
VILLAGE OF NAPOLEONVILLE, LOUISIANA

ANNUAL FINANCIAL REPORT

FOR THE YEAR DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, and the major fund of the Village of Napoleonville, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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



Gonzales, Louisiana
June 28, 2019

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

The section of Village of Napoleonville's (the Village) annual financial report presents a discussion and analysis of the Village's financial performance for the year ended on December 31, 2018. Please read this document in conjunction with the Village's financial statements.

Financial Highlights

- At December 31, 2018, the Village's combined total assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources by \$3,163,217 (net position). Net position of the governmental activities was \$477,557 while the business-type activities was \$2,685,660.
- For the year ended December 31, 2018, the Village's total net position decreased by \$160,492.
- At December 31, 2018, the Village's governmental activities reported net position of \$477,557. Of this amount, \$86,806 is available for spending at the Village's discretion (unrestricted net position).
- At December 31, 2018, the Village's business-type activity reported net position of \$2,685,660. Of this amount \$53,379 is available for spending at the Village's discretion (unrestricted net position).

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Village uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

- Governmental funds are used to account for most of the Village's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.
- Proprietary funds account for sewer utility services provided by the Village to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

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

Financial Analysis of the Village as a Whole

Net Position. The Village's combined net position decreased between fiscal years 2018 and 2017 from approximately \$3.3 million to approximately \$3.2 million.

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

Village's Net Position
December 31, 2018

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Current and other assets	\$ 165,082	\$ 177,872	\$ 58,595	\$ 67,167
Restricted cash	-	-	122,449	114,245
Capital assets, net	374,025	404,729	3,220,262	3,352,196
Total Assets	<u>539,107</u>	<u>582,601</u>	<u>3,401,306</u>	<u>3,533,608</u>
Deferred outflows of resources	14,577	12,719	-	-
Total assets and deferred outflows of resources	<u>553,684</u>	<u>595,320</u>	<u>3,401,306</u>	<u>3,533,608</u>
Current liabilities	10,877	8,256	30,340	29,090
Long-term liabilities	62,778	55,861	685,306	710,459
Total Liabilities	<u>73,655</u>	<u>64,117</u>	<u>715,646</u>	<u>739,549</u>
Deferred inflows of resources	2,472	1,553	-	-
Total liabilities and deferred inflows of resources	<u>76,127</u>	<u>65,670</u>	<u>715,646</u>	<u>739,549</u>
Net investment in capital assets	374,025	404,729	2,509,832	2,617,850
Restricted for:				
Other purposes	16,726	16,726	-	-
Debt service	-	-	122,449	114,245
Unrestricted	86,806	108,195	53,379	61,964
Total Net Position	<u>\$ 477,557</u>	<u>\$ 529,650</u>	<u>\$ 2,685,660</u>	<u>\$ 2,794,059</u>

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

The total net position of the Village's governmental activities decreased by approximately \$52,000 and the business-type activities decreased by approximately \$108,000 during 2018. Governmental activities unrestricted net position, which decreased by approximately \$21,000, represents the portion of the Village's resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

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

Revenues for the Village's governmental activities increased 9.8 percent while the expenses increased by 6.9 percent. The Village's business-type activities revenues and expenses increased 12.1 percent and 9.3 percent, respectively, for the current year. The governmental activities revenues generated for the 2018 and 2017 years did not cover the total cost of operations. The business-type activities revenue generated for the 2018 and 2017 years did not cover the total cost of operations, as depicted below.

	Changes in Village's Net Position			
	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Program revenues	\$ 93,101	\$ 71,391	\$ 118,577	\$ 106,721
General revenues	274,964	263,773	2,508	1,292
Total revenues	368,065	335,164	121,085	108,013
Operating expenses	420,158	392,948	229,484	210,040
Decrease in net position	\$ (52,093)	\$ (57,784)	\$(108,399)	\$(102,027)

Financial Analysis of the Village's Funds

As the Village completed the year, its governmental fund reported a fund balance of \$154,205, a decrease from last year of \$15,411 or 9.0 percent.

Governmental Funds

The focus of the Village's general fund, its only governmental fund, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the year. At the end of the current year, the Village's governmental funds reported a fund balance of \$154,205, all of which is unassigned and available for spending at the Village's discretion. The following schedule presents a summary of governmental fund revenues and expenditures for the year ended December 31, 2018, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	2018 Amount	Percent of Total	2017 Amount	Increase (Decrease) from 2017	Percent Increase (Decrease)
Taxes	\$ 192,138	52.4%	\$ 173,158	\$ 18,980	11.0%
Grants	25,360	6.9%	11,197	14,163	126.5%
Charges for services	56,394	15.4%	50,524	5,870	11.6%
Fines and forfeitures	447	0.1%	320	127	39.7%
Licenses and permits	78,513	21.4%	85,291	(6,778)	(7.9%)
Rental income	10,900	3.0%	9,350	1,550	16.6%
Interest	597	0.2%	345	252	73.0%
Miscellaneous	2,462	0.6%	3,939	(1,477)	(37.5%)
Total Revenues	\$ 366,811	100.0%	\$ 334,124	\$ 32,687	

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

Expenditures	2018 Amount	Percent of Total	2017 Amount	Increase (Decrease) from 2017	Percent Increase (Decrease)
General Government	\$ 184,221	48.2%	\$ 178,140	\$ 6,081	3.4%
Public Safety	50,338	13.2%	49,570	768	1.5%
Streets and drainage	41,819	10.9%	32,963	8,856	26.9%
Sanitation	58,200	15.2%	63,832	(5,632)	(8.8%)
Culture and recreation	16,383	4.3%	14,032	2,351	16.8%
Capital outlays	31,261	8.2%	4,794	26,467	552.1%
Total Expenditures	\$ 382,222	100.0%	\$ 343,331	\$ 38,891	

Proprietary Funds

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

General Fund Budgetary Highlights

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

- An increase in streets and drainage expenditures by \$7,190.
- An increase in capital outlay expenditures by \$3,000.

Actual revenues exceeded budgeted amounts by \$2,411. Budgeted expenditures exceeded actual amounts by \$21,238.

Capital Assets

The Village's net investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to \$3,594,287.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 88,500	\$ 88,500	\$ -	\$ -	\$ 88,500	\$ 88,500
Buildings and improvements	106,045	109,977	-	-	106,045	109,977
Vehicles	3,413	3,413	-	-	3,413	3,413
Equipment	65,932	76,760	-	-	65,932	76,760
Infrastructure	110,135	126,079	-	-	110,135	126,079
Utility property	-	-	3,220,262	3,352,196	3,220,262	3,352,196
Totals	\$ 374,025	\$ 404,729	\$ 3,220,262	\$ 3,352,196	\$ 3,594,287	\$ 3,756,925

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

Long-Term Debt

At December 31, 2018, the Village has total long-term debt outstanding of \$710,430. Of this total, \$25,124 is due within one year.

**Outstanding Debt
December 31, 2018**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental Activities:				
Net pension liability	\$ 36,136	\$ 7,352	\$ 1,254	\$ 42,234
Compensated absences	2,969	849	-	3,818
Claims payable	16,726	-	-	16,726
Business-type activities:				
USDA loans	734,346	-	23,916	710,430
Total long-term debt	<u>\$ 790,177</u>	<u>\$ 8,201</u>	<u>\$ 25,170</u>	<u>\$ 773,208</u>

Other Factors Affecting the Village

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

Economic Factors and Next Year's Budget

The Village of Napoleonville's revenue mainly consists of Sales Taxes, Ad Valorem Taxes, Fines & Forfeitures, and Licenses and Permits. These revenues are dependent on the economic condition of the area. Budgeted revenues and expenditures are projected to be consistent with 2018.

Contacting the Village's Financial Management

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

VILLAGE OF NAPOLEONVILLE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 123,509	\$ 62,619	\$ 186,128
Accounts receivables:			
Ad valorem taxes	5,478	-	5,478
Sales taxes	11,314	-	11,314
Garbage assessment	4,475	-	4,475
Franchise fees	3,707	-	3,707
Other	1,138	11,437	12,575
Internal balances	15,461	(15,461)	-
Total Current Assets	<u>165,082</u>	<u>58,595</u>	<u>223,677</u>
Non-current Assets:			
Restricted cash	-	122,449	122,449
Capital assets, net of accumulated depreciation	374,025	3,220,262	3,594,287
Total Non-current Assets	<u>374,025</u>	<u>3,342,711</u>	<u>3,716,736</u>
 Total Assets	 <u>539,107</u>	 <u>3,401,306</u>	 <u>3,940,413</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	14,577	-	14,577
Total Deferred Outflows of Resources	<u>14,577</u>	<u>-</u>	<u>14,577</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 553,684</u>	 <u>\$ 3,401,306</u>	 <u>\$ 3,954,990</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 2,173	\$ 2,692	\$ 4,865
Accrued liabilities	8,704	2,524	11,228
Current portion of long-term debt	-	25,124	25,124
Total Current Liabilities	<u>10,877</u>	<u>30,340</u>	<u>41,217</u>
Non-current liabilities:			
Claims payable	16,726	-	16,726
Compensated absences	3,818	-	3,818
Net pension liability	42,234	-	42,234
Long-term debt	-	685,306	685,306
Total Non-current Liabilities	<u>62,778</u>	<u>685,306</u>	<u>748,084</u>
 Total Liabilities	 <u>73,655</u>	 <u>715,646</u>	 <u>789,301</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	2,472	-	2,472
Total Deferred Inflows of Resources	<u>2,472</u>	<u>-</u>	<u>2,472</u>
<u>NET POSITION</u>			
Net investment in capital assets	374,025	2,509,832	2,883,857
Restricted for:			
Other purposes	16,726	-	16,726
Debt service	-	122,449	122,449
Unrestricted	86,806	53,379	140,185
Total net position	<u>477,557</u>	<u>2,685,660</u>	<u>3,163,217</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 553,684</u>	 <u>\$ 3,401,306</u>	 <u>\$ 3,954,990</u>

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

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Activities							
Governmental:							
General government	\$ 199,112	\$ -	\$ 3,010	\$ 22,350	\$ (173,752)	\$ -	\$ (173,752)
Public safety	66,665	447	-	-	(66,218)	-	(66,218)
Streets and drainage	76,104	-	-	-	(76,104)	-	(76,104)
Sanitation	58,200	56,394	-	-	(1,806)	-	(1,806)
Culture and recreation	20,077	10,900	-	-	(9,177)	-	(9,177)
Total governmental activities	<u>420,158</u>	<u>67,741</u>	<u>3,010</u>	<u>22,350</u>	<u>(327,057)</u>	<u>-</u>	<u>(327,057)</u>
Business-type:							
Utility	229,484	118,577	-	-	-	(110,907)	(110,907)
Total business-type activities	<u>229,484</u>	<u>118,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,907)</u>	<u>(110,907)</u>
Total Primary Government	<u>\$ 649,642</u>	<u>\$ 186,318</u>	<u>\$ 3,010</u>	<u>\$ 22,350</u>	<u>(327,057)</u>	<u>(110,907)</u>	<u>(437,964)</u>
General Revenues:							
Taxes					192,138		192,138
Licenses and permits					78,513	-	78,513
Interest					597	2,508	3,105
Miscellaneous					2,462	-	2,462
Contributions from non-employer contributing entities					1,254	-	1,254
Total general revenues					<u>274,964</u>	<u>2,508</u>	<u>277,472</u>
Change in net position					(52,093)	(108,399)	(160,492)
Net position - beginning					<u>529,650</u>	<u>2,794,059</u>	<u>3,323,709</u>
Net position - ending					<u>\$ 477,557</u>	<u>\$ 2,685,660</u>	<u>\$ 3,163,217</u>

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

VILLAGE OF NAPOLEONVILLE
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	\$	123,509
Accounts receivables:		
Ad valorem taxes		5,478
Sales taxes		11,314
Garbage assessment		4,475
Franchise fees		3,707
Other		1,138
Due from other funds		15,461
Total assets	\$	165,082

LIABILITIES

Accounts payable	\$	2,173
Accrued liabilities		8,704
Total liabilities		10,877

FUND BALANCE

Unassigned		154,205
Total fund balance		154,205

Total liabilities and fund balance	\$	165,082
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF NAPOLEONVILLE
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total fund balance - Governmental Fund		\$ 154,205
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows-pension related		14,577
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets at December 31, 2018	\$ 1,502,346	
Less: accumulated depreciation as of December 31, 2018	<u>(1,128,321)</u>	374,025
Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental fund.		
Claims payable		(16,726)
Compensated absences		(3,818)
Net pension liability		(42,234)
Deferred inflows-pension related		<u>(2,472)</u>
Total net position at December 31, 2018 - Governmental Activities		<u><u>\$ 477,557</u></u>

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

VILLAGE OF NAPOLEONVILLE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2018

REVENUES

Taxes	\$ 192,138
Intergovernmental revenue:	
Federal grants	12,600
State and local grants	12,760
Charges for services	56,394
Fines and forfeitures	447
Licenses and permits	78,513
Rental income	10,900
Investment income	597
Miscellaneous	2,462
Total revenues	<u>366,811</u>

EXPENDITURES

Current:	
General government	184,221
Public safety	50,338
Streets and drainage	41,819
Sanitation	58,200
Culture and recreation	16,383
Capital Outlay:	
Public safety	22,051
Streets and drainage	4,000
Culture and recreation	5,210
Total expenditures	<u>382,222</u>
Deficiency of revenues over expenditures	(15,411)
Fund Balance, Beginning of Year	169,616
Fund Balance, End of Year	<u>\$ 154,205</u>

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

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

Net change in fund balance - Governmental fund \$ (15,411)

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

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

Capital Assets:

Capital outlay capitalized	\$ 31,261	
Depreciation expense for the year ended December 31, 2018	(61,965)	(30,704)

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

Net effect of change in net position liability and deferrals	(6,383)
Contributions from non-employer contributing entities	1,254

Excess compensated absences earned over amounts used	(849)
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Change in net position of governmental activities	\$ (52,093)
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF NAPOLEONVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2018

ASSETS

Current assets:		
Cash and cash equivalents	\$	62,619
Accounts receivable, net		11,437
Total Current Assets		<u>74,056</u>
Non-current assets:		
Restricted cash		122,449
Capital assets, net of accumulated depreciation		3,220,262
Total Non-Current Assets		<u>3,342,711</u>
 Total Assets	 \$	 <u><u>3,416,767</u></u>

LIABILITIES

Current liabilities:		
Accounts payable	\$	2,692
Accrued interest payable		2,524
Due to general fund		15,461
Current portion of long-term debt		25,124
Total Current Liabilities		<u>45,801</u>
Non-current liabilities:		
Long-term debt		685,306
Total Non-Current Liabilities		<u>685,306</u>
 Total Liabilities		 <u>731,107</u>

NET POSITION

Net investment in capital assets		2,509,832
Restricted		122,449
Unrestricted		53,379
Total Net Position		<u>2,685,660</u>
 Total Liabilities and Net Position	 \$	 <u><u>3,416,767</u></u>

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

VILLAGE OF NAPOLEONVILLE
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018

OPERATING REVENUES	
Charges for service	\$ 118,577
Total operating revenues	118,577
 OPERATING EXPENSES	
Health and welfare	63,050
Depreciation	131,935
Total operating expenses	194,985
 OPERATING LOSS	 (76,408)
 NONOPERATING REVENUES (EXPENSES)	
Interest income	2,508
Interest expense	(34,499)
Total non-operating revenues	(31,991)
Change in net position	(108,399)
 Total net position - beginning	 2,794,059
 Total net position - ending	 \$ 2,685,660

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

VILLSGE OF NAPOLEONVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 117,059
Payments for goods and services	(63,038)
Net cash provided by operating activities	54,021

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	2,508
Net cash provided by investing activities	2,508

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Decrease in due to other funds	158
Net cash provided by noncapital financing activities	158

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

Payments on debt obligations	(23,916)
Interest payments on debt obligations	(34,499)
Net cash used in capital and related financing activities	(58,415)

Net decrease in cash and cash equivalents (1,728)

Cash and cash equivalents - December 31, 2017	186,796
Cash and cash equivalents - December 31, 2018	\$ 185,068

RECONCILIATION OF CASH

Cash and cash equivalents	\$ 62,619
Restricted cash	122,449
	\$ 185,068

CASH FLOWS FROM OPERATING ACTIVITIES

Operating loss	\$ (76,408)
Adjustments to reconcile operating loss to net cash used in operating activities-	
Depreciation	131,935
Change in assets and liabilities	
Decrease in accounts receivable	(1,518)
Increase in accounts payable	12
Net cash provided by operating activities	\$ 54,021

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

Code Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Village is considered a primary government, since it is a special purpose government that has separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. Fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded det. There are no other component units which the Village of Napoleonville has an oversight relationship.

Government-Wide and Fund Financial Statements

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

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The Village reports the following major governmental fund:

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

The Village reports the following major proprietary fund:

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

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Cash and Cash Equivalents

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

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

Receivables and Payables

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

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

	Authorized Millage	Levied Millage
General Purposes	6.62	6.62
Maintenance Purposes	7.02	7.02

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

Historically, a government's largest group of assets, infrastructure assets (roads, bridges, street lighting, etc.) have not been reported nor depreciated in governmental financial statements. As a Phase III government, the Village of Napoleonville is not required to retroactively report infrastructure in the Statement of Net Assets under the guidance of the Governmental Accounting Standards Board. The Village is however required to disclose in the notes to the financial statements any infrastructure items that were omitted from the financial statements. As of December 31, 2018, none of the roads, bridges or street lighting contained within the village corporate limits were included in the Statement of Net Position.

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

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

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

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

Compensated Absences

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

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

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

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

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

Estimates

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

Fund Equity

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

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

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

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

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

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position in the Government-Wide Financial Statements

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

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

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

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

Reconciliations of Government-Wide and Fund Financial Statements

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

Deferred Outflows/Inflows of Resources

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources (continued)

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Village uses the following budget practices:

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

VILLAGE OF NAPOLEONVILLE

Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2018, the Village has cash and cash equivalents (book balances) totaling \$308,577 as follows:

	Cash	Restricted Cash	Total
Demand Deposits	146,965	\$ -	\$ 146,965
LAMP	39,163	122,449	161,612
	<u>186,128</u>	<u>\$ 122,449</u>	<u>\$ 308,577</u>

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

At December 31, 2018, the Village has \$143,371 in demand deposits (collected bank balances). These deposits are secured from risk by \$143,371 of federal deposit insurance.

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

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

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

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

VILLAGE OF NAPOLEONVILLE

Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 3 – CASH AND CASH EQUIVALENTS (continued)

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is (NUMBER- days) (from LAMP's monthly Portfolio Holdings) as of (DATE - month-end).

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

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

Certain cash and investment deposit balances are restricted in that they compromise reserves that are required to be maintained under various bond indentures. See also Note 5. The following is a schedule of restricted cash balances at December 31, 2018:

<u>Proprietary Fund</u>	<u>Amount</u>
Debt Service	<u>\$ 122,449</u>
Total	<u>\$ 122,449</u>

NOTE 4 – RECEIVABLES

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, ad valorem taxes, franchise taxes, occupational licenses, fines, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Ad valorem taxes are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund revenues consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable. As of December 31, 2018, management believes all receivables are collectible and no allowance has been recorded in the current year.

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 – RESTRICTED ASSETS AND RESTRICTED NET ASSETS

Under the terms of the USDA loan agreements, the Village is to make monthly deposits into a Bond and Interest Sinking Fund, a Reserve Fund (5% of the annual debt payment) and Depreciation & Contingency Fund (5% of the annual debt payment). As of December 31, 2018, the status of these accounts is as follows:

	Cash on Deposit	Amounts Required Per USDA
Bond reserve fund	\$ 60,914	\$ 58,468
Bond depreciation and contingency fund	61,535	59,458
Total	\$ 122,449	\$ 117,926

NOTE 6 – LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended December 31, 2018:

	Balance			Balance		Due Within One Year
Governmental Activities	12/31/2017	Additions	Reductions	12/31/2018		
Net Pension liability	\$ 36,136	\$ 7,352	\$ 1,254	\$ 42,234	\$	-
Compensated absences	2,969	849	-	3,818		
Claims Payable	16,726	-	-	16,726		-
<u>Total governmental funds</u>	55,831	8,201	1,254	62,778		-
Proprietary Fund						
1989 Sewer Revenue Bond	183,434	-	11,827	171,607		12,496
2001 Sewer Revenue Bond	257,348	-	6,588	250,760		6,889
2006 Sewer Revenue Bond	293,564	-	5,501	288,063		5,739
<u>Total proprietary fund</u>	734,346	-	23,916	710,430		25,124
Total long-term debt	\$ 790,177	\$ 8,201	\$ 25,170	\$ 773,208		\$ 25,124

Business-Type Activities

\$336,500 Sewer Revenue Bond secured by a pledge of sewer revenues, due in monthly installments of \$1,876 through December 11, 2029; interest 6.0%	\$ 171,607
\$331,000 Sewer Revenues bond secured by a pledge of sewer revenues, due in monthly installments of \$1,503 through December 3, 2041; interest 4.5%	250,760
\$340,000 Sewer Revenue Bond secured by a pledge of sewer revenues, due in monthly installments of \$1,489 through March 3, 2046; interest at 4.25%	288,063
Total long-term debt from business-type activities	\$ 710,430

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize all debt outstanding at December 31, 2018, are as follows:

	USDA - 1989		USDA - 2001		USDA - 2006		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest
2019	\$ 12,496	\$ 9,955	\$ 6,889	\$ 11,144	\$ 5,739	\$ 12,131	\$ 25,124	\$ 33,230
2020	13,325	9,186	7,204	10,829	5,986	11,884	26,515	31,899
2021	14,152	8,359	7,537	10,496	6,247	11,623	27,936	30,478
2022	15,025	7,486	7,883	10,150	6,517	11,353	29,425	28,989
2023	15,952	6,559	8,245	9,788	6,800	11,070	30,997	27,417
2024 - 2028	95,790	16,765	47,269	42,895	38,684	50,668	181,743	110,328
2029 - 2033	4,867	44	59,172	30,992	47,825	41,527	111,864	72,563
2034 - 2038	-	-	74,071	16,093	59,126	30,226	133,197	46,319
2039 - 2043	-	-	32,490	1,457	73,097	16,225	105,587	17,712
2044 - 2046	-	-	-	-	38,042	1,903	38,042	1,903
	<u>\$171,607</u>	<u>\$58,354</u>	<u>\$250,760</u>	<u>\$143,844</u>	<u>\$288,063</u>	<u>\$198,610</u>	<u>\$710,430</u>	<u>\$400,808</u>

NOTE 7 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 88,500	\$ -	\$ -	\$ 88,500
Total Capital Assets Not Being Depreciated	<u>88,500</u>	<u>-</u>	<u>-</u>	<u>88,500</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	665,184	5,210	-	670,394
Infrastructure	380,880	-	-	380,880
Vehicles	54,613	-	-	54,613
Equipment	281,908	26,051	-	307,959
Total Capital Assets Being Depreciated	<u>1,382,585</u>	<u>31,261</u>	<u>-</u>	<u>1,413,846</u>
Less Accumulated Depreciation for:				
Buildings and improvements	(555,207)	(9,142)	-	(564,349)
Infrastructure	(254,801)	(15,944)	-	(270,745)
Vehicles	(51,200)	-	-	(51,200)
Equipment	(205,148)	(36,879)	-	(242,027)
Total Accumulated Depreciation	<u>(1,066,356)</u>	<u>(61,965)</u>	<u>-</u>	<u>(1,128,321)</u>
Capital Assets Being Depreciated, Net	<u>316,229</u>	<u>(30,704)</u>	<u>-</u>	<u>285,525</u>
Governmental Activities Capital Assets, Net	<u>\$ 404,729</u>	<u>\$ (30,704)</u>	<u>\$ -</u>	<u>\$ 374,025</u>

VILLAGE OF NAPOLEONVILLE

Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 7 – CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 7,659
Public safety – police	16,327
Streets and drainage	34,285
Culture and recreation	<u>3,694</u>
 Total depreciation expense – governmental activities	 <u>\$ 61,965</u>

Capital assets and depreciation activity as of and for the year ended December 31, 2018 for business-type activities is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated:				
Sewer Utility System	\$ 1,185,680	\$ -	\$ -	\$ 1,185,680
Improvements	4,091,722	-	-	4,091,722
Equipment	<u>16,361</u>	<u>-</u>	<u>-</u>	<u>16,361</u>
 Total Capital Assets Being Depreciated	 5,293,763	 -	 -	 5,293,763
 Less Accumulated Depreciation for:				
Sewer System	(978,186)	(29,642)	-	(1,007,828)
Improvements	(947,019)	(102,293)	-	(1,049,312)
Equipment	<u>(16,361)</u>	<u>-</u>	<u>-</u>	<u>(16,361)</u>
 Total Accumulated Depreciation	 <u>(1,941,567)</u>	 <u>(131,935)</u>	 <u>-</u>	 <u>(2,073,501)</u>
 Business-Type Activities Capital Assets, net	 <u>\$ 3,352,196</u>	 <u>\$ (131,935)</u>	 <u>\$ -</u>	 <u>\$ 3,220,262</u>

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 8 – INTERFUND RECEIVABLES / PAYABLES

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

	Due From Other Funds	Due To Other Funds
General Fund	\$ 15,461	\$ -
Enterprise Fund	-	15,461
	<u>\$ 15,461</u>	<u>\$ 15,461</u>

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

NOTE 9 – PENSION AND RETIREMENT PLANS

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

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

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

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

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

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

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

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

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

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

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

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

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

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

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

Funding Policy

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

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

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

	Village	Employees
Municipal Employees' Retirement System Plan B		
All employees	13.25%	5.0%

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

	2018	2017	2016
Municipal Employees' Retirement System Plan B	\$ 4,814	\$ 4,129	\$ 3,198

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

The following schedule lists the Village's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2018 measurement date. The Village uses this measurement to record its Net Pension Liability and associated amounts as of December 31, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 rate. The Village's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2018	Rate at June 30, 2018	Increase on June 30, 2017 Rate
Municipal Employees' Retirement System Plan B	\$ 42,234	0.0499%	0.0082%
	\$ 42,234		

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

	Total
Municipal Employees' Retirement System Plan B	\$ 6,383
	\$ 6,383

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 113	\$ (1,901)
Changes of assumptions	1,581	-
Net difference between projected and actual earnings on pension plan investments	6,865	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,588	(551)
Employer contributions subsequent to the measurement date	2,430	-
Total	\$ 14,577	\$ (2,452)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System Plan B	\$ 14,577	\$ (2,452)
	\$ 14,577	\$ (2,452)

The Village reported a total of \$2,430 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2018. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan B	\$ 2,430
	\$ 2,430

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

Year	MERS
2019	\$ 5,281
2020	3,585
2021	617
2022	212
	\$ 9,695

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2018 valuation was based on the results of an experience study, for the period July 2009 through June 30, 2014.

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

	MERS
Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining	
Service Lives	3 years
Investment Rate of Return	7.275%
Inflation Rate	2.60%
Mortality	Mortality RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.
Salary Increases	5.0%
Cost of Living Adjustments	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

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

VILLAGE OF NAPOLEONVILLE

Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 9 – PENSION AND RETIREMENT PLANS (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u> <u>MERS</u>	<u>Long-Term</u> <u>Expected Real Rate</u> <u>of Return</u> <u>MERS</u>
Public equity	50.0%	2.20%
Equity	-	-
Public fixed income	35.0%	1.50%
Fixed income	-	-
Alternatives	15.0%	0.60%
Other	-	-
Total	<u>100.0%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u>7.00%</u>

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS was 7.275% for the year ended June 30, 2018.

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

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

	<u>1.0%</u> <u>Decrease</u>	<u>Current Discount</u> <u>Rate</u>	<u>1.0%</u> <u>Increase</u>
MERS			
Rates	6.275%	7.275%	8.275%
Village of Napoleonville Share of NPL	\$ 55,427	\$ 42,234	\$ 31,019

VILLAGE OF NAPOLEONVILLE

Napoleonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 10 – RISK MANAGEMENT

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

NOTE 11 – RECLASSIFICATIONS

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

NOTE 12 – COMPENSATION TO BOARD MEMBERS

Each member of the Board of Commissioners receives a per diem allowance for attending regular or special meetings of the Board. Each board member was paid the following amounts for meetings attended in 2018:

	<u>Amount</u>
Joyce Bell, Alderwoman	<u>\$ 9,600</u>
Kia Converse, Alderwoman	9,600
Velma Jupiter, Alderwoman	9,600
Total	<u>\$ 28,800</u>

NOTE 13 – SUBSEQUENT EVENTS

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

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

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 173,500	\$ 173,500	\$ 192,138	\$ 18,638
Intergovernmental revenue:				
Federal, State and local grants	24,200	24,200	25,360	1,160
Charges for services	54,300	54,300	56,394	2,094
Fines and forfeitures	400	400	447	47
Licenses and permits	101,500	101,500	78,513	(22,987)
Rental income	10,000	10,000	10,900	900
Investment income	300	300	597	297
Miscellaneous	200	200	2,462	2,262
Total revenues	<u>364,400</u>	<u>364,400</u>	<u>366,811</u>	<u>2,411</u>
<u>EXPENDITURES</u>				
Current:				
General government	194,460	194,460	184,221	10,239
Public safety	50,300	52,300	50,338	1,962
Streets and drainage	37,310	44,500	41,819	2,681
Sanitation	64,000	64,000	58,200	5,800
Culture and recreation	15,000	17,200	16,383	817
Capital Outlay	28,000	31,000	31,261	(261)
Total expenditures	<u>389,070</u>	<u>403,460</u>	<u>382,222</u>	<u>21,238</u>
(Deficiency) excess of Revenues over expenditures	(24,670)	(39,060)	(15,411)	23,649
Fund Balance, Beginning of Year	<u>173,653</u>	<u>169,617</u>	<u>169,616</u>	<u>(1)</u>
Fund Balance, End of Year	<u>\$ 148,983</u>	<u>\$ 130,557</u>	<u>\$ 154,205</u>	<u>\$ 23,648</u>

VILLAGE OF NAPOLEONVILLE

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018 (1)

Municipal Employees' Retirement System of Louisiana (Plan B)

As of the fiscal year ended (2):	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.0499%	0.0418%	0.0430%	0.0438%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 42,234	\$ 36,136	\$ 35,651	\$ 29,737
Employer's Covered-Employee Payroll	\$ 37,000	\$ 31,000	\$ 31,651	\$ 30,358
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	114.1459%	116.5677%	112.6378%	97.9544%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.5981%	63.4909%	63.3376%	68.7136%

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

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

VILLAGE OF NAPOLEONVILLE

SCHEDULE OF PLAN CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

Municipal Employees' Retirement System of Louisiana (Plan B)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,769	\$ 3,980	\$ 3,178	\$ 2,945
Contributions in relation to contractually required contributions	<u>4,814</u>	<u>4,129</u>	<u>3,178</u>	<u>2,947</u>
Contribution deficiency (excess)	(45)	(149)	-	(2)
Employer's Covered Employee Payroll	\$ 35,000	\$ 31,000	\$ 31,000	\$ 31,000
Contributions as a % of Covered Employee Payroll	13.63%	12.84%	10.25%	9.50%

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

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

CHIEF EXECUTIVE OFFICER: Ron Animashaun, Mayor

Purpose	Amount
Salary	\$ 35,000
Benefits-Insurance	2,106
Cellphone provided by Village	1,533
Continuing Education	383
Membership Dues	<u>625</u>
Total	<u>\$ 39,647</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the major fund of the Village of Napoleonville, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Napoleonville, Louisiana's basic financial statements and have issued our report thereon dated June 28, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Gonzales, Louisiana
June 28, 2019

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED DECEMBER 31, 2018

SUMMARY OF AUDITOR'S RESULTS

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

FINDINGS – FINANCIAL STATEMENT AUDIT

None

NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS

None

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2018

FINDINGS – FINANCIAL STATEMENT AUDIT

None

NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS

None

SUPPLEMENTAL INFORMATION REQUIRED BY USDA

VILLAGE OF NAPOLEONVILLE

DECEMBER 31, 2018

Sewer Customers and Rates

At December 31, 2018, the Village billed the following number of customers:

<u>Rate Code/Description</u>	<u>Customers</u>	<u>Rate</u>
Type 1		\$22.00 per month flat rate
Type 2		\$40.00 per month flat rate
Aysenne Rental Partnership	1	\$500.00 per month flat rate
Assumption Properties II	1	\$250.00 per month flat rate
Napoleonville Primary School		\$425.00 per month flat rate
Napoleonville Middle School		\$425.00 per month flat rate

Aged Accounts Receivable

At December 31, 2018, the Village's accounts receivable was as follows:

<u>Balances</u>	<u>Customers</u>	<u>Aging</u>
57,331	305	Current
3,115	89	31 - 60 Days
991	45	61 - 90 Days
-	0	Over 91 Days
<u>\$11,437</u>		

Insurance in Force

<u>Issuer/Insurer</u>	<u>Type of Insurance</u>	<u>Limit Description</u>	<u>Coverage</u>	<u>Effective Dates</u>
Louisiana Minucipal Risk Management Agency	Commercial General Liability	Sewer Plant	\$ 500,000	5/1/2018 to 5/1/2019

Contact Information for the Mayor and Board of Alderman

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VILLAGE OF NAPOLEONVILLE, LOUISIANA

STATEWIDE AGREED UPON PROCEDURES

DECEMBER 31, 2018



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Board or Finance Committee

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

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

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

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

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

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

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

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

Bank Reconciliations

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

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

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

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

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

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

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

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

Collections

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

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

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

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exception noted.

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

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

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

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

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

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

No exceptions noted.

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

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

Management's response: Due to the limited amount of Village administrative personnel, the Village is not able to properly segregate these functions of initiating, approving and placing an order/making the purchase. Through resolution, the Village Council, approves vendors to be paid electronically and reviews financial information at monthly meetings. Management feels that this is the most cost-efficient process for the Village with the limited number of resources available.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contracts

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

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

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

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

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

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

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

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

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

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

Payroll and Personnel

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

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

One of five employee/officials selected did not complete one hour of ethics training during the year.

Management's response: Management will discuss with all employee/officials the importance of completing and documenting the completion of required ethics training. Management also intends to monitor and follow up with employee/officials to ensure this requirement is met.

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

No exceptions noted.

Debt Service

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

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

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

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

Other

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

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

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

No exceptions noted.

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

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



Gonzales, Louisiana
June 28, 2019