revenues and to finance long-term projects only when absolutely necessary. The Village also attempts to keep sewer rates at the minimum required to cover the costs of the sewer system operations.

**Economic Factors and Next Year's Budgets**

The Village of Napoleonville's revenue mainly consists of Sales Taxes, Ad Valorem Taxes, Fines & Forfeitures, and Licenses and Permits. These revenues are dependent on the economic condition of the area. Budgeted revenues and expenditures are projected to be consistent with 2017.

**Contacting the Village's Financial Management**

This financial report is designed to provide the Village's citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Village of Napoleonville, 123 Jefferson Street, Napoleonville, LA 70390, telephone (985) 369-6365.

**VILLAGE OF NAPOLEONVILLE**  
**STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and cash equivalents	\$ 136,817	\$ 72,551	\$ 209,368
Accounts receivables -			
Ad valorem taxes	6,228	-	6,228
Sales taxes	10,221	-	10,221
Garbage assessment	4,244	-	4,244
Franchise fees	3,859	-	3,859
Other	1,200	9,919	11,119
Internal balances	15,303	(15,303)	-
Total Current Assets	<u>177,872</u>	<u>67,167</u>	<u>245,039</u>
Non-current Assets:			
Restricted cash	-	114,245	114,245
Capital assets, net of accumulated depreciation	404,729	3,352,196	3,756,925
Total Non-current Assets	<u>404,729</u>	<u>3,466,441</u>	<u>3,871,170</u>
 Total Assets	 <u>582,601</u>	 <u>3,533,608</u>	 <u>4,116,209</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension related	12,719	-	12,719
Total Deferred Outflows of Resources	<u>12,719</u>	<u>-</u>	<u>12,719</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 595,320</u>	 <u>\$ 3,533,608</u>	 <u>\$ 4,128,928</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	\$ 1,395	\$ 2,679	\$ 4,074
Accrued liabilities	6,861	2,524	9,385
Current portion of long-term debt	-	23,887	23,887
Total Current Liabilities	<u>8,256</u>	<u>29,090</u>	<u>37,346</u>
Non-current liabilities:			
Claims payable	16,726	-	16,726
Compensated absences	2,969	-	2,969
Net pension liability	36,166	-	36,166
Long-term debt	-	710,459	710,459
Total Non-current Liabilities	<u>55,861</u>	<u>710,459</u>	<u>766,320</u>
 Total Liabilities	 <u>64,117</u>	 <u>739,549</u>	 <u>803,666</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension related	1,553	-	1,553
Total Deferred Inflows of Resources	<u>1,553</u>	<u>-</u>	<u>1,553</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	404,729	2,617,850	3,022,579
Restricted for:			
Other purposes	16,726	-	16,726
Debt service	-	114,245	114,245
Unrestricted	108,195	61,964	170,159
Total net position	<u>529,650</u>	<u>2,794,059</u>	<u>3,323,709</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 595,320</u>	 <u>\$ 3,533,608</u>	 <u>\$ 4,128,928</u>

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

**VILLAGE OF NAPOLEONVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Activities</u></b>							
<b>Governmental:</b>							
General government	\$ 177,920	\$ -	\$ 6,403	\$ 4,794	\$ (166,723)	\$ -	\$ (166,723)
Public safety	62,981	320	-	-	(62,661)	-	(62,661)
Streets and drainage	68,637	-	-	-	(68,637)	-	(68,637)
Sanitation	63,832	50,524	-	-	(13,308)	-	(13,308)
Culture and recreation	19,578	9,350	-	-	(10,228)	-	(10,228)
Total governmental activities	<u>392,948</u>	<u>60,194</u>	<u>6,403</u>	<u>4,794</u>	<u>(321,557)</u>	<u>-</u>	<u>(321,557)</u>
<b>Business-type:</b>							
Utility	210,040	106,721	-	-	-	(103,319)	(103,319)
Total business-type activities	<u>210,040</u>	<u>106,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,319)</u>	<u>(103,319)</u>
Total Primary Government	<u>\$ 602,988</u>	<u>\$ 166,915</u>	<u>\$ 6,403</u>	<u>\$ 4,794</u>	<u>(321,557)</u>	<u>(103,319)</u>	<u>(424,876)</u>
<b>General Revenues:</b>							
Taxes					167,860		167,860
Licenses and permits					85,291	-	85,291
Intergovernmental					5,298	-	5,298
Interest					345	1,292	1,637
Miscellaneous					3,939	-	3,939
Contributions from non-employer contributing entities					1,040	-	1,040
Total general revenues					<u>263,773</u>	<u>1,292</u>	<u>265,065</u>
Change in net position					(57,784)	(102,027)	(159,811)
Net position - beginning					<u>587,434</u>	<u>2,896,086</u>	<u>3,483,520</u>
Net position - ending					<u>\$ 529,650</u>	<u>\$ 2,794,059</u>	<u>\$ 3,323,709</u>

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

**VILLAGE OF NAPOLEONVILLE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**DECEMBER 31, 2017**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 136,817
Accounts receivables -	
Ad valorem taxes	6,228
Sales taxes	10,221
Garbage assessment	4,244
Franchise fees	3,859
Other	1,200
Due from other funds	15,303
<b>Total assets</b>	<b>\$ 177,872</b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 1,395
Accrued liabilities	6,861
<b>Total liabilities</b>	<b>8,256</b>
 <b>FUND BALANCE</b>	
Unassigned	169,616
<b>Total fund balance</b>	<b>169,616</b>
 <b>Total liabilities and fund balance</b>	 <b>\$ 177,872</b>

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

**VILLAGE OF NAPOLEONVILLE**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

Total fund balance - Governmental Fund		\$ 169,616
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows-pension related		12,719
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets at December 31, 2017	\$ 1,471,085	
Less: accumulated depreciation as of December 31, 2017	<u>(1,066,356)</u>	404,729
Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Claims payable		(16,726)
Compensated absences		(2,969)
Net pension liability		(36,166)
Deferred inflows-pension related		<u>(1,553)</u>
Total net position at December 31, 2017 - Governmental Activities		<u>\$ 529,650</u>

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

**VILLAGE OF NAPOLEONVILLE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>General Fund</u>
<b>REVENUES</b>	
Taxes	\$ 167,860
Intergovernmental revenue	5,298
State and local grants	11,197
Charges for services	50,524
Fines and forfeitures	320
Licenses and permits	85,291
Rental income	9,350
Investment income	345
Miscellaneous	3,939
Total revenues	334,124
<b>EXPENDITURES</b>	
Current:	
General government	178,140
Public safety	49,570
Streets and drainage	32,963
Sanitation	63,832
Culture & recreational	14,032
Capital Outlay:	
Streets and drainage	580
Community Center	4,214
Total expenditures	343,331
Deficiency of revenues over expenditures	(9,207)
<b>Fund Balance, Beginning of Year</b>	178,823
<b>Fund Balance, End of Year</b>	\$ 169,616

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

**VILLAGE OF NAPOLEONVILLE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO CHANGES**  
**IN NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2017**

Net change in fund balance - Governmental fund \$ (9,207)

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

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

Capital Assets:

Capital outlay capitalized	\$ 4,794	
Depreciation expense for the year ended December 31, 2017	(64,845)	(60,051)

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

Net effect of change in net position liability and deferrals	13,403
Contributions from non-employer contributing entities	1,040

Excess compensated absences earned over amounts used	(2,969)
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Change in net position of governmental activities	\$ (57,784)
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The accompanying notes are an integral part of this financial statement.

**VILLAGE OF NAPOLEONVILLE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**DECEMBER 31, 2017**

<b><u>ASSETS</u></b>	<b>Enterprise Fund</b>
Current assets:	
Cash and cash equivalents	\$ 72,551
Accounts receivable, net	9,919
Total Current Assets	82,470
Non-current assets:	
Restricted cash	114,245
Capital assets, net of accumulated depreciation	3,352,196
Total Non-Current Assets	3,466,441
Total Assets	\$ 3,548,911
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	\$ 2,679
Accrued interest payable	2,524
Due to general fund	15,303
Current portion of long-term debt	23,887
Total Current Liabilities	44,393
Non-current liabilities:	
Long-term debt	710,459
Total Non-Current Liabilities	710,459
Total Liabilities	754,852
<b><u>NET POSITION</u></b>	
Net investment in capital assets	2,617,850
Restricted	114,245
Unrestricted	61,964
Total Net Position	2,794,059
Total Liabilities and Net Position	\$ 3,548,911

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

**VILLAGE OF NAPOLEONVILLE**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	Enterprise Fund
<b>OPERATING REVENUES</b>	
Charges for service	\$ 106,721
Total operating revenues	106,721
<b>OPERATING EXPENSES</b>	
Health and welfare	42,401
Depreciation	131,935
Total operating expenses	174,336
<b>OPERATING LOSS</b>	(67,615)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	1,292
Interest expense	(35,704)
Total non-operating revenues	(34,412)
<b>Change in net position</b>	(102,027)
<b>Total net position - beginning</b>	2,896,086
<b>Total net position - ending</b>	\$ 2,794,059

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

**VILLSGE OF NAPOLEONVILLE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 107,513
Payments for goods and services	(40,584)
<b>Net cash provided by operating activities</b>	<u>66,929</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	1,292
<b>Net cash provided by investing activities</b>	<u>1,292</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Decrease in due to other funds	(22)
<b>Net cash used in noncapital financing activities</b>	<u>(22)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Payments on debt obligations	(22,711)
Interest payments on debt obligations	(35,704)
<b>Net cash used in capital and related financing activities</b>	<u>(58,415)</u>
<b>Net increase in cash and cash equivalents</b>	9,784
<b>Cash and cash equivalents - December 31, 2016</b>	177,012
<b>Cash and cash equivalents - December 31, 2017</b>	<u>\$ 186,796</u>
<b>RECONCILIATION OF CASH</b>	
Cash and cash equivalents	\$ 72,551
Restricted cash	114,245
	<u>\$ 186,796</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating loss	\$ (67,615)
Adjustments to reconcile operating loss to net cash used in operating activities-	
Depreciation	131,935
Change in assets and liabilities	
Decrease in accounts receivable	792
Increase in accounts payable	1,817
<b>Net cash provided by operating activities</b>	<u>\$ 66,929</u>

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

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The Village of Napoleonville, Louisiana (the “Village”) was incorporated under the provisions of the Lawrason Act (LSA-RS 33:321). The Village operates under a Mayor-Board of Aldermen Council form of government. The Mayor and each of the three aldermen are elected at-large for four-year terms. The Mayor and Aldermen are compensated per diem for each meeting attended; in addition, the Mayor receives a salary. The estimated population is 686. The Village provides police protection, services to maintain and develop streets, drainage, and sanitation, general and administrative services, and utilities services for area residents. The Village provides sewer services to customers inside and outside of the Village limits. The Village employs 1 full-time employee in addition to the Mayor and Board of Aldermen.

As the municipal governing authority, for reporting purposes, the Village of Napoleonville 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.

Code Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Village is considered a primary government, since it is a special purpose government that has separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. Fiscally independent means that the Village 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 det. There are no other component units which the Village of Napoleonville has an oversight relationship.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities or the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The Village reports the following major proprietary funds:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise fund. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 they are needed.

**Cash and Cash Equivalents**

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village of Napoleonville, Louisiana to invest in United States bonds, treasury notes and bills, or certificated or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advantages to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes are levied on a calendar year basis and become due on January 1 each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
General Purposes	6.62	6.62
Maintenance Purposes	6.93	6.93

Sales Taxes are levied at 1% percent. The proceeds of this sales and use tax are dedicated to general purposes.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

As a Phase III government (a government with annual revenues of less than \$10 million), the Village elected not to retroactively report infrastructure assets prior to implementation. Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. As a Phase III government, the Village of Napoleonville is not required to retroactively report infrastructure in the Statement of Net Assets under the guidance of the Governmental Accounting Standards Board. The Village is however required to disclose in the notes to the financial statements any infrastructure items that were omitted from the financial statements. As of December 31, 2017, none of the roads, bridges or street lighting contained within the village corporate limits were included in the Statement of Net Position.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend their lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line basis over the following useful lives:

Buildings and Improvements	20 – 40 Years
Infrastructure	25 Years
Vehicles and Equipment	5 – 15 Years
Sewer and Utility System	20 – 40 Years

**Compensated Absences**

In the government-wide financial statements, the Village employee's leave is recorded as a long-term liability. Employees earn from 12 to 24 days of vacation leave each year depending on length of service. Vacation leave vest and is accumulated at year-end.

Employees may accumulate sick leave at a rate of one day per month. Sick leave may be accumulated but does not vest.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental fund when leave is taken.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fund Equity**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside the Village or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority.

Assigned – represents balances that are constrained by the Village's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Position in the Government-Wide Financial Statements**

For the government-wide statement of net position, the net position amount is classified and displayed in three components:

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

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Village will reduce restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Village will reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable debt covenants.

**Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented on page 12 of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented on page 14 of the basic financial statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Outflows/Inflows of Resources (continued)**

The Village has one item that qualifies for this category; pension related deferrals, which are reported in the government-wide statement.

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Village uses the following budget practices:

1. The Village Clerk prepares a proposed budget and submits to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At December 31, 2017, the Village has cash and cash equivalents (book balances) totaling \$323,613 as follows:

	Cash	Restricted Cash	Total
Demand Deposits	\$ 165,060	\$ -	\$ 165,060
LAMP	44,308	114,245	158,553
	<u>\$ 209,368</u>	<u>\$ 114,245</u>	<u>\$ 323,613</u>

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

At December 31, 2017, the Village has \$165,026 in demand deposits (collected bank balances). These deposits are secured from risk by \$165,026 of federal deposit insurance.

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

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

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 3 – CASH AND CASH EQUIVALENTS (continued)**

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

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

Certain cash and investment deposit balances are restricted in that they compromise reserves that are required to be maintained under various bond indentures. See also Note 5. The following is a schedule of restricted cash balances at December 31, 2017:

<u>Proprietary Fund</u>	<u>Amount</u>
Debt Service	<u>\$ 114,245</u>
Total	<u><u>\$ 114,245</u></u>

**NOTE 4 – RECEIVABLES**

In the government-wide statements, receivables consist of all revenues earned as year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the period aging and write-off of accounts receivable. Major receivable balances for the governmental activities include sales taxes, ad valorem taxes, franchise taxes, occupational licenses, fines, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, ad valorem taxes, franchise taxes, occupational licenses, fines, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Ad valorem taxes are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable. As of December 31, 2017, management believes all receivables are collectible and no allowance has been recorded in the current year.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 5 – RESTRICTED ASSETS AND RESTRICTED NET ASSETS**

Under the terms of the USDA loan agreements, the Village is to make monthly deposits into a Bond and Interest Sinking Fund, a Reserve Fund (5% of the annual debt payment) and Depreciation & Contingency Fund (5% of the annual debt payment). As of December 31, 2017, the status of these accounts is as follows:

	Cash on Deposit	Amounts Required Per USDA
Bond reserve fund	\$ 56,818	\$ 55,547
Bond depreciation and contingency fund	57,427	56,511
Total	\$ 114,245	\$ 112,058

**NOTE 6 – LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions for the year ended December 31, 2017:

	Balance			Balance		Due Within One Year
<b>Governmental Activities</b>	12/31/2016	Additions	Reductions	12/31/2017		
Net Pension liability	\$ 35,651	\$ 14,958	\$ 14,473	\$ 36,136	\$	-
Compensated absences	-	2,969	-	2,969		
Claims Payable	16,726	-	-	16,726		-
<u>Total governmental funds</u>	52,377	17,927	14,473	55,831		-
<b>Proprietary Fund</b>						
1989 Sewer Revenue Bond	194,575	-	11,141	183,434	11,800	
2001 Sewer Revenue Bond	263,646	-	6,298	257,348	6,587	
2006 Sewer Revenue Bond	298,836	-	5,272	293,564	5,500	
<u>Total proprietary fund</u>	757,057	-	22,711	734,346	23,887	
Total long-term debt	\$ 809,434	\$ 17,927	\$ 37,184	\$ 790,177	\$ 23,887	

**Business-Type Activities**

\$336,500 Sewer Revenue Bond secured by a pledge of sewer revenues, due in monthly installments of \$1,876 through December 11, 2029; interest 6.0%	\$ 183,434
\$331,000 Sewer Revenues bond secured by a pledge of sewer revenues, due in monthly installments of \$1,503 through December 3, 2041; interest 4.5%	257,348
\$340,000 Sewer Revenue Bond secured by a pledge of sewer revenues, due in monthly installments of \$1,489 through March 3, 2046; interest at 4.25%	293,564
Total long-term debt from business-type activities	\$ 734,346

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 6 – LONG-TERM OBLIGATIONS (continued)**

The annual requirements to amortize all debt outstanding at December 31, 2017, are as follows:

	USDA - 1989		USDA - 2001		USDA - 2006		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest
2018	\$ 11,800	\$ 10,685	\$ 6,587	\$ 11,446	\$ 5,500	\$ 12,370	\$ 23,887	\$ 34,501
2019	12,556	9,955	6,889	11,144	5,738	12,132	25,183	33,231
2020	13,325	9,186	7,203	10,830	5,985	11,885	26,513	31,901
2021	14,152	8,359	7,537	10,496	6,246	11,624	27,935	30,479
2022	15,025	7,486	7,883	10,150	6,517	11,353	29,425	28,989
2023 – 2027	90,225	22,330	45,193	44,971	37,077	52,263	172,495	119,564
2028 – 2032	26,351	1,038	56,573	33,592	45,838	43,502	128,792	78,132
2033 – 2037	-	-	70,817	19,347	56,670	32,670	127,487	52,017
2038 – 2042	-	-	48,666	3,316	70,061	19,279	118,727	22,595
2043 – 2046	-	-	-	-	53,932	3,888	53,932	3,888
	<u>\$183,434</u>	<u>\$69,039</u>	<u>\$257,348</u>	<u>\$155,292</u>	<u>\$293,564</u>	<u>\$210,966</u>	<u>\$734,346</u>	<u>\$435,297</u>

**NOTE 7 – CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2017 for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 88,500	\$ -	\$ -	\$ 88,500
Total Capital Assets Not Being Depreciated	<u>88,500</u>	<u>-</u>	<u>-</u>	<u>88,500</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	665,184	-	-	665,184
Infrastructure	380,880	-	-	380,880
Vehicles	54,613	-	-	54,613
Equipment	277,114	4,794	-	281,908
Total Capital Assets Being Depreciated	<u>1,377,791</u>	<u>4,794</u>	<u>-</u>	<u>1,382,585</u>
Less Accumulated Depreciation for:				
Buildings and improvements	(546,152)	(9,055)	-	(555,207)
Infrastructure	(238,857)	(15,944)	-	(254,801)
Vehicles	(50,840)	(360)	-	(51,200)
Equipment	(165,662)	(39,486)	-	(205,148)
Total Accumulated Depreciation	<u>(1,001,511)</u>	<u>(64,845)</u>	<u>-</u>	<u>(1,066,356)</u>
Capital Assets Being Depreciated, Net	<u>376,280</u>	<u>(60,051)</u>	<u>-</u>	<u>316,229</u>
Governmental Activities Capital Assets, Net	<u>\$ 464,780</u>	<u>\$ (60,051)</u>	<u>\$ -</u>	<u>\$ 404,729</u>

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 7 – CAPITAL ASSETS (continued)**

Depreciation expense was charged to the function of the primary government as follows:

Governmental activities:	
General government	\$ 10,214
Public safety – police	13,411
Streets and drainage	35,674
Culture and recreation	<u>5,546</u>
 Total depreciation expense – governmental activities	 <u>\$ 64,845</u>

Capital assets and depreciation activity as of and for the year ended December 31, 2017 for business-type activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Sewer Utility System	\$ 1,185,680	\$ -	\$ -	\$ 1,185,680
Improvements	4,091,722	-	-	4,091,722
Equipment	<u>16,361</u>	<u>-</u>	<u>-</u>	<u>16,361</u>
 Total Capital Assets Being Depreciated	 5,293,763	 -	 -	 5,293,763
Less Accumulated Depreciation for:				
Sewer System	(948,544)	(29,642)	-	(978,186)
Improvements	(844,727)	(102,293)	-	(947,020)
Equipment	<u>(16,361)</u>	<u>-</u>	<u>-</u>	<u>(16,361)</u>
 Total Accumulated Depreciation	 <u>(1,809,632)</u>	 <u>(131,935)</u>	 <u>-</u>	 <u>(1,941,567)</u>
 Business-Type Activities Capital Assets, net	 <u>\$ 3,484,131</u>	 <u>\$ (131,935)</u>	 <u>\$ -</u>	 <u>\$ 3,352,196</u>

**VILLAGE OF NAPOLEONVILLE**

**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**NOTE 8 – INTERFUND RECEIVABLES / PAYABLES**

The following is a detailed list of interfund balances reported in the fund financial statements on December 31, 2017:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 15,303	\$ -
Enterprise Fund	-	15,303
	<u>\$ 15,303</u>	<u>\$ 15,303</u>

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

**NOTE 9 – PENSION AND RETIREMENT PLANS**

The Village of Napoleonville (the Village) is a participating employer in a cost-sharing defined benefit pension plan. These plan is administered by the Municipal Employees' Retirement System of Louisiana (MERS). Article X, Section 29 (F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. The system is administered by a separate board of trustees.

Municipal Employees' Retirement System of Louisiana (MERS) issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the report as follows:

MERS:  
7937 Office Park Boulevard  
Baton Rouge, Louisiana 70809  
(225)925-4810  
[www.mersla.com](http://www.mersla.com)

The Village implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the Village to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9 – PENSION AND RETIREMENT PLANS (continued)**

**Plan Descriptions:**

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

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2017, there were 84 contributing municipalities in Plan A and 68 in Plan B. The Village of Napoleonville is a participant in Plan B only.

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

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

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

1. Any age with thirty (30) or more years of credible service.
2. Age 60 with a minimum of ten (10) or more years credible service.
3. Any age with ten (10) years of credible service eligible for disability benefits.
4. Survivor's benefits require five (5) years credible service at death of member.

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

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

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 credible service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9 – PENSION AND RETIREMENT PLANS (continued)**

Upon death of any member of Plan B with five (5) or more years of credible service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. Any member of Plan B, who is eligible for normal retirement at time of death and who leaves a surviving spouse 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.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable 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 make them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of a specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the 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 the System.

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

**Funding Policy**

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

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9 – PENSION AND RETIREMENT PLANS (continued)**

Contributions to the plan are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2017, for the Village and covered employees were as follows:

	City	Employees
Municipal Employees' Retirement System Plan B		
All employees	11.0%	5.0%

The contribution made to the Municipal Employees' Retirement System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2017	2016	2015
Municipal Employees' Retirement System Plan B	\$ 4,129	\$ 3,198	\$ 2,947

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

The following schedule lists the Village's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2017 measurement date. The Village uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2017 along with the change compared to the June 30, 2016 rate. The Village's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2017	Rate at June 30, 2017	Decrease on June 30, 2016 Rate
Municipal Employees' Retirement System Plan B	\$ 36,136	0.0418%	(0.0012%)
	\$ 36,136		

The following schedule list the pension plan's recognized pension benefit of the Village for the year ended December 31, 2017:

	Total
Municipal Employees' Retirement System Plan B	\$ 13,403
	\$ 13,403

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9 – PENSION AND RETIREMENT PLANS (continued)**

At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189	\$ (784)
Changes of assumptions	1,592	-
Net difference between projected and actual earnings on pension plan investments	7,614	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	900	(769)
Employer contributions subsequent to the measurement date	2,424	-
<b>Total</b>	<b>\$ 12,719</b>	<b>\$ (1,553)</b>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan B	\$ 12,719	\$ (1,553)
	\$ 12,719	\$ (1,553)

The Village reported a total of \$2,424 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2017. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan B	\$ 2,424
	\$ 2,424

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

Year	MERS
2018	\$ 4,004
2019	2,903
2020	1,492
2021	343
	\$ 8,742

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9 – PENSION AND RETIREMENT PLANS (continued)**

**Actuarial Assumptions**

The actuarial assumptions used in the June 30, 2017 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

A summary of the actuarial methods and assumptions used in determining the total pension liability for the pension plan as of June 30, 2017 is as follows:

	<b>MERS</b>
<b>Valuation Date</b>	June 30, 2017
<b>Actuarial Cost Method</b>	Entry Age Normal Cost
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining</b>	
<b>Service Lives</b>	4 years
<b>Investment Rate of Return</b>	7.40%
<b>Inflation Rate</b>	2.775%
<b>Mortality</b>	Annuitant and beneficiary mortality rates based on the RP-2000 Sex Distinct Mortality Table set forward two years for males and set forward one year for females projected to 2028 using scale AA. RP-2000 Employees Sex Distinct Table set back two years for both males and females, Disabled lives mortality RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females.
<b>Salary Increases</b>	5.0%
<b>Cost of Living Adjustments</b>	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 7.20% for the year ended June 30, 2017.

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9 – PENSION AND RETIREMENT PLANS (continued)**

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement System target asset allocations as of June 30, 2017:

Asset Class	Target Allocation MERS	Long-Term Expected Real Rate of Return MERS
Public equity	50.0%	2.30%
Equity	-	-
Public fixed income	35.0%	1.60%
Fixed income	-	-
Alternatives	15.0%	0.70%
Other	-	-
Total	100.0%	4.60%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.20%

***Discount Rate***

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS was 7.40% for the year ended June 30, 2017.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS			
Rates	6.40%	7.40%	8.40%
Village of Napoleonville Share of NPL	\$ 46,757	\$ 36,136	\$ 27,075

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 10 – RISK MANAGEMENT**

The Village is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Village purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Village’s payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

**NOTE 11 – RECLASSIFICATIONS**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**NOTE 12 – COMPENSATION TO BOARD MEMBERS**

Each member of the Board of Commissioners receives a per diem allowance for attending regular or special meetings of the Board. Each board member was paid the following amounts for meetings attended in 2017:

	<u>Amount</u>
Joyce Bell, Alderwoman	\$ 10,800
Kia Converse, Alderwoman	5,400
Richard Bilello, Alderman	3,000
Velma Jupiter, Alderwoman	<u>10,800</u>
Total	<u>\$ 30,000</u>

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2018, and has determined that there were no events that require disclosure.

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

**VILLAGE OF NAPOLEONVILLE**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Taxes	\$ 172,000	\$ 167,500	\$ 167,860	\$ 360
Intergovernmental revenue	6,500	4,500	5,298	798
Federal, State and local grants	38,200	12,000	11,197	(803)
Charges for services	53,000	50,500	50,524	24
Fines and forfeitures	1,700	500	320	(180)
Licenses and permits	89,000	101,500	85,291	(16,209)
Rental income	10,000	10,000	9,350	(650)
Investment income	200	500	345	(155)
Miscellaneous	100	200	3,939	3,739
Total revenues	<u>370,700</u>	<u>347,200</u>	<u>334,124</u>	<u>(13,076)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	168,200	182,260	178,140	4,120
Public safety	40,000	48,800	49,570	(770)
Streets and drainage	27,800	32,810	32,963	(153)
Sanitation	63,000	63,500	63,832	(332)
Culture & recreational	11,000	15,000	14,032	968
Capital Outlay	33,300	10,000	4,794	5,206
Total expenditures	<u>343,300</u>	<u>352,370</u>	<u>343,331</u>	<u>9,039</u>
Excess (deficiency) of Revenues over expenditures	27,400	(5,170)	(9,207)	(4,037)
<b>Fund Balance, Beginning of Year</b>	<u>211,228</u>	<u>178,823</u>	<u>178,823</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 238,628</u>	<u>\$ 173,653</u>	<u>\$ 169,616</u>	<u>\$ (4,037)</u>

**VILLAGE OF NAPOLEONVILLE**

**SCHEDULE OF PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (1)**

**Municipal Employees' Retirement System of Louisiana (Plan B)**

As of the fiscal year ended (2):	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.0418%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 36,136
Employer's Covered-Employee Payroll	\$ 31,000
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	116.5677%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.4909%
As of the fiscal year ended (2):	<u>2016</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.0430%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 35,651
Employer's Covered-Employee Payroll	\$ 31,651
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	112.6378%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.3376%
As of the fiscal year ended (2):	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.0438%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 29,737
Employer's Covered-Employee Payroll	\$ 30,358
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	97.9544%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.7136%

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

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

VILLAGE OF NAPOLEONVILLE

SCHEDULE OF PLAN CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

**Municipal Employees' Retirement System of Louisiana (Plan B)**

	<u>2017</u>
Contractually required contribution	\$ 3,980
Contributions in relation to contractually required contributions	<u>4,129</u>
Contribution deficiency (excess)	(149)
Employer's Covered Employee Payroll	\$ 31,000
Contributions as a % of Covered Employee Payroll	12.84%
	<u>2016</u>
Contractually required contribution	\$ 3,178
Contributions in relation to contractually required contributions	<u>3,178</u>
Contribution deficiency (excess)	-
Employer's Covered Employee Payroll	\$ 31,000
Contributions as a % of Covered Employee Payroll	10.25%
	<u>2015</u>
Contractually required contribution	\$ 2,945
Contributions in relation to contractually required contributions	<u>2,947</u>
Contribution deficiency (excess)	(2)
Employer's Covered Employee Payroll	\$ 31,000
Contributions as a % of Covered Employee Payroll	9.50%

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

**VILLAGE OF NAPOLEONVILLE**  
**SCHEDULE OF COMPENSATION, BENEFITS**  
**AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**CHIEF EXECUTIVE OFFICER:** Ron Animashaun, Mayor

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 30,000
Benefits-Insurance	1,535
Cellphone provided by Village	1,484
Continuing Education	1,250
Membership Dues	470
Conference Registration Fees	<u>360</u>
Total	<u>\$ 35,099</u>



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

**To the Honorable Ron Animashaun  
and Members of the Village Council  
Village of Napoleonville, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the major fund of the Village of Napoleonville, 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 Napoleonville, Louisiana's basic financial statements and have issued our report thereon dated June 29, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Deery, Dupuy + Ruiz*

Gonzales, Louisiana  
June 29, 2018

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED DECEMBER 31, 2017**

**SUMMARY OF AUDITOR'S RESULTS**

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

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

None

**NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS**

None

**VILLAGE OF NAPOLEONVILLE**  
**Napoleonville, Louisiana**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2017**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS**

**2016-001 Noncompliance with Bond Covenants**

Condition: The Village did not make the required monthly payments into the reserve fund and contingency and depreciation fund accounts during the year ending December 31, 2016.

Current Year Status: Similar finding not reported in current year.

**SUPPLEMENTAL INFORMATION REQUIRED BY USDA**

**VILLAGE OF NAPOLEONVILLE**

**DECEMBER 31, 2017**

**Sewer Customers and Rates**

At December 31, 2017, the Village billed the following number of customers:

<u>Rate Code/Description</u>	<u>Customers</u>	<u>Rate</u>
Type 1		\$22.00 per month flat rate
Type 2		\$25.00 per month flat rate
Aysenne Rental Partnership	1	\$500.00 per month flat rate
Assumption Properties II	1	\$250.00 per month flat rate

**Aged Accounts Receivable**

At December 31, 2017, the Village's accounts receivable was as follows:

<u>Balances</u>	<u>Customers</u>	<u>Aging</u>
\$6,881	313	Current
2,595	77	31 - 60 Days
443	21	61 - 90 Days
-	0	Over 91 Days
<u>\$9,919</u>		

**Insurance in Force**

<u>Issuer/Insurer</u>	<u>Type of Insurance</u>	<u>Limit Description</u>	<u>Coverage</u>	<u>Effective Dates</u>
Louisiana Minucipal Risk Management Agency	Commercial General Liability	Sewer Plant	\$ 500,000	5/1/2017 to 5/1/2018

**Contact Information for the Mayor and Board of Alderman**

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(985) 369-7890



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

To the Honorable Mayor, Village Council Members and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Napoleonville (the "Village") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Village's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

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

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

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

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

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

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

*Written policies and procedures were obtained and address the receiving function but does not address the recording of or preparation of deposits as noted above.*

*Management's response: The Village intends to amend the receipts policy to address these functions.*

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

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

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

*Written policies and procedures were obtained and address the functions as noted above with the exception of legal review.*

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

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

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

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

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

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

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

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

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

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

***Board (or Finance Committee, if applicable)***

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

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

*The Village's minutes reflected the board met monthly with a quorum.*

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

*The minutes include monthly budget to actual comparisons.*

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

*Not applicable.*

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

*The minutes reference non-budgetary information such as approval of contracts.*

***Bank Reconciliations***

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

*Obtained listing of client bank accounts from management and management's representation that listing is complete.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*The bank reconciliations prepared for accounts selected include evidence that each bank reconciliation has been reviewed.*

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

*No exceptions noted.*

### ***Collections***

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

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

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

*Collections are performed by one employee of the Village at one location, Village Hall. Employee responsible for collecting cash is bonded and is responsible for depositing the cash in the bank. Employee is not responsible for recording the related transaction or reconciling the related bank account. These duties are performed by an outside party hired by the Village. Employee at one location does not share the same cash drawer.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*No exceptions noted.*

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

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*There were fourteen deposits received during the week selected. Seven receipts were deposited within one day of collection and seven receipts were not deposited within one day of collection. The number of days from receipt to deposit for the collection site is as follows:*

<b>Location</b>	<b>Revenue Source</b>	<b>Number of Receipts</b>	<b>Number of Days from Collection to Deposit</b>
Village Hall	All revenue sources	7	3-13 days

*Management's response: Efforts will be made with the resources available to deposit cash collections within one day.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*No exceptions noted.*

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

*No exceptions noted.*

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

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

*Obtained listing of disbursements and management's representation that listing is complete.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

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

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

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

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

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

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

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

*The person responsible for processing electronic payments is not prohibited from adding vendors to the entity's purchasing/disbursement system. The Village hired an outside third party to process manual checks and record transactions. Invoices and/or other supporting documentation is reviewed and approved by Mayor prior to providing to outside third party.*

*Management's response: Due to the limited amount of Village administrative personnel, the Village is not able to properly segregate these functions of processing payment and adding vendors to the Village's purchasing/disbursement system. Through resolution, the Village Council, approves vendors to be paid electronically and reviews financial information at monthly meetings. Management feels that this is the most cost-efficient process for the Village with the limited number of resources available to the Village.*

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

*The Mayor and Village Clerk have signatory authority. The Mayor also has authority to initiate purchases and make the final authorization for disbursements. The Village Clerk is responsible for initiating, executing and recording electronic purchases.*

*Management's response: Due to the limited amount of Village administrative personnel, the Village is not able to properly segregate these functions of processing payment and adding vendors to the Village's purchasing/disbursement system. Through resolution, the Village Council, approves vendors to be paid electronically and reviews financial information at monthly meetings. Management feels that this is the most cost-efficient process for the Village with the limited number of resources available to the Village.*

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

*The supply of unused checks is maintained in a locked location. The Village clerk who has signatory authority and system access to print checks has access to the supply of unused checks.*

*Management's response: Although the Village Clerk has signatory authority and maintains the supply of unused checks, the Village's hired outside third party is responsible for processing paper checks for payment. Management feels that this is the most cost-efficient process for the Village with the limited number of resources available to the Village.*

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

*The Village does not use signature stamps.*

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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

*Obtained listing of credit cards/debit cards/fuel cards and management's representation that listing is complete.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

*One credit card was selected.*

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

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

*No exceptions noted.*

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

*Finance charges and/or late fees was not assessed on the selected statement.*

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

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*Not applicable.*

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

*No exceptions noted.*

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

*No exceptions noted.*

### ***Travel and Expense Reimbursement***

---

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

*Obtained listing of travel and related expense reimbursements and management's representation that listing is complete.*

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

*Policies were obtained. No exceptions noted.*

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

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

*Expenses were paid in accordance with written policy.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount does not require a receipt.]

*Not applicable.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

### ***Contracts***

---

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Obtained listing of contracts in effect and management's representation that listing was complete.*

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

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

*Formal/written contracts were obtained that supports the services arrangements. No exceptions noted.*

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

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

*No exceptions noted.*

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

*Not applicable.*

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

*One of five contracts selected was amended during the current fiscal period and the original contract terms contemplated or provided for such an amendment.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*Payments made on each contract were within the terms and conditions of the contract.*

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

*Two of five contracts required board approval and board approval was obtained. No exceptions noted.*

### ***Payroll and Personnel***

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

*Obtained listing of employees with their related salaries and management's representation that listing was complete.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

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

*No exceptions noted.*

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

*Written documentation was maintained supporting that a supervisor approved attendance and leave of the selected employees/officials.*

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

*Written documentation was maintained supporting leave records on those selected employees/officials that earn leave.*

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

*Not applicable.*

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

*Employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms were submitted to the applicable agencies by the required deadlines for the fiscal period.*

***Ethics (excluding nonprofits)***

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

*The Village maintained documentation demonstrating that required ethics training was completed for four of five employees selected.*

*Management's response: The Village intends to amend its ethics policy to include a monitoring function ensuring that all employees receive required ethics training.*

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

*Management asserted that they have received no allegations during the fiscal period.*

***Debt Service (excluding nonprofits)***

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

*No debt was issued during the fiscal period.*

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

*The Village made the required debt service payments and maintained the required debt reserves.*

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

*Not applicable.*

***Other***

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

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

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

*Dier, Dupuy & Ruiz*

Gonzales, Louisiana  
June 29, 2018