

Village of Pleasant Hill

Pleasant Hill, Louisiana

Annual Financial Statements
with Independent Auditor's Report

As of and For the Year Ended
December 31, 2017
with Supplemental Information Schedules

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Independent Auditor's Report

Village of Pleasant Hill
Pleasant Hill, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-12 and pages 41-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Pleasant Hill's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relates 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2018 on our consideration of the Village of Pleasant Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village of Pleasant Hill's internal control over financial reporting and compliance.

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
June 15, 2018

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART I

Village of Pleasant Hill
Pleasant Hill, Louisiana

Management's Discussion and Analysis
As of and for the year ended December 31, 2017

As Management of the Village of Pleasant Hill, we offer readers of the Village of Pleasant Hill's financial statements this narrative overview and analysis of the financial activities of the Village of Pleasant Hill as of and for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Village's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the Village of Pleasant Hill assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Pleasant Hill is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 15 - 16 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. Such information may be useful in evaluating a government's near-term financing requirements.

Village of Pleasant Hill
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Management's Discussion and Analysis
As of and for the year ended December 31, 2017

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Pleasant Hill maintains one individual governmental fund. Information as of and for the year ended December 31, 2017, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund.

The Village of Pleasant Hill adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 18 - 21 of this report.

Proprietary funds. The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses its enterprise funds to account for its sewer and water and solid waste operations.

Proprietary funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the Village.

The proprietary fund financial statements can be found on pages 22 - 24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 - 39 of this report.

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the Village of Pleasant Hill's compliance with budgets for its major funds. Also, other supplemental information schedules are included in the report.

FINANCIAL HIGHLIGHTS

-The assets of the Village exceeded its liabilities at December 31, 2017 by \$2,981,936.

-The Village's net position increased by \$76,064. The net position of the governmental activities decreased by \$38,924 and the net position of the business-type activities increased by \$114,988.

-At December 31, 2017, the Village's governmental funds reported total ending fund balances of \$260,082, a decrease of \$17,680, from December 31, 2016. The entire balance is available for spending at the Village's discretion (unassigned fund balance).

Village of Pleasant Hill
Pleasant Hill, Louisiana

Management's Discussion and Analysis
As of and for the year ended December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Cash and equivalents	\$ 202,784	\$ 219,835	\$ 90,322	\$ 74,557	\$ 293,106	\$ 294,392
Accounts receivable	19,550	26,528	15,019	15,684	34,569	42,212
Due from other funds	55,650	55,586	-	-	55,650	55,586
Cash and equivalents - restricted	-	-	21,773	21,898	21,773	21,898
Capital assets (net of accumulated depreciation)	793,022	820,898	1,896,271	1,797,993	2,689,293	2,618,891
Total Assets	<u>1,071,006</u>	<u>1,122,847</u>	<u>2,023,385</u>	<u>1,910,132</u>	<u>3,094,391</u>	<u>3,032,979</u>
Liabilities						
Accounts payable	\$ 5,777	\$ 11,385	\$ 5,695	\$ 6,944	\$ 11,472	\$ 18,329
Payroll liabilities	4,421	4,455	-	-	4,421	4,455
Due to other funds	-	-	55,650	55,586	55,650	55,586
Customer meter deposits	-	-	12,734	13,282	12,734	13,282
Capital lease payable - short-term	6,632	6,860	-	-	6,632	6,860
Capital lease payable - interest	1,072	1,486	-	-	1,072	1,486
Capital lease payable - long-term	20,474	27,106	-	-	20,474	27,106
Total Liabilities	<u>38,376</u>	<u>51,292</u>	<u>74,079</u>	<u>75,812</u>	<u>112,455</u>	<u>127,104</u>
Net Position						
Net investment in capital assets	793,022	820,898	1,896,271	1,797,993	2,689,293	2,618,891
Unrestricted	239,608	250,657	53,035	36,326	292,643	286,983
Total Net Position	<u>\$ 1,032,630</u>	<u>\$ 1,071,555</u>	<u>\$ 1,949,306</u>	<u>\$ 1,834,319</u>	<u>\$ 2,981,936</u>	<u>\$ 2,905,874</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Village of Pleasant Hill exceeded liabilities by \$2,981,936. A significant portion (90%) of the Village of Pleasant Hill's net position reflects its investments in capital assets (e.g., land, building and improvements, and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Management's Discussion and Analysis
As of and for the year ended December 31, 2017

Summary of Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Charges for services	\$ -	\$ -	\$ 153,714	\$ 133,347	\$ 153,714	\$ 133,347
Taxes:						
Ad valorem tax	15,763	18,738	-	-	15,763	18,738
Franchise tax	25,221	25,787	-	-	25,221	25,787
Sales tax	51,527	39,387	-	-	51,527	39,387
Licenses and permits	21,368	17,988	-	-	21,368	17,988
Capital grant	-	-	157,850	152,968	157,850	152,968
Operating grant	4,928	8,028	-	-	4,928	8,028
Interest earnings	427	210	185	213	612	423
Miscellaneous	59,429	32,829	20,244	14,930	79,673	47,759
Total revenues	<u>178,663</u>	<u>142,967</u>	<u>331,993</u>	<u>301,458</u>	<u>510,656</u>	<u>444,425</u>
Expenditures						
Current:						
General government	84,585	70,260	-	-	84,585	70,260
Public safety						
Police	62,775	59,783	-	-	62,775	59,783
Streets	70,227	54,286	-	-	70,227	54,286
Utility	-	-	217,005	247,273	217,005	247,273
Total expenditures	<u>217,587</u>	<u>184,329</u>	<u>217,005</u>	<u>247,273</u>	<u>434,592</u>	<u>431,602</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,924)</u>	<u>(41,362)</u>	<u>114,988</u>	<u>54,185</u>	<u>76,064</u>	<u>12,823</u>
Other financing sources (uses)						
Gain (loss) from the sale of equipment	-	4,500	-	-	-	4,500
Total other financing sources (uses)	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>
Change in net position	<u>(38,924)</u>	<u>(36,862)</u>	<u>114,988</u>	<u>54,185</u>	<u>76,064</u>	<u>17,323</u>
Net position - December 31, 2016	<u>1,071,555</u>	<u>1,108,417</u>	<u>1,834,318</u>	<u>1,780,134</u>	<u>2,905,873</u>	<u>2,888,551</u>
Net position - December 31, 2017	<u>\$ 1,032,631</u>	<u>\$ 1,071,555</u>	<u>\$ 1,949,306</u>	<u>\$ 1,834,319</u>	<u>\$ 2,981,937</u>	<u>\$ 2,905,874</u>

Governmental activities. The most significant revenues of the governmental activities are taxes (52%), including sales taxes (29%), franchise taxes (14%), and ad valorem taxes (9%).

General government expenses are the most significant (39%) of all governmental activities expenses, followed by streets expenses (32%) and public safety expenses (29%) Depreciation expense is included in these amounts.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Management's Discussion and Analysis
As of and for the year ended December 31, 2017

Governmental activities revenues increased by \$35,696 in the current year as compared to the prior year. The increase was primarily attributable to a increase in sales taxes and miscellaneous revenue.

Governmental activities expenses increased by \$33,258 in the current year as compared to the prior year. The increase was primarily attributable to an increase in all governmental activities.

Business-type activities. The business-type activities net position increased by \$114,987, due to the increase in grant funds for the upgrade to the water tank. Expense in the business-type activities decreased by \$30,268 from the prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental funds. As of December 31, 2017, the combined governmental fund balances of \$260,082 reflect a decrease of \$17,680 from December 31, 2016. The entire fund balance is unassigned, which is considered available for appropriation.

The increases in the revenues and expenses of the governmental funds were described in the above Government-Wide Financial Analysis section.

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

The Utility Fund's net position increased by \$114,987 in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund final actual revenues exceeded budgeted revenue by \$21,536. Favorable variances included \$6,527 in sales taxes and \$27,829 in miscellaneous revenue. General Fund final budgeted expenditures were more than actual expenditures by \$4,753.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. As of December 31, 2017, the Village of Pleasant Hill's investment in capital assets for its governmental activities totals \$793,022 (net of accumulated depreciation), and its investment in capital assets for its business-type activities totals \$1,896,271 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture, and equipment. During the year ended December 31, 2017, the Village purchased assets totaling \$14,288, including a car camera and VCR and a dash mount radio for the Police Department, a lawn mower for the Streets Department, and a pump for the clarifier at the sewer plant in the Utility Department. The Village also continued upgrades on the water system with construction in progress of \$171,857. Most funds used to make the upgrades were grant funds from the Louisiana Community Development Block Grant.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Management's Discussion and Analysis
As of and for the year ended December 31, 2017

Debt administration. The Village incurred debt of \$34,608 during the year ended December 31, 2016. The 2017 Chevrolet Tahoe was purchased as a capital lease to be repaid over the five years.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2017 budget is forecast to provide \$173,000 in revenues and \$277,763 in estimated surplus to fund costs of \$183,500.

No capital outlay is budgeted.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Pleasant Hill's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Rosetta Mims, Village Clerk, 8336 Pearl Street, Post Office Box 125, Pleasant Hill, Louisiana 71065.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Village of Pleasant Hill
Pleasant Hill, Louisiana

Statement of Net Position
As of December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 202,784	\$ 90,322	\$ 293,106
Accounts receivable	19,550	15,019	34,569
Due from other funds	55,650	-	55,650
Cash and equivalents - restricted	-	21,773	21,773
Capital assets (net of accumulated depreciation)	793,022	1,896,271	2,689,293
Total Assets	<u>1,071,006</u>	<u>2,023,385</u>	<u>3,094,391</u>
Liabilities			
Accounts payable	5,777	5,695	11,472
Payroll liabilities	4,421	-	4,421
Due to other funds	-	55,650	55,650
Customer meter deposits	-	12,734	12,734
Capital lease payable - short-term	6,632	-	6,632
Capital lease payable - interest	1,072	-	1,072
Capital lease payable - long-term	20,474	-	20,474
Total Liabilities	<u>38,376</u>	<u>74,079</u>	<u>112,455</u>
Net Position			
Net investment in capital assets	793,022	1,896,271	2,689,293
Unrestricted	239,608	53,035	292,643
Total Net Position	<u>\$ 1,032,630</u>	<u>\$ 1,949,306</u>	<u>\$ 2,981,936</u>

The accompanying notes are an integral part of these financial statements.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Statement of Activities
For the Year Ended December 31, 2017

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>						
Primary government						
Governmental activities						
General government	\$ 84,585	\$ -	\$ 4,928	\$ -	\$ -	\$ (79,657)
Police	62,775	-	-	(62,775)	-	(62,775)
Highways and streets	70,227	-	-	(70,227)	-	(70,227)
Total governmental activities	217,587	-	4,928	(212,659)	-	(212,659)
Business-type activities						
Water and sewer	217,005	153,714	-	157,850	94,559	94,559
Total primary government	\$ 434,592	\$ 153,714	\$ 4,928	\$ 157,850	(212,659)	94,559
<u>General Revenues</u>						
Taxes:						
Property taxes, levied for general purposes				15,763	-	15,763
Sales taxes				51,527	-	51,527
Franchise taxes				25,221	-	25,221
Licenses				21,368	-	21,368
Investment earnings				427	185	612
Other revenue				59,429	20,244	79,673
Operating transfers				-	-	-
Total general revenues and transfers				173,735	20,429	194,164
Change in net position				(38,924)	114,988	76,064
Net position - December 31, 2016				1,071,555	1,834,318	2,905,873
Net position - December 31, 2017				\$ 1,032,631	\$ 1,949,306	\$ 2,981,937

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Village of Pleasant Hill
Pleasant Hill, Louisiana

Balance Sheet - Governmental Funds
As of December 31, 2017

	Governmental Funds
Assets	
Cash and equivalents	\$ 202,784
Accounts receivable	19,550
Due from other funds	55,650
Total Assets	\$ 277,984
Liabilities & Fund Balances	
Liabilities:	
Accounts payable	\$ 5,777
Payroll liabilities	4,421
Capital lease payable	7,704
Total Liabilities	17,902
Fund balances:	
Unassigned, reported in:	
General revenue fund	260,082
Total Fund Balances	260,082
Total Liabilities and Fund Balances	\$ 277,984

The accompanying notes are an integral part of these financial statements.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of December 31, 2017

Total Fund Balances at December 31, 2017 - Governmental Funds (Statement C)	\$	260,082
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		793,022
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital lease		<u>(20,474)</u>
Net Position at December 31, 2017	\$	<u><u>1,032,630</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2017

	Governmental Funds
Revenues	
Taxes:	
Ad valorem tax	\$ 15,763
Franchise tax	25,221
Sales tax	51,527
Licenses and permits	21,368
Operating grant	4,928
Miscellaneous	59,429
Total revenues	<u>178,236</u>
Expenditures	
Current:	
General government	81,967
Public safety	
Police	53,169
Streets	43,073
Capital outlay	9,788
Total expenditures	<u>187,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,761)</u>
Other financing sources (uses)	
Interest earnings	427
Capital lease principal payment	(7,274)
Capital lease interest payment	(1,072)
Total other financing sources (uses)	<u>(7,919)</u>
Net changes in fund balances	(17,680)
Fund balances - December 31, 2016	<u>277,763</u>
Fund balances - December 31, 2017	<u>\$ 260,083</u>

The accompanying notes are an integral part of these financial statements.

Village of Pleasant Hill
Pleasant Hill, Louisiana

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

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(17,681)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation	(37,664)
Capital outlay	9,788

Capital lease principal expense, which is considered an other financing use on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is a reduction of capital lease payable on the Government-Wide Statements. Capital loan proceeds, which is considered an other financing sources on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is an increase in capital assets on the Government-Wide Statements.

Capital lease principal expense	6,632
Capital lease proceeds	-

Change in net position of governmental activities (Statement B)	\$	<u>(38,925)</u>
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Village of Pleasant Hill
Pleasant Hill, Louisiana

Statement of Net Position - Proprietary Fund
As of December 31, 2017

	Water & Sewer Fund
Assets	
Current Assets:	
Cash and equivalents	\$ 90,322
Accounts receivable	<u>15,019</u>
Total Current Assets	<u>105,341</u>
Noncurrent Assets:	
Cash and equivalents - restricted	21,773
Capital assets (net of accumulated depreciation)	<u>1,896,271</u>
Total Noncurrent Assets	<u>1,918,044</u>
Total Assets	<u>2,023,385</u>
Liabilities	
Current Liabilities:	
Accounts payable	5,695
Due to other funds	<u>55,650</u>
Total Current Liabilities	<u>61,345</u>
Current liabilities payable from restricted assets	
Customer meter deposits	<u>12,734</u>
Total Liabilities	<u>74,079</u>
Net Position	
Net investment in capital assets	1,896,271
Unrestricted	<u>53,035</u>
Total Net Position	<u>\$ 1,949,306</u>

The accompanying notes are an integral part of these financial statements.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Year Ended December 31, 2017

	Water & Sewer Fund
Operating Revenues	
Water sales	\$ 94,215
Sewer fees	59,499
Miscellaneous income	20,244
Total operating revenues	<u>173,958</u>
Operating Expenses	
Personnel services	59,961
Supplies	16,761
Utilities	20,975
Repairs and maintenance	15,528
Contractual services	23,316
Miscellaneous	2,386
Depreciation	78,079
Total operating expenses	<u>217,006</u>
Operating Income (Loss)	<u>(43,048)</u>
Non-operating Revenues (Expenses)	
Interest earnings	185
Capital grant	157,850
Total non-operating revenues (expenses)	<u>158,035</u>
Change in net position	114,987
Total Net Position - December 31, 2016	<u>1,834,318</u>
Total Net Position - December 31, 2017	<u><u>\$ 1,949,305</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2017

	Water & Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 153,714
Cash payments to suppliers for goods and services	(59,791)
Cash payments to employees	(59,961)
Net cash provided by (used for) operating activities	<u>33,962</u>
Cash flows from non-capital financing	
Cash flows from capital and related financing activities	
Acquisition of capital assets	(176,357)
Capital grant	157,850
Other revenue	-
Net cash provided by (used for) capital and related financing activities	<u>(18,507)</u>
Cash flows from investing activities	
Interest earnings	185
Net cash provided by (used for) investing activities	<u>185</u>
Net increase (decrease) in cash and cash equivalents	15,640
Cash and cash equivalents - December 31, 2016	<u>96,455</u>
Cash and cash equivalents - December 31, 2017	<u><u>\$ 112,095</u></u>
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (43,047)
Adjustments	
Depreciation	78,079
Net changes in assets and liabilities	
Accounts receivable	665
Customers' security deposits	(549)
Accounts payable	(1,250)
Due to other funds	64
Net cash provided for (used for) operating activities	<u><u>\$ 33,962</u></u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE
FINANCIAL STATEMENTS**

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

INTRODUCTION

The Village of Pleasant Hill, Louisiana (Village), was incorporated under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Aldermen form of government with three aldermen. Services provided by the Village include police protection, street maintenance, recreation and parks, water and sewer services, and general administrative services. The Village is located in Sabine Parish, Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village applies all relevant GASB pronouncements, and GAAP, as applicable to governmental entities. Also, the Village's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, 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 general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, 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 debt.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Village for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, no component units were identified for the Village of Pleasant Hill.

C. Government-Wide Financial Statements

The Village's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Village. Fiduciary activities of the Village are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village of Pleasant Hill's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the Village's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Direct Expenses - The Village reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Village reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

D. Fund Financial Statements

The accounts of the Village of Pleasant Hill are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Village are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Village has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

"Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Village of Pleasant Hill reports the following major governmental funds:

General Fund - The primary operating fund of the Village, the General Fund accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Village policy.

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines and permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges; 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 purpose.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

The Enterprise Fund of the Village of Pleasant Hill is the Water and Sewer Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Village for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. Equity Classifications

The Village of Pleasant Hill has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification 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 these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Village did not have any nonspendable funds for the year ended December 31, 2017.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted funds for the year ended December 31, 2017.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The Village did not have any committed funds for the year ended December 31, 2017.

Assigned: This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Village has no assigned funds for year ended December 31, 2017.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. All funds of the Village are designated as unassigned.

The Village would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. Budgets

The Mayor prepares a proposed budget and submits it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The Village utilizes formal budgetary integration as a management control device for all funds.

The 2017 general fund budget was published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on December 14, 2016, and the budget was adopted by the Mayor and Board of Aldermen. An amendment was adopted on December 20, 2017.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village of Pleasant Hill may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Village may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Village reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

H. Investments

The Village of Pleasant Hill's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Village may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Village may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for the following, which are permitted under GASB Statement No. 31:

Investments in non-participating interest earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Village reported at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

I. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

J. Inventories

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment 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 \$1,000 or more for capitalizing capital assets.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Buildings and other improvements	10-40 years
Moveable property	5-10 years

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

L. Deferred Outflows of Resources

The Village reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Village did not report any deferred outflows of resources, and no deferred outflows of resources affect the governmental funds financial statements.

M. Compensated Absences

Employees earn either one, two, or three weeks of vacation time each year, depending upon years of service. Employees earn five days to ten days of sick leave each year. Vacation and sick leave cannot be accumulated.

N. Deferred Inflows of Resources

The Village reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Village will not recognize the related revenues until a future event occurs. The Village did not report any deferred inflows of resources in the government-wide and proprietary fund statements, and no deferred inflows of resources affect the governmental funds financial statements.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

O. Interfund Transactions

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

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other funds" or "due to other funds" on the Fund Financial Statements Balance Sheet (Statement C), as well as all other outstanding balances between funds.

In the process of aggregating data for the Statement of Net Position (Statement A) and the Statement of Activities (Statement B), some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

P. 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Ad Valorem Tax

All ad valorem tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts through the establishment of an allowance account. Ad valorem taxes are levied on a calendar year basis and become delinquent on December 31. The Village bills and collects its own ad valorem taxes. For the 2016 ad valorem taxes, two rates of tax were levied on property within the corporate limits with an assessment value of \$1,628,004, as follows:

5.54 mills for the general maintenance of the Village

5.97 mills for the street maintenance of the Village

This millage was approved by the Board of Aldermen on June 14, 2017. This millage is the maximum millage that can be assessed without the approval of the voters of the Village. Total taxes levied were \$15,763 at December 31, 2017.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

3. Sales Tax

The qualified electors of the Village of Pleasant Hill, under the provisions of Louisiana Revised Statute 47:338.1, authorized a one percent sales and use tax levy to be dedicated and used for the purpose of providing funding for any lawful corporate purpose of the Village for an undefined period of time.

4. Cash, Cash Equivalents, and Investments

At December 31, 2017, the Village had cash and cash equivalents (book balances) totaling \$225,216, including \$170 cash on hand and \$21,773 in restricted cash. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At December 31, 2017, the Village had \$226,665 in deposits (collected bank balances). These deposits are secured from risk by \$226,665 in federal deposit insurance, and \$77,152 of pledged securities held in a Federal Reserve pledge account. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Village of Pleasant Hill has complied with these requirements of state law.

Cash and investments are categorized to give an indication of the level of risk assumed by the Village at December 31, 2017. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Village of Pleasant Hill has cash and cash equivalents that are covered by \$316,328 of federal depository insurance.

At December 31, 2017, the Village had funds (book balances) totaling \$89,663 on deposit at LAMP, which are stated at cost. The Village maintains accounts in the Louisiana Asset Management Pool (LAMP). LAMP was established and is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. LAMP accepts deposits from public entities. Upon making an investment, a public entity becomes a member of LAMP, Inc., similar to a corporate shareholder, and maintains certain rights with respect to the governance of the corporation.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality vehicles for investment. The LAMP portfolio includes only securities and obligations in which local governments in Louisiana are authorized to invest. LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies. The dollar weighted average portfolio of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their balances.

At December 31, 2017, the Village had no investments.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

5. Receivables

The receivables of \$34,569 at December 31, 2017, are as follows:

	Fund		
	General	Enterprise	Total
Sales taxes	\$ 6,569	\$ -	\$ 6,569
Ad valorem taxes	7,154	-	7,154
Franchise taxes	5,827	-	5,827
Services	-	15,019	15,019
Total	\$ 19,550	\$ 15,019	\$ 34,569

6. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2017, is as follows:

A. Capital Assets - Governmental Funds

	Balance, January 01, 2017	Additions	Deletions	Balance, December 31, 2017
Capital assets not depreciated				
Land	\$ 3,100	\$ -	\$ -	\$ 3,100
Total capital assets not being depreciated	3,100	-	-	3,100
Capital assets being depreciated				
Buildings and other improvements	1,033,256	-	-	1,033,256
Equipment, furniture, and fixtures	119,369	9,788	-	129,157
Total capital assets being depreciated	\$ 1,152,625	\$ 9,788	\$ -	\$ 1,162,413
Less accumulated depreciation				
Buildings and other improvements	\$ 279,374	\$ 26,294	\$ -	\$ 305,668
Equipment, furniture, and fixtures	55,453	11,370	-	66,823
Total accumulated depreciation	334,827	37,664	-	372,491
Capital assets, net	\$ 817,798	\$ (27,876)	\$ -	\$ 789,922
Governmental capital assets - net	\$ 820,898	\$ (27,876)	\$ -	\$ 793,022

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

Functional Allocation of Depreciation Expense

General government	\$	2,618
Police		7,892
Highways and streets		27,154
Total	\$	37,664

B. Capital Assets - Proprietary Funds

	Balance, January 01, 2017	Additions	Deletions	Balance, December 31, 2017
Capital assets not depreciated				
Construction in progress	\$ 550,723	\$ 171,857	\$ -	\$ 722,580
Total capital assets not being depreciated	<u>550,723</u>	<u>171,857</u>	<u>-</u>	<u>722,580</u>
Capital assets being depreciated				
Distribution System	\$ 3,090,779	\$ 4,500	\$ -	\$ 3,095,279
Equipment	54,239	-	-	54,239
Total capital assets being depreciated	<u>\$ 3,145,018</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 3,149,518</u>
Less accumulated depreciation				
Distribution System	\$ 1,863,668	\$ 73,334	\$ -	\$ 1,937,002
Equipment	34,080	4,745	-	38,825
Total accumulated depreciation	<u>\$ 1,897,748</u>	<u>\$ 78,079</u>	<u>\$ -</u>	<u>\$ 1,975,827</u>
Capital assets, net	<u>\$ 1,247,270</u>	<u>\$ (73,579)</u>	<u>\$ -</u>	<u>\$ 1,173,691</u>
Business-type capital assets - net	<u>\$ 1,797,993</u>	<u>\$ 98,278</u>	<u>\$ -</u>	<u>\$ 1,896,271</u>

7. Payables

The payables of \$15,893 at December 31, 2017, are as follows:

	Fund		
	General	Enterprise	Total
Accounts	\$ 5,777	\$ 5,695	\$ 11,472
Payroll liabilities	4,421	-	4,421
Total	<u>\$ 10,198</u>	<u>\$ 5,695</u>	<u>\$ 15,893</u>

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

8. Long-Term Obligations

The Village entered into a new capital lease-purchase agreement with Ford Motor Credit Company LLC to acquire a 2017 Chevrolet Tahoe at an interest rate of 4.45%. The lease-purchase agreement was signed on November 11, 2016 with the first payment due on November 11, 2016. The vehicle was placed in service at that time, and it is included as capital assets valued at \$34,063. The vehicle is being depreciated over the economic useful life of 5 years.

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

Long-term obligation	Balance, January 01, 2017	Additions	Deletions	Balance, December 31, 2017
Capital lease obligation - 2017 Chevrolet Tahoe	\$ 33,966	\$ -	\$ 6,860	\$ 27,106
Total	\$ 33,966	\$ -	\$ 6,860	\$ 27,106

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2017:

Long-term obligation	Current portion	Long-term portion	Total
Capital lease obligation - 2017 Chevrolet Tahoe	\$ 6,632	\$ 20,474	\$ 27,106
Total	\$ 6,632	\$ 20,474	\$ 27,106

The following is a summary of the present value of the net minimum lease payments:

Year ending December 31:	2017 Chevrolet Tahoe
2018	\$ 7,704
2019	7,704
2020	7,704
2021	6,420
Total minimum lease payments	29,533
Less amounts representing interest	2,427
Present value of net minimum lease payments	\$ 27,106

Village of Pleasant Hill
Pleasant Hill, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2017

9. Retirement Systems and Other Post Employment Benefits

The employees of the Village of Pleasant Hill do not participate in any state administered retirement system or any group health or other medical employment benefits. The Village withholds Social Security and Medicare taxes from the wages and salaries of all employees and is obligated for the matching employer contribution for those taxes.

10. Grants

During the year ended December 31, 2017, the Village of Pleasant Hill received grant funds of \$157,850 for the purpose of upgrades to the water system and tank from the Louisiana Community Development Block Grant. The upgrades to the water tank were not completed as of the end of the audit year. This asset is currently in progress with an expected completion date in 2018.

11. Risk Management and Economic Dependency

The Village is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Village maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Village maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

12. Litigation and Claims

At December 31, 2017, the Village was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 15, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PART II

Village of Pleasant Hill
Pleasant Hill, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2017

	Budget - Original	Budget - Final	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes:				
Ad valorem tax	\$ 19,000	\$ 19,000	\$ 15,763	\$ (3,237)
Franchise tax	30,000	30,000	25,221	(4,779)
Sales tax	45,000	45,000	51,527	6,527
Licenses and permits	25,000	25,000	21,368	(3,632)
Operating grant	6,100	6,100	4,928	(1,172)
Miscellaneous	31,600	31,600	59,429	27,829
Total revenues	<u>156,700</u>	<u>156,700</u>	<u>178,236</u>	<u>21,536</u>
Expenditures				
Current:				
General government	67,550	80,050	81,967	(1,917)
Public safety				
Police	55,600	55,600	53,169	2,431
Streets	30,400	46,600	43,073	3,527
Capital outlay	-	10,500	9,788	712
Total expenditures	<u>153,550</u>	<u>192,750</u>	<u>187,997</u>	<u>4,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,150</u>	<u>(36,050)</u>	<u>(9,761)</u>	<u>26,289</u>
Other financing sources (uses)				
Interest earnings	150	150	427	277
Capital lease principal payment	(7,700)	(7,700)	(7,274)	426
Capital lease interest payment	-	-	(1,072)	(1,072)
Total other financing sources (uses)	<u>(7,550)</u>	<u>(7,550)</u>	<u>(7,919)</u>	<u>(369)</u>
Net changes in fund balances	<u>(4,400)</u>	<u>(43,600)</u>	<u>(17,680)</u>	<u>25,920</u>
Fund balances - December 31, 2016	<u>277,763</u>	<u>277,763</u>	<u>277,763</u>	<u>-</u>
Fund balances - December 31, 2017	<u>\$ 273,363</u>	<u>\$ 234,163</u>	<u>\$ 260,083</u>	<u>\$ 25,920</u>

The accompanying notes are an integral part of these financial statements.

Kenneth D. Folden & Co.

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

Village of Pleasant Hill
Pleasant Hill, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Pleasant Hill, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of Pleasant Hill's basic financial statements and have issued our report thereon dated June 15, 2018. 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.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 Pleasant Hill'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 tests disclosed no instances of noncompliance or other matters that is 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 result 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 Village of Pleasant Hill's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kenneth D. Felden + Co., CPAs

Jonesboro, Louisiana
June 15, 2018

SUPPLEMENTAL INFORMATION

Village of Pleasant Hill
Pleasant Hill, Louisiana

Schedule of Findings and Questioned Costs
For the year ended December 31, 2017

We have audited the basic financial statements of the Village of Pleasant Hill as of and for the year ended December 31, 2017 and have issued our report thereon dated June 15, 2018. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

B. Findings - Financial Statements Audit

Current Year

No current year findings.

Prior Year

No prior year findings.

Village of Pleasant Hill
Pleasant Hill, Louisiana

Schedule of Compensation Paid Aldermen
For the year ended December 31, 2017

	2017
Glenn Arnold	\$ 1,800
Ray Bufkin	1,800
Carol Pattison	1,800
	<u>\$ 5,400</u>

Village of Pleasant Hill
Pleasant Hill, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended December 31, 2017

Barbara Campbell Mayor		
Salary	\$	7,200
Reimbursements		<u>870</u>
	\$	<u><u>8,070</u></u>

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Aldermen of Village of Pleasant Hill
Pleasant Hill, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Pleasant Hill 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 01, 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

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a. Budgeting, including preparing, adopting, monitoring, and amending the budget,
 - b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c. Disbursements, including processing, reviewing, and approving,
 - d. Receipts, including receiving, recording, and preparing deposits,
 - e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked,
 - f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process,
 - g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage,
 - h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers,

i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy, and

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

Exception: The Village does not have written policies and procedures on receipts, contracting, or debt service. The policy and procedure on purchasing does not include how vendors are added to the vendor list.

Management's Response: The Village will develop written policies and procedures on receipts, contracting, and debt service. In addition, the Village will modify its written policy and procedure on purchasing to include how vendors are added to the vendor list.

Board

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.

Response: The Board of Aldermen meets monthly.

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

Response: Minutes did not reference monthly budget-to-actual comparisons.

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.

Response: Non-budgetary financial information is reported in minutes.

Exception: See above responses.

Management's Response: The Board of Aldermen will review budget-to-actual comparisons and document the review in the meeting minutes.

Bank Reconciliations

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

Response: Management provided us with a list of bank accounts and representation that the list is complete.

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

a. Bank reconciliations have been prepared;

Response: Bank reconciliation were prepared for all bank accounts for all 12 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

Response: There is no indication that a member of management or an Alderman has reviewed the reconciliation.

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

Response: In the Meter Deposit account, there were two reconciling items older than six months, and there was no documentation reflecting that the items had been researched.

Exception: See above responses.

Management's Response: The Village will insure that all reconciliations will be reviewed by an Alderman indicated by initials and a date of review. The Village Clerk will research the transactions over six months old, and the Village Clerk will monitor the reconciliation each month for any items that become more than six months old.

Collections

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

Response: The collection location is Pleasant Hill Village Hall.

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

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

Response: (1) The Clerk and Deputy Clerk are bonded.

(2) Both the clerk and deputy clerk collect cash and deposit cash in the bank; however, the contract accountant is responsible for recording the transactions and reconciling the bank accounts.

(3) Each person collecting cash has her own 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.

Response: There is no written policy or procedure for reconciling cash collections to the general ledger.

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

i. 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.

Response: Of the 19 collections reviewed, ten were made within one day of collections. One deposit was made within seven days, four deposits were made within four days, two deposits were made within three days, and two deposits were made within two days.

ii. 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.

Response: All cash collections were supported by documentation (check copies, tickets, check stubs, utility payment stubs, and water/sewerage applications).

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.

Response: There is no written policy or procedure to determine completeness of all collections.

Exception: See above responses.

Management's Response: The Village will develop a written policy and procedures for reconciling cash collections to the general ledger and for determining the completeness of all collections. The Village will also develop a written policy and procedures to insure that all deposits are made timely.

Disbursements - General

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.

Response: Management provided a listing of disbursements.

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.

Response: The Village does not use a requisition or purchase order system. No purchases were initiated with a requisition or purchase order.

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

Response: Not applicable.

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.

Response: All transactions tested were paid from an approved invoice; however, there were no requisitions or purchase orders.

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.

Response: There is no policy on adding vendors to the entity's purchasing/disbursement system.

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.

Response: The Village does not use a purchase order system. The Mayor makes final authorizations for disbursements and does not initiate or record purchases.

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

Response: Unused checks are kept in the Deputy Clerk's locked desk. Those who can sign checks do not have access to the unused checks.

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.

Response: A signature stamp or signature machine is not used.

Exception: See above responses.

Management's Response: The Village will include in its written policy and procedures on disbursements procedures on adding vendors.

Credit Cards

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

Response: Management provided a listing of credit cards, bank debit cards, fuel cards, and P-cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

a. Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Response: There was no evidence that the monthly statements were reviewed or approved by someone other than the authorized card holder.

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

Response: There were no finance charges or late fees on any of the selected statements.

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:

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

Response: There were no itemized receipts for either of the two cards tested.

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

Response: There was no business purpose documented for either of the two cards tested.

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

Response: No other documentation is required.

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.

Response: No exceptions to the policy or the Louisiana Public Bid Law.

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.

Response: No payments were made that would violate Article 7, Section 14 of the Louisiana Constitution.

Exception: See above responses.

Management's Response: The Village will amend its written policy and procedures on credit card purchases to insure that all itemized receipts are maintained and that the business purposes for each purchase is documented. Also, the Village will have someone other than the card holder review and approve all statements.

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.

Response: Management provided a listing of travel and related expense reimbursements.

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

Response: The amounts in the written policy and procedure did not exceed GSA rates.

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

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

Response: The written policy and procedure states that mileage will be reimbursed at a rate of \$0.54, but the employee was paid \$0.56 per mile.

b. Report whether each expense is supported by:

i. An original itemized receipt that identifies precisely what was purchased.

Response: Not applicable.

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

Response: There was documentation of the business/public purpose for each expense.

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

Response: No other documentation is required.

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.

Response: There was no indication of a violation of Article 7, Section 14 of the Louisiana Constitution.

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

Response: The expense tested was reviewed and approved by someone other than the person receiving the reimbursement.

Exception: See above responses.

Management's Response: The Village will review the written policy and procedure and follow the amounts specified by the document.

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.

Response: Management indicated that the Village did not have any contracts during the audit period, and management has provided a representation.

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.

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:

i. 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)

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

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

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.

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).

Exception: Not applicable.

Management's Response: None.

Payroll and Personnel

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

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.

Response: There are no employment contracts or pay rate structures. Pay rates are approved by the Board of Aldermen when approving the operating budget for the Village.

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.

Response: There was no documentation of changes made to hourly pay rates/salaries.

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).

Response: All seven employees documented their daily attendance and leave.

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

Response: Of the seven employees reviewed, four were approved by supervisors.

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.

Response: All seven employees documented their leave records.

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

Response: Management provided a list of terminated employees, and there were no termination payments made to the employees.

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.

Response: All payroll taxes and reporting forms were submitted to the applicable agencies in a timely manner.

Exception: See above responses.

Management's Response: The Village will review timesheets that were not reviewed by supervisors and discuss this information with supervisors. The Village will amend its policy and procedures to include provisions that halt payments to employees who do not have their timesheets approved by their supervisors.

Ethics

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.

Response: Ethics training was completed by seven of fourteen employees and all Aldermen.

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.

Response: Per discussion with management, there were no alleged ethics violations reported.

Exception: See above responses.

Management's Response: The Village will have all employees complete the one hour ethics training available to all governmental entities. Records of this training will be kept in the personnel files.

Debt Service

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

Response: Not applicable.

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

Response: The only debt is a lease to Ford Motor Credit. All payments have been made, and there are no debt reserve requirements.

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.

Response: Not applicable.

Other

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

Response: Per discussion with management, there were no 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) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Response: We observed the notice posted in the Village Hall.

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

Response: We did not observe any other exceptions regarding management's representations in the procedures above.

We were not engaged to and did not perform 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.

Kenneth D. Folden & Co., CPAs

Jonesboro, Louisiana
June 15, 2018



BARBARA T. CAMPBELL
MAYOR

Village of Pleasant Hill

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ALDERMAN
EDWARD G. ARNOLD
"RAY" BUFKIN
CAROL C. PATTISON

CHIEF OF POLICE
TOMMY RAY WILLIAMS

June 15, 2018

Kenneth D. Folden & Co., CPAs
302 Eighth Street
Jonesboro, Louisiana

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period January 1, 2017 through December 31, 2017, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; disbursements; credit/debit/fuel/purchasing cards; travel and expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas as applicable.

Yes No

2. For the fiscal period January 1, 2017 through December 31, 2017, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.

Yes No

3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes No

4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes No

5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between December 31, 2017, and June 11, 2018.

Yes No

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6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.

Yes No

7. We represent that the listing of bank accounts provided to you is complete.

Yes No

8. We represent that the listing of cash/check/money order (cash) collection locations provided to you is complete.

Yes No

9. We represent that the listing of entity disbursements or the general ledger population of entity disbursements provided to you is complete.

Yes No

10. We represent that the 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, provided to you is complete.

Yes No

11. We represent that the listing of all travel and related expense reimbursements, by person, during the fiscal period or the general ledger population of travel and related expense reimbursements provided to you is complete.

Yes No

12. We represent that the listing of all contracts in effect during the fiscal period or the general ledger population of contract payments provided to you is complete.

Yes No

13. We represent that the listing of employees (and elected officials, if applicable) with their related salaries provided to you is complete.

Yes No

14. We represent that the listing of employees (and elected officials, if applicable) that terminated during the fiscal period provided to you is complete.

Yes No

15. We have disclosed to you other data you deemed necessary to complete SAUPs.

Yes No

16. We have responded fully to all inquiries made by you during the engagement.

Yes No

17. We are not aware of any events that have occurred subsequent to December 31, 2017, that would require adjustment to or modification of the results of the agreed-upon procedures.

Yes No

The previous responses have been made to the best of our belief and knowledge.

Signature Barbara T Campbell Date June 15, 2018

Title Mayor