

**ALLEN PARISH POLICE JURY**  
Oberlin, Louisiana

**ANNUAL FINANCIAL STATEMENTS**

As of December 31, 2016 and for the Year Then Ended

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# STEVEN M. DEROUEN & ASSOCIATES

*Certified Public Accountants*

4827 IHLES ROAD  
P. O. BOX 4265  
LAKE CHARLES, LA 70606  
(337) 513-4915 OFFICE/ (337) 205-6927 FAX  
steve@jderouencpa.com

Member American Institute of  
Certified Public Accountants

Member Louisiana Society of  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Allen Parish Police Jury  
Oberlin, Louisiana

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Allen Parish Police Jury, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Police Jury's primary government as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### **Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information**

The financial statements referred to above do not include financial data for the Police Jury's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the Police Jury's primary government

unless the Police Jury also issues financial statements for the financial reporting entity that include the financial data for its component units. The Police Jury has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units is not reasonably determinable. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures of the aggregate remaining fund information is not reasonably determinable.

### **Adverse Opinion**

In my opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Allen Parish Policy Jury as of December 31, 2016, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Qualified Opinion**

In my opinion, except for the effects of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the Allen Parish Policy Jury, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Allen Parish Police Jury as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 40 through 44 and Schedule of Funding Progress on page 47 and Schedule of Net Pension Liability page 45 and Schedule of Contributions page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allen Parish Police Jury's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer on page 49, the schedule of compensation paid elected officials on page 50, and the Community Grant Agreement-Coushatta Tribe of Louisiana on page 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation paid elected officials, the Community Grant Agreement-Coushatta Tribe of Louisiana, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation paid elected officials, the Community Grant Agreement-Coushatta Tribe of Louisiana, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards 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*, I have also issued our report dated June 26, 2017, on my consideration of the Allen Parish Police Jury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Allen Parish Police Jury's internal control over financial reporting and compliance.

*Steven M. DeRouen & Associates*

Steven M. DeRouen & Associates  
Lake Charles, Louisiana  
June 26, 2017

## BASIC FINANCIAL STATEMENTS

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Statement of Net Position - Governmental Activities  
December 31, 2016

	Governmental Activities
ASSETS	
Cash	\$ 4,165,196
Receivables	3,266,981
Due from other governments	357,714
Inventory	45,179
Prepaid assets	7,432
Capital assets, net of accumulated depreciation	<u>23,830,840</u>
TOTAL ASSETS	<u>31,673,342</u>
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	<u>718,081</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$ 32,391,423</u></u>
LIABILITIES	
Accounts payable	657,003
Accrued interest payable	3,987
Unearned revenue	48,703
Bonds payable - due within one year	229,000
Compensated absences payable - due within one year	35,674
OPEB obligations - due in more than one year	1,334,973
Pension liability - due in more than one year	507,129
Bonds payable - due in more than one year	<u>1,165,000</u>
TOTAL LIABILITIES	<u>3,981,469</u>
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	<u>81,089</u>
NET POSITION	
Net investment in capital assets	22,436,840
Restricted for:	
Inventory	45,179
Judicial	567,705
Other general government	957,776
Public works	3,338,752
Sanitation	342,303
Unrestricted	<u>640,310</u>
TOTAL NET POSITION	<u>28,328,865</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u><u>\$ 32,391,423</u></u>

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2016

		Program Revenues			Governmental Activities
					Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
<b>FUNCTIONS/PROGRAMS</b>					
Primary Government:					
Governmental activities:					
General government	\$ 2,060,766	\$ 78,801	\$ 242,024	\$ -	\$ (1,739,941)
Public safety	311,252	-	-	-	(311,252)
Public works	2,998,819	-	-	571,527	(2,427,292)
Economic development	280,258	70,581	-	445,074	235,397
Sanitation	1,846,512	-	-	-	(1,846,512)
Other governments	242,024	-	-	-	(242,024)
Interest on long-term debt	194,573	-	-	-	(194,573)
Total governmental activities	<u>\$ 7,934,204</u>	<u>\$ 149,382</u>	<u>\$ 242,024</u>	<u>\$ 1,016,601</u>	<u>\$ (6,526,197)</u>
GENERAL REVENUES					
Taxes:					
Ad valorem					3,006,959
Sales and use					1,591,563
Severance					527,291
State revenue sharing					118,056
All other revenues					1,781,190
Investment earnings					5,504
				Total General Revenues	<u>7,030,563</u>
CHANGE IN NET POSITION					504,366
NET POSITION - BEGINNING					27,824,499
NET POSITION - ENDING					<u>\$ 28,328,865</u>

The accompanying notes are an integral part of this statement.



ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Balance Sheet, Governmental Funds  
December 31, 2016

	MAJOR FUNDS			
	GENERAL FUND	SOLID WASTE FUND	ROAD DISTRICT #2 MTC. FUND	ROAD DISTRICT #3 MTC. FUND
ASSETS				
Cash	\$ 533,466	\$ 349,411	\$ 352,923	\$ 1,076,999
Receivables	262,075	-	686,489	705,866
Due from other governments	210,381	121,982	-	-
Inventory	-	-	-	-
Prepaid assets	4,443	-	-	-
TOTAL ASSETS	<u>\$ 1,010,365</u>	<u>\$ 471,393</u>	<u>\$ 1,039,412</u>	<u>\$ 1,782,865</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	24,166	129,190	45,189	41,029
Unearned revenue	-	-	-	-
Total Liabilities	<u>24,166</u>	<u>129,190</u>	<u>45,189</u>	<u>41,029</u>
Deferred inflows of resources:				
Unavailable revenue	23,980	-	48,083	77,391
Total Deferred Inflows of Resources	<u>23,980</u>	<u>-</u>	<u>48,083</u>	<u>77,391</u>
Fund Balances:				
Nonspendable - prepaids	4,443	-	-	-
Nonspendable - inventory	-	-	-	-
Restricted:				
Judicial	-	-	-	-
Other general government	-	-	-	-
Public works	-	-	946,141	1,664,444
Sanitation	-	342,203	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Committed:				
Other general government	-	-	-	-
Assigned:				
Other general government	-	-	-	-
Public works	-	-	-	-
Negative unassigned	-	-	-	-
Unassigned	957,776	-	-	-
Total Fund Balances	<u>962,219</u>	<u>342,203</u>	<u>946,141</u>	<u>1,664,444</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,010,365</u>	<u>\$ 471,393</u>	<u>\$ 1,039,413</u>	<u>\$ 1,782,864</u>

The accompanying notes are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
1,852,397	\$ 4,165,196
1,612,551	3,266,981
25,351	357,714
45,179	45,179
2,989	7,432
<u>\$ 3,538,467</u>	<u>\$ 7,842,502</u>
417,429	\$ 657,003
48,703	48,703
<u>466,132</u>	<u>705,706</u>
163,293	312,747
<u>163,293</u>	<u>312,747</u>
2,989	7,432
45,179	45,179
611,041	611,041
634,469	634,469
1,157,545	3,768,130
-	342,203
-	-
53,723	53,723
	-
	-
	-
	-
404,096	1,361,872
<u>2,909,042</u>	<u>6,824,049</u>
<u>\$ 3,538,467</u>	<u>\$ 7,842,502</u>

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
December 31, 2016

TOTAL FUND BALANCE FOR GOVERNMENTAL FUNDS AT DECEMBER 31, 2016		\$	6,824,049
Total Net Position reported for governmental activities in the Statement of Net Position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Capital assets, net of accumulated depreciation			23,830,840
Certain property tax revenue receivable that will not be collected within 60 days of year end are not considered available in the governmental funds.			
			205,010
Certain revenue sharing receivable that will not be collected within 60 days of year end are not considered available in the governmental funds.			
			107,737
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore not reported in the funds			
Deferred outflows of resources related to pensions			718,081
Deferred inflows of resources related to pensions			(81,089)
Certain liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the statement of net position.			
Bonds payable	\$	1,394,000	
Accrued interest payable		3,987	
OPEB obligations		1,334,973	
Pension liability		507,129	
Compensated absences payable		35,674	
			<u>(3,275,763)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES AT DECEMBER 31, 2016		\$	<u>28,328,865</u>

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY

Oberlin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Year Ended December 31, 2016

	MAJOR FUNDS			
	GENERAL FUND	SOLID WASTE FUND	ROAD DISTRICT #2 MTC. FUND	ROAD DISTRICT #3 MTC. FUND
REVENUES				
Taxes:				
Ad valorem	\$ 262,160	\$ -	\$ 662,194	\$ 682,725
Sales and use	-	1,539,902	-	-
Licenses and permits	107,847	-	-	-
Intergovernmental revenues:				
Federal and state grants	242,024	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing	9,834	-	26,002	21,340
Severance taxes	527,291	-	-	-
Other state funds	106,253	-	-	-
Fees, charges and commissions for services	3,666	-	-	-
Fines and forfeitures	7,544	-	-	-
Gaming revenues	-	-	-	-
Investment earnings	529	432	674	1,264
Other revenues	90,310	168,433	12,891	22,860
TOTAL REVENUES	1,357,458	1,708,767	701,761	728,189
EXPENDITURES				
Current:				
General government:				
Legislative	130,561	-	-	-
Judicial	47,530	-	-	-
Elections	26,452	-	-	-
Financial and administrative	99,108	-	-	-
Other	15,930	-	-	-
Public safety	193,316	-	-	-
Public works	-	-	589,856	426,973
Sanitation	-	1,846,512	-	-
Payments to other governments	242,024	-	-	-
Economic development and assistance	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	1,316	34	128,539	16,699
TOTAL EXPENDITURES	756,237	1,846,546	718,395	443,672
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	601,221	(137,779)	(16,634)	284,517
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	-	-	-
Transfers in	266	-	662	3,581
Transfers out	(217,389)	-	(5,401)	-
Proceeds from sale of assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(217,123)	-	(4,739)	3,581
NET CHANGE IN FUND BALANCE	384,098	(137,779)	(21,373)	288,098
FUND BALANCES(DEFICIT)-BEGINNING	578,121	479,982	967,514	1,376,346
FUND BALANCES(DEFICIT)-ENDING	\$ 962,219	\$ 342,203	\$ 946,141	\$ 1,664,444

The accompanying notes are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,431,548	\$ 3,038,627
51,661	1,591,563
67,474	175,321
1,016,601	1,258,625
321,397	321,397
61,724	118,900
-	527,291
-	106,253
145,716	149,382
288,927	296,471
464,965	464,965
2,605	5,504
216,454	510,948
<u>4,069,072</u>	<u>8,565,247</u>
-	130,561
941,399	988,929
-	26,452
-	99,108
632,655	648,585
100,000	293,316
1,133,141	2,149,970
-	1,846,512
-	242,024
-	-
98,138	98,138
-	-
50,000	50,000
196,214	196,214
1,323,959	1,470,547
<u>4,475,506</u>	<u>8,240,356</u>
<u>(406,434)</u>	<u>324,891</u>
-	-
228,039	232,548
(9,758)	(232,548)
-	-
<u>218,281</u>	<u>-</u>
(188,153)	324,891
<u>3,097,195</u>	<u>6,499,158</u>
<u>\$ 2,909,042</u>	<u>\$ 6,824,049</u>

ALLEN PARISH POLICE JURY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$	324,891
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Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures,  
however, in the statement of activities the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense. This is the amount by  
which capital outlay exceeded depreciation expense:

Capital outlay	\$	1,470,547	
Depreciation expense		(1,118,611)	351,936

Certain property tax revenues receivable will not be collected for several months after year end are not considered available in the governmental funds.	(31,668)
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Other	(94,165)
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Certain revenue sharing receivable will not be collected for several months after year end are not considered available in the governmental funds.	(844)
--	-------

Repayment of bond principal is an expenditure in the governmental funds but reduces long-term liabilities in the statement of net position.	50,000
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In the statement of activities some expenses do not require  
the use of current financial resources and therefore are not  
reported as expenditures in the governmental funds.

Cost of pension benefits earned net of employee contributions	(67,819)
Prior year accrued interest payable exceeded the current year	1,641
Compensated absences payable exceeded prior year payable	(5,915)
OPEB obligations exceed the prior year obligations	(23,691)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>504,366</u>
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The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Statement of Fiduciary Net Position  
December 31, 2016

	AGENCY FUND
	<hr/>
<b>Assets</b>	
Cash and cash equivalents	\$ 157,415
Due from other governments	<hr/> 83,139
Total Assets	<hr/> <hr/> \$ 240,554
<b>Liabilities</b>	
Held for others	<hr/> \$ 240,554
Total Liabilities	<hr/> <hr/> \$ 240,554

The accompanying notes are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS



ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2016

## **INTRODUCTION**

The Allen Parish Police Jury is the governing authority for Allen Parish and is a political subdivision of the State of Louisiana. The police jury is governed by seven jurors representing the various districts within the parish. The jurors serve four-year terms that expire on January 1, 2020.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Louisiana Revised Statute (R.S.) 33:1236 gives the police jury various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem taxes, sales taxes, beer and alcoholic beverage permits, state revenue sharing, gaming revenues, and various other state and federal grants.

#### **Financial Reporting Entity**

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the 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. Governmental Accounting Standards (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the police jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. It is able to impose its will on the organization, and/or
  - b. There is a potential for the entity to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Political subdivisions which would be required to be included, based on criteria established by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", issue separate financial statements, and have not been included in the primary government financial statements of the Allen Parish Police Jury. The exclusion of these component units is a departure from generally accepted accounting principles. The financial statements of the component units that are part of the financial reporting entity, but are excluded from the financial statements, are as follows:

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements (Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Allen Action Agency, Inc.	Recreation District No. 6 of Allen Parish
Allen Parish Ambulance Service District No. 1	Allen Parish Tourist Commission
Allen Parish Assessor	Waterworks District No. 1 of Allen Parish
Allen Parish Clerk of Court	Bayou Blue Gravity Drainage District No. 1
Allen Parish Ward 3 Fire Protection District No. 2	District Attorney of the Thirty-Third Judicial District
Allen Parish Fire Protection District No. 3	East Allen Parish Waterworks District
Fire Protection District No. 4 of Allen Parish	Kinder Gravity Drainage District No. 2
Allen Parish Fire Protection District No. 5	Northwest Allen Parish Waterworks District
Allen Parish Fire Protection District No. 6	Oakdale Recreation District No. 1 of Allen Parish
Hospital Service District No. 3 of the Parish of Allen	Recreation District No. 2 of Allen Parish
Allen Parish Industrial District No. 5	Southwest Allen Parish Water District No. 2
Allen Parish Library	Thirty-Third Judicial District Court Judicial Exp Fund
Allen Parish Mosquito Abatement District	West Allen Parish Water District
Allen Parish Recreation District No. 3	Allen Parish Reservoir District
Allen Parish Recreation District No. 4	
Allen Parish Recreation District No. 5 of Oberlin	

The police jury has chosen to issue financial statements of the primary government (police jury) only; therefore, none of the previously listed component units are included in the accompanying financial statements. Financial statements for these component units can be obtained from the individual component units.

These primary government (police jury) financial statements include all major funds, aggregate non-major funds, and organizations for which the police jury maintains the accounting records. The Thirty-Third Judicial District Criminal Court Fund for which the police jury maintains the accounting records is considered part of the primary government (police jury).

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government (police jury) financial statements are not a substitute for the reporting entity's financial statements. The police jury has chosen to issue financial statements of the primary government only. As such, these financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (police jury).

Considered in the determination of component units of the reporting entity were the Allen Parish School Board and the various municipalities in the parish. It was determined that these governmental entities are not component units of the Allen Parish Police Jury reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Allen Parish Police Jury.

The accompanying financial statements of the Allen Parish Police Jury have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guidance set forth in the industry audit guide, Audits of State and Local Governments, issued by the American Institute of Certified Public Accountants and the Louisiana Governmental Audit Guide.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. 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.

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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Governmental funds account for all of the police jury's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term obligations. Governmental funds include the following:

1. The General Fund is the general operating fund of the police jury and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special revenue funds account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.
3. Debt service funds account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations.
4. Capital projects funds account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

### **B. 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 fiduciary 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 revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses are measured and reported using the economic resources measurement focus and accrual basis of accounting.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 of 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 fiscal 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 judgments, are recorded only when payment is due.

Property taxes, interest, state revenue sharing, sales tax revenue, parish transportation fund revenue, grants, severance tax revenue and hotel tax revenue 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 emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds are described below:

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

The Solid Waste Fund accounts for the proceeds of a sales tax to be used for the collection and disposal of solid waste in Allen Parish.

The Road District No. 2 Maintenance Fund accounts for ad valorem taxes and state revenue sharing funds received and for the costs associated with constructing and maintaining the road system within Road District No. 2.

The Road District No. 3 Maintenance Fund accounts for ad valorem taxes and state revenue sharing funds received and for the costs associated with constructing and maintaining the road system within Road District No. 3.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Additionally, the government reports the following fund types:

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the police jury. Fiduciary funds include:

- A. Agency funds account for assets that the police jury holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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.

When an expense is incurred for which both restricted and unrestricted net position is available, it is the police jury's policy to apply restricted net position first.

### **C. Deposits and Investments**

The police jury'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 law and the police jury's investment policy allow the police jury to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

### **D. Inventories**

Inventories are valued at cost which approximates market, using the first-in/first out (FIFO) method and consists of fuel for resale. The costs of inventories are recorded as expenditures when used (consumption method).

### **E. 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 "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements (Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**E. Receivables and Payables**

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year, and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Parish wide taxes:			
General	3.27	3.27	-
Courthouse & Jail	4.0	4.0	2022
Special revenue funds:			
District Maintenance taxes:			
No. 1	10.35	10.35	2021
No. 1	22.03	22.03	2025
No. 1A	8.03	8.03	2025
No. 2	5.52	5.52	2021
No. 2	7.37	7.37	2020
No. 2	11.04	11.04	2021
No. 3	9.63	9.63	2021
No. 3	10.48	10.48	2019
No. 3	35.79	35.79	2025
No. 4	30.19	30.19	2025
No. 4	21.14	21.14	2025
No. 5	5.30	5.30	2022
No. 5	8.69	8.69	2019
No. 5A	2.79	2.79	2025

The following are the principal taxpayers for the parish and related ad valorem tax revenue for the police jury:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation
Union Pacific Railroad	Railroad	\$ 6,327,700	5.27%
Cleco Corporation	Utility	6,001,600	5.00%
Texas Eastern Transmission	Utility	4,320,470	3.60%
Total		<u>\$ 16,649,770</u>	<u>13.87%</u>

**Sales Taxes.** On September 29, 1984, voters of the parish approved a seven-tenths of one per cent sales tax, which is dedicated to the collection and disposal of solid waste. Effective January 1, 1985, the jury entered into an agreement with the Allen Parish School Board whereby the school board will provide collection services for a fee of two percent of total collections. On May 4, 2013, voters of the parish renewed this tax for a fifteen year period beginning on December 1, 2014 and expiring on November 30, 2029.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### F. 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 police jury maintains a threshold level of \$1,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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 method over the following useful lives:

Description	Estimated Lives
Roads, bridges, and infrastructure	40 – 50 years
Buildings and building improvements	20 – 40 years
Furniture and fixtures	5 – 10 years
Vehicles	5 – 10 years
Equipment	5 – 15 years

### G. Compensated Absences

The police jury has the following policy relating to vacation and sick leave:

Employees of the Allen Parish Police Jury receive from 5 to 20 days of vacation leave each year, depending on their length of service. Vacation leave must be used in the year earned or it is forfeited. In addition, police jury employees earn up to 13 days of sick leave each year. Sick leave can be accumulated without limitation, however, accumulated sick leave is forfeited upon termination of employment.

Permanent employees of the Allen Parish Police Jury earn compensatory time at the rate of 1.5 per hour for overtime hours worked. Effective in 2011, any compensatory time accumulated by April 2, 2011 and any compensatory time earned in the months to follow shall all be used or lost on December 31, 2011 and each succeeding year thereafter. Unused compensatory time at the time of termination will be paid to the employee at that time.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **G. Compensated Absences**

The police jury's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches.

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, no compensated absences liability is recorded.

### **H. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize both 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 financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **I. Restricted Net Position**

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position used are either, 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### J. Equity Classifications

Government-wide financial statements –

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

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

Fund financial statements –

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows:

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and for property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can only be spent for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Allen Parish Police Jury (the police jury’s highest level of decision-making authority),
4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the police jury or by an official or body to which the police jury delegates the authority,
5. *Unassigned* fund balance category includes amounts that are available for any purpose and are only reported in the general fund.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **J. Equity Classifications**

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the police jury considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the police jury considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the police jury has provided otherwise in its commitment or assignment actions.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

### **K. Estimates**

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

### **L. Deferred Outflows of Resources and Deferred Inflows of Resources**

In some instances, the GASB requires an entity to delay recognition of decreases in net position/fund balance as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position/fund balance as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION* The police jury uses the following budget practices:

Preliminary budgets for the ensuing year are prepared on the GAAP basis by the secretary-treasurer beginning in October. The finance committee reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are then advertised in the official journal. Prior to its regular February meeting of the next year, the jury holds a public hearing on the proposed budgets in order to receive comments from citizens. Changes are made to the proposed budgets based on the public hearing and the desires of the police jury as a whole. The budgets are then adopted during January, and notice is published in the official journal.

The secretary-treasurer presents necessary budget amendments to the jury when actual operations are differing materially from those anticipated in the original budget. The jury in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

amendments is included in jury minutes published in the official journal. The police jury exercises budgetary control at the functional level. Within functional levels, the secretary-treasurer has the authority to make amendments as necessary. Unexpended appropriations lapse at year end and must be reappropriated in the next year's budget to be expended. For the year ended December 31, 2016, the police jury adopted budgets for the General Fund, all special revenue funds, and all debt service funds.

Budget comparison statements included in the accompanying financial statements include the original adopted budgets and the final amendments. The budget was amended twice during 2016.

## 3. CASH AND CASH EQUIVALENTS

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement that is approved by the Allen Parish Police Jury, the police jury maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Interest rate risk. The police jury does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk. The police jury places no limit on the amount the police jury may invest in any one issuer.

At December 31, 2016, the police jury has cash and cash equivalents (book balances) totaling \$4,165,196 as follows:

Demand deposits	\$	4,165,196
Total	<u>\$</u>	<u>4,165,196</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At December 31, 2016, the police jury has \$4,417,016 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and \$6,000,000 of pledged securities held in a custodial bank in the name of the Police Jury's name.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements (Continued)

**4. RECEIVABLES**

The receivables of \$3,266,981 at December 31, 2016, are as follows:

Class of Receivable	
Ad Valorem Tax	\$ 3,016,271
State Revenue Sharing	108,110
Other	<u>142,600</u>
Total	<u>\$ 3,266,981</u>

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, no allowance for doubtful accounts has been established for ad valorem taxes.

All other receivable amounts are expected to be collected in full within the next year; therefore, no allowance for doubtful accounts has been established.

**5. DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2016 consisted of the following:

Louisiana Department of the Treasury - general and timber severance	\$ 200,435
Allen Parish School Board - sales taxes	121,982
Louisiana Department of the Treasury - parish transportation funds	29,815
33 <sup>rd</sup> Judicial District Court	<u>5,482</u>
Total	<u>\$ 357,714</u>

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements (Continued)

**6. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2016, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Construction in progress	\$ 1,403,971	\$ 1,016,625	\$ 571,551	\$ 1,849,045
Land	572,300	-	-	572,300
Total capital assets, not being depreciated	<u>\$ 1,976,271</u>	<u>\$ 1,016,625</u>	<u>\$ 571,551</u>	<u>\$ 2,421,345</u>
Capital assets being depreciated:				
Buildings	\$ 4,595,339	\$ -	\$ -	\$ 4,595,339
Improvements other than buildings	5,855,585	-	-	5,855,585
Furniture and fixtures	431,836	-	-	431,836
Vehicles	824,249	-	81,194	743,055
Machinery and equipment	3,674,438	155,514	82,374	3,747,578
Infrastructure	28,219,912	-	-	28,219,912
Total capital assets being depreciated	<u>43,601,359</u>	<u>155,514</u>	<u>163,568</u>	<u>43,593,305</u>
Less accumulated depreciation for:				
Buildings	1,992,089	102,259	-	2,094,348
Improvements other than buildings	2,548,050	171,245	-	2,719,295
Furniture and fixtures	376,990	30,032	-	407,022
Vehicles	716,251	38,584	81,194	673,641
Machinery and equipment	2,564,807	192,076	82,374	2,674,509
Infrastructure	13,030,580	584,415	-	13,614,995
Total accumulated depreciation	<u>21,228,767</u>	<u>1,118,611</u>	<u>163,568</u>	<u>22,183,810</u>
Total capital assets being depreciated, net	<u>\$ 22,372,592</u>	<u>\$ (963,097)</u>	<u>\$ -</u>	<u>\$ 21,409,495</u>

Depreciation expense of \$1,118,611 for the year ended December 31, 2016, was charged to the following governmental functions:

General government	\$ 136,933
Public works	781,622
Economic development	182,120
Public safety	17,936
Total	<u>\$ 1,118,611</u>

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements (Continued)

**7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund Transfers:

From	To	
General Fund	Nonmajor Funds	\$ 217,389
Road District #2	Nonmajor Funds	5,401
Nonmajor Funds	Road District #3	3,581
Nonmajor Funds	Road District #2	662
Nonmajor Funds	General Fund	266
Nonmajor Funds	Nonmajor Funds	5,249
Total		<u>\$ 232,548</u>

The police jury makes routine transfers between funds to pay routine expenses that occur during the year and to pay debt service on debt as it becomes due. During the year, several funds were closed out with operating transfers.

**8. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$657,003 at December 31, 2016 are as follows:

Salaries	\$ 42,151
Accounts	614,852
Total	<u>\$ 657,003</u>

**9. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended December 31, 2016:

	Bonded Debt	Compensated Absences	Other Post- Employment Benefits	Pension Liability	Total
Long-term					
Beginning	\$ 1,444,000	\$ 29,759	\$ 1,311,282	\$ 54,246	\$ 2,839,287
Additions	-	5,915	23,691	452,883	482,489
Deductions	50,000	-	-	-	50,000
Long-term					
Ending	<u>\$ 1,394,000</u>	<u>\$ 35,674</u>	<u>\$ 1,334,973</u>	<u>\$ 507,129</u>	<u>\$ 3,271,776</u>

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements (Continued)

## 9. LONG-TERM OBLIGATIONS

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2016:

	Bonded Debt	Compensated Absences	Other Post- Employment Benefits	Pension Liability	Total
Current	\$ 229,000	\$ 35,674	\$ -		\$ 264,674
Long-term	1,165,000	-	1,334,973	507,129	3,007,102
Total	<u>\$ 1,394,000</u>	<u>\$ 35,674</u>	<u>\$ 1,334,973</u>	<u>507,129</u>	<u>\$ 3,271,776</u>

All parish bonds outstanding at December 31, 2016, for \$1,394,000 are general obligations bonds with maturities from 2016 to 2022 and interest rates from 1.957% to 3.20%. Bond principal and interest payable in the next fiscal year are \$229,000 and \$26,074 respectively. The individual issues are as follows:

Bond	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
Library Bond Series 2016	1,500,000	1.957%	03/01/2022	77,465	1,296,000	Ad valorem tax
C.O.I. Series 2011	200,000	3.15%	03/01/2020	6,332	98,000	Ad valorem tax

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. The bonds are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2017	229,000	26,074	255,074
2018	234,000	21,263	255,263
2019	239,000	16,342	255,342
2020	244,000	11,311	255,311
2021	222,000	6,596	228,596
2022	226,000	2,211	228,211
Total	<u>\$ 1,394,000</u>	<u>\$ 83,797</u>	<u>\$ 1,477,797</u>

In accordance with R.S. 39:562, the police jury is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property.

Compensated absences have typically been liquidated by the following governmental funds: General Fund and Parish Road Fund.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance and flow of funds through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages.

## **10. Parochial Employee's Retirement System**

### **A. Plan Description**

The Parochial Employees' Retirement System of Louisiana (System) is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana.

The System provides retirement benefits to employees of any parish within the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Police Jury is a participating member of Plan A.

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

#### **Eligibility Requirements**

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

#### **Retirement Benefits**

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.



## **10. Parochial Employee's Retirement System**

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

### **Survivor Benefits**

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

### **Deferred Retirement Option Plan**

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for 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.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.- 30 -

## **10. Parochial Employee's Retirement System**

### **Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and 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 an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

### **Cost of Living Increases**

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. 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. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

### **B. Employer Contributions**

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2015, the actuarially determined contribution rate was 10.40% of member's compensation for Plan A and 86.91% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2015 was 14.5% for Plan A and 9.00% for Plan B.

According to state statute, the System also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

# 10. Parochial Employee's Retirement System

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

At December 31, 2016, the Police Jury reported a liability of \$507,129 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan. The employers' contribution effort was actuarially determined by the System's actuary.

For the year ended December 31, 2016, the Police Jury recognized pension expense of \$219,302. At December 31, 2016, the Police Jury reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ 81,089
Net difference between projected and actual earnings on pension plan investments and changes in assumptions and proportionate share of contributions	566,598	-
Police Jury contributions made subsequent to the measurement date	151,483	
Total	\$ 718,081	\$ 81,089

The Police Jury's contributions during the year ended December 31, 2016, reported as deferred outflows, of \$151,483 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 131,044
2018	139,096
2019	95,505
2020	119,864

# 10. Parochial Employee's Retirement System

## Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2015 are as follows:

Valuation Date	December 31, 2015
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Actuarial Cost Method	Entry	Age	Normal
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## Actuarial Assumptions:

Investment Rate of Return	7.00%, net of investment expense
Projected Salary Increases	5.25% (2.5% Inflation, 2.75% Merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants

Expected Remaining Service Lives	4 years
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Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
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The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System'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 long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates 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 rates 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 of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.55% for the year ended December 31, 2015.- 33 -

# 10. Parochial Employee's Retirement System

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	34%	1.06%
Equity	51%	3.56%
Alternatives	12%	0.74%
Real assets	3%	0.19%
Totals	100%	5.55%
Inflation		2.00%
Expected Arithmetic Normal Return		7.55%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

## Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

		Changes in Discount Rate	
	1%	Current Discount Rate	1%
	Decrease	Rate	Increase
	6.00%	7.00%	8.00%
Net Pension Liability (Asset)	\$1,270,541	\$507,129	\$(138,047)

## Retirement System Audit Report

The Parochial Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended December 31, 2015. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.la.la.gov](http://www.la.la.gov).

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements (Continued)

**11. OTHER POSTEMPLOYMENT BENEFITS PLAN**

*Plan Description.* The Police Jury administers a single-employer defined health benefit retirement plan as authorized by the Police Jury. The Plan provides lifetime health insurance for employees that retire with at least seven years of full-time service. The Plan pays 50% of health insurance cost for retirees up to \$300 per month. The Plan does not issue a publicly available financial report. Benefit provisions are established and may be amended by the jurors of the Allen Parish Police Jury.

The Police Jury has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2009, the Police Jury recognizes the cost of postemployment benefits in the year when employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Police Jury's future cash flows. Because the Police Jury has adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years is being phased in over 30 years, commencing with the 2009 liability.

*Annual OPEB Cost and Net OPEB Obligation.* The Police Jury's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The Police Jury has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Police Jury's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Police Jury's net OPEB obligation to the Plan:

Annual required contribution	\$ 27,159
Interest on net OPEB obligation	52,451
Adjustment to annual required contribution	(52,479)
Annual OPEB cost	<u>27,131</u>
Contributions made	3,440
Increase in net OPEB obligation	<u>23,691</u>
Net OPEB obligation, beginning of year	1,311,282
Net OPEB obligation, end of year	<u><u>\$ 1,334,973</u></u>

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements (Continued)

**11. OTHER POSTEMPLOYMENT BENEFITS PLAN**

The Police Jury's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2016, 2015, and 2014 are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Annual OPEB Cost Contribution</b>	<b>Net OPEB Obligation</b>
12/31/2016	\$ 27,131	12.7%	\$ 1,334,973
12/31/2015	\$ 168,062	3.9%	\$ 1,311,282
12/31/2014	\$ 168,193	4.7%	\$ 1,149,691

**Funding Policy, Funded Status, and Funding Progress.** The Plan is financed on a pay-as-you-go basis, therefore no funds are reserved for payment of future health insurance premiums. Based on a plan valuation performed as of December 31, 2016; the actuarial accrued liability for benefits was \$1,334,973, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$481,542, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 277% as of December 31, 2016.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Investment return of 4.00% per annum, compounded annually.

**Retirement rates (Rates are the same for both male and female)**-Age 46-49 22%; Age 50-54 44%; Age 55-57 4%, Age 58-62 18%; Age 63-65 28%; Age 66+ 100%

**Participation Assumption**-100% of participants are assumed to elect retiree medical coverage upon retirement.

**Marriage Assumption**-For actives it is assumed that husbands are 3 years older than their wives. 20% of active participants making it to retirement are assumed to be married and elect spouse coverage.

**Mortality**- Life expectancies were based on the following mortality rates:

Pre-retirement: Sex Distinct RP 2000 Combined Healthy Mortality Table projected to 2016 using Scale AA.

Post-retirement: Sex Distinct RP 2000 Combined Healthy Mortality Table projected to 2016 using Scale AA.

**Turnover**- Withdrawal rates from 12% for less than one year in plan to 1% for greater than fifteen years in plan. Disability rates from .006% for ages 18-34 to .195% for ages 60 or more. Retirement rates from 22% for ages 46-49 to 100% for ages 66 or more.- 36 -

## 11. OTHER POSTEMPLOYMENT BENEFITS PLAN

*Healthcare cost trend rate*- The expected rate of increase in healthcare insurance premiums was based on projections of the actuary. A level 6 percent was used.

*Health insurance premiums*- health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid. Future retirees are assumed to be at maximum reimbursement rate of \$300 per month.

*Inflation rate*- The expected long-term inflation assumption of 3 percent was used.

*Payroll growth rate*- The expected long-term payroll growth rate was assumed 2.8% per year.

Based on the historical and expected returns of the Police Jury's short-term investment portfolio, a discount rate of 4 percent was used. In addition, the unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over thirty years. The ARC was determined by using the Unit Credit Actuarial Cost Method.

## 12. DEFERRED COMPENSATION PLAN

The police jury offers membership in the State of Louisiana, Public Employees Deferred Compensation Plan, a qualified retirement plan under section 457 of the Internal Revenue Code administered by Great West Life and Annuity Insurance Company.

The Louisiana Deferred Compensation Plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal and state income tax on their contributions. In addition, interest or earnings on the account accumulates tax-deferred. Participants may join the plan with as little as \$50 per month, and contribute up to 100% of taxable compensation, not to exceed \$17,500 for all employees under 50 and \$23,000 for any employee who is 50 years old or older for the year ended December 31, 2016. The police jury matches up to 2% of the employee's contributions to this plan. Employee contributions for the year ended December 31, 2016 were \$10,800. The police jury's contributions for the year ended December 31, 2015 were \$7,212.

The Plan is administered by Great-West Life and Annuity Insurance Company; 2237 South Acadian Thruway Suite 702; Baton Rouge, LA 70808; (800)937-7604 or (225)926-8086.

## 13. CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others follows:

	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
Agency funds:				
Capital Improvement Fund	\$ 77,046	\$ 188,994	\$ 25,486	\$ 240,554
	<u>\$ 77,046</u>	<u>\$ 188,994</u>	<u>\$ 25,486</u>	<u>\$ 240,554</u>



#### 14. RISK MANAGEMENT

The police jury is exposed to various risks of loss in the areas of health care, general and auto liability, property hazards, worker's compensation, and employee dishonesty. The police jury maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the policy jury. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The police jury did not reduce insurance coverage in 2015. Due to current insurance market conditions, the police jury is retaining the risk for its general liability exposures in areas where there is no affordable insurance coverage available.

#### 15. CONTINGENT LIABILITIES

At December 31, 2016, the police jury is involved in lawsuits. Of these lawsuits in the opinion of legal counsel for the police jury, no estimate of loss can be made for any of these.

The Louisiana Constitution prohibits seizures of a political subdivision's property and provides that no judgment against such a body can be paid until funds are appropriated for that purpose. The police jury's legal counsel expects the Court to limit the scope of the plaintiffs' inquiries into the police jury's finances.

In the normal course of operations, the police jury receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

#### 17. DEFICITS IN INDIVIDUAL FUNDS

The following funds reflect a deficit fund balance at December 31, 2016:

Coroner Fund	\$ 7,625
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#### 18. CRIMINAL COURT FUND

Louisiana Revised Statute 15:571.11 requires that one-half of any balance remaining in the Criminal Court Fund at the year end be transferred to the parish General Fund. The following details the amounts due at December 31, 2016:

Balance in Criminal Court bank account at December 31, 2016	<u>\$ 57,867</u>
Balance due at December 31, 2016	<u>\$ 28,934</u>

The police jury has decided to not transfer the funds due to the fact that the General Fund historically has had to subsidize the Criminal Court Fund and expects to have to do so in 2017.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to the Financial Statements (Continued)

**19. DEFERRED INFLOWS OF RESOURCES**

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year end (and, therefore, unavailable to pay liabilities of the current period). Unavailable revenue received after 60 days is fully recognized as revenue in the government-wide financial statements. At December 31, 2016, governmental funds' revenues that have been earned but are unavailable are \$312,747, as follows:

	Ad Valorem Taxes	State Revenue Sharing	Total
General Fund	\$ 14,560	\$ 9,420	\$ 23,980
Road District #1 Mtc. Fund	16,790	16,477	33,267
Road District #2 Mtc. Fund	23,931	24,152	48,083
Road District #3 Mtc. Fund	60,650	16,741	77,391
Road District #4 Mtc. Fund	29,134	17,415	46,549
Road District #5 Mtc. Fund	30,970	5,966	36,936
Road District #5A Mtc. Fund	6,129	3,139	9,268
Road District #1A Mtc. Fund	1,509	1,159	2,668
Court House & Jail Fund	21,337	13,268	34,605
	<u>\$ 205,010</u>	<u>\$ 107,737</u>	<u>\$ 312,747</u>

**20. UNEARNED REVENUE**

The balance in unearned revenue at December 31, 2016 consists of \$48,703 of operating grant revenue that had been received but that had not been earned as of December 31, 2016 in the Nonmajor Funds.

**21. SUBSEQUENT EVENT REVIEW**

The police jury's management has evaluated subsequent events through the date which the financial statements were available to be issued. The police jury's management is not aware of a subsequent event that requires disclosure in the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE (OVER) FINAL
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Ad valorem	\$ 239,300	\$ 236,100	\$ 262,160	\$ 26,060
Other taxes, penalties, interest	2,000	2,000	-	(2,000)
Licenses and permits	64,000	101,000	107,847	6,847
Intergovernmental:				
Grants - federal and state	150,000	242,000	242,024	24
State funds:				
State revenue sharing	19,000	14,000	9,834	(4,166)
Severance taxes	800,000	500,000	527,291	27,291
Other state funds	115,000	114,500	106,253	(8,247)
Fees, charges and commissions for services	5,000	5,000	3,666	(1,334)
Fines and forfeitures	2,000	8,000	7,544	(456)
Investment earnings	600	450	529	79
Other revenues	54,800	26,200	90,310	64,110
TOTAL REVENUES	1,451,700	1,249,250	1,357,458	108,208
EXPENDITURES				
Current:				
General government:				
Legislative	130,200	141,550	130,561	10,989
Judicial	180,152	46,553	47,530	(977)
Elections	10,100	4,500	26,452	(21,952)
Financial and administrative	110,025	91,225	99,108	(7,883)
Other	226,943	442,434	15,930	426,504
Public safety	537,000	81,827	193,316	(111,489)
Payments to other governments	143,480	123,261	242,024	(118,763)
Capital outlay	150,000	242,000	1,316,000	240,684
TOTAL EXPENDITURES	1,487,900	1,173,350	756,237	417,113
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,200)	75,900	601,221	525,321
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	266	266
Transfers out	(96,000)	(208,100)	(217,389)	(9,289)
Proceeds from sale of assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(96,000)	(208,100)	(217,123)	(9,023)
NET CHANGE IN FUND BALANCE	(132,200)	(132,200)	384,098	516,298
FUND BALANCE(DEFICIT)-BEGINNING	578,121	578,121	578,121	-
FUND BALANCE (DEFICIT)-ENDING	\$ 445,921	\$ 445,921	\$ 962,219	\$ 516,298

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Budgetary Comparison Schedule  
Solid Waste Fund  
For the Year Ended December 31, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE (OVER) FINAL
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales and use	1,600,000	1,600,000	1,539,902	(60,098)
Intergovernmental:				
Grants - federal and state	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing	-	-	-	-
Other state funds	-	-	-	-
Fines and forfeitures	-	-	-	-
Gaming revenues	-	-	-	-
Investment earnings	1,000	1,000	432	(568)
Other revenues	-	-	168,433	168,433
TOTAL REVENUES	1,601,000	1,601,000	1,708,767	107,767
EXPENDITURES				
Current:				
General government:				
Judicial	-	-	-	-
Other	-	-	-	-
Sanitation	2,078,600	2,078,600	1,846,512	232,088
Payments to other governments	-	-	-	-
Economic development and assistance	-	-	-	-
Capital outlay	-	-	34	(34)
TOTAL EXPENDITURES	2,078,600	2,078,600	1,846,546	232,054
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(477,600)	(477,600)	(137,779)	339,821
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	(477,600)	(477,600)	(137,779)	339,821
FUND BALANCE (DEFICIT)-BEGINNING	479,982	479,982	479,982	-
FUND BALANCE (DEFICIT)-ENDING	\$ 2,382	\$ 2,382	\$ 342,203	\$ 339,821

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Budgetary Comparison Schedule  
Road District #2 Maintenance Fund  
For the Year Ended December 31, 2016

		BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE (OVER) FINAL
		ORIGINAL	FINAL		
REVENUES					
Taxes:					
Ad valorem		\$ 610,000	\$ 610,000	\$ 662,194	\$ 52,194
Sales and use		-	-	-	-
Other taxes, penalties, interest, etc.		-	-	-	-
Licenses and permits		-	-	-	-
Intergovernmental:					
Grants - federal and state		-	-	-	-
State funds:					
Parish transportation funds		-	-	-	-
State revenue sharing		42,150	42,150	26,002	(16,148)
Severance taxes		-	-	-	-
Other state funds		-	-	-	-
Fees, charges and commissions for services		-	-	-	-
Fines and forfeitures		-	-	-	-
Gaming revenues		-	-	-	-
Investment earnings		-	-	674	674
Other revenues		2,000	2,000	12,891	10,891
	TOTAL REVENUES	654,150	654,150	701,761	47,611
EXPENDITURES					
Current:					
General government:					
Legislative		-	-	-	-
Judicial		-	-	-	-
Executive		-	-	-	-
Elections		-	-	-	-
Financial and administrative		-	-	-	-
Other		-	-	-	-
Public safety		-	-	-	-
Public works		1,123,650	1,123,650	589,856	533,794
Health and welfare		-	-	-	-
Payments to other governments		-	-	-	-
Economic development and assistance		-	-	-	-
Debt service:					
Principal payments		-	-	-	-
Interest		-	-	-	-
Capital outlay		-	-	128,539	(128,539)
	TOTAL EXPENDITURES	1,123,650	1,123,650	718,395	405,255
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER) EXPENDITURES		(469,500)	(469,500)	(16,634)	452,866
OTHER FINANCING SOURCES (USES):					
Transfers in		-	-	662	662
Transfers out		-	-	-	-
Proceeds from sale of assets		-	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	-	-	662	662
NET CHANGE IN FUND BALANCE		(469,500)	(469,500)	(15,972)	453,528
FUND BALANCE (DEFICIT)-BEGINNING		967,514	967,514	967,514	-
FUND BALANCE (DEFICIT)-ENDING		\$ 498,014	\$ 498,014	\$ 951,542	\$ 453,528

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Budgetary Comparison Schedule  
Road District #3 Maintenance Fund  
For the Year Ended December 31, 2016

		BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE (OVER) FINAL
		ORIGINAL	FINAL		
REVENUES					
Taxes:					
Ad valorem		\$ 615,000	\$ 615,000	\$ 682,725	\$ 67,725
Sales and use		-	-	-	-
Other taxes, penalties, interest, etc.		-	-	-	-
Licenses and permits		-	-	-	-
Intergovernmental:					
Grants - federal and state		-	-	-	-
State funds:					
Parish transportation funds		-	-	-	-
State revenue sharing		32,745	32,745	21,340	(11,405)
Severance taxes		-	-	-	-
Other state funds		-	-	-	-
Fees, charges and commissions for services		-	-	-	-
Fines and forfeitures		-	-	-	-
Gaming revenues		-	-	-	-
Investment earnings		-	-	1,264	1,264
Other revenues		2,000	2,000	22,860	20,860
	TOTAL REVENUES	649,745	649,745	728,189	78,444
EXPENDITURES					
Current:					
General government:					
Legislative		-	-	-	-
Judicial		-	-	-	-
Executive		-	-	-	-
Elections		-	-	-	-
Financial and administrative		-	-	-	-
Other		-	-	-	-
Public safety		-	-	-	-
Public works		736,145	1,513,745	426,973	1,086,772
Health and welfare		-	-	-	-
Payments to other governments		-	-	-	-
Economic development and assistance		-	-	-	-
Debt service:					
Principal payments		-	-	-	-
Interest		-	-	-	-
Capital outlay		-	-	16,699	(16,699)
	TOTAL EXPENDITURES	736,145	1,513,745	443,672	1,070,073
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER) EXPENDITURES		(86,400)	(864,000)	284,517	1,148,517
OTHER FINANCING SOURCES (USES):					
Transfers in		-	-	3,581	3,581
Transfers out		-	-	-	-
Proceeds from sale of assets		-	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	-	-	3,581	3,581
NET CHANGE IN FUND BALANCE		(86,400)	(864,000)	288,098	1,152,098
FUND BALANCE (DEFICIT)-BEGINNING		1,376,346	1,376,346	1,376,346	-
FUND BALANCE (DEFICIT)-ENDING		\$ 1,289,946	\$ 512,346	\$ 1,664,444	\$ 1,152,098

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY  
For the Year Ended December 31, 2016  
NOTES TO BUDGETARY COMPARISON SCHEDULES

Budgets and budgetary accounting:

The Police Jury follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to November 1, the department heads submit to the Police Jury a proposed operating budget for the ensuing fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is then legally enacted through passage of a resolution.
4. An amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Police Jury.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The budget is employed as a management control device during the year that assists its users in financial activity analysis.

All budget appropriations lapse at year end. The budgets presented are the originally adopted budget and the final amended budget. Actual amounts may not vary more than 5% from the final amended budget.

The final budgets of the following funds were adjusted by more 10% from the original budget and are listed below:

- General Fund- Grants, Other revenue, Other state funds, public safety, and capital outlay, payments to other governments, judicial, elections, public safety, capital outlay, and transfers out.
- Road District #3 – Public works.



ALLEN PARISH POLICE JURY  
Oberlin, Louisiana

Parochial Employees' Retirement System of Louisiana  
Schedule of the Police Jury's Proportionate Share of the Net Pension Liability  
For The Year Ended December 31, 2016

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police Jury's proportion of the net pension liability	0.212%	0.198%	1.855%
Police Jury's proportionate share of the net pension liability	\$ 15,178	\$ 54,246	\$ 507,129
Police Jury's covered-employee payroll	\$ 1,091,250	\$ 1,132,076	\$ 1,165,254
Police Jury's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.4%	4.8%	43.5%
Plan fiduciary net position as a percentage of the total pension liability	99.48%	99.14%	92.23%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

The notes to financial statements are an integral part of this statement.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana

Parochial Employees' Retirement System of Louisiana  
Schedule of the Police Jury's Contributions  
For The Year Ended December 31, 2016

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 174,600	\$ 164,151	\$ 151,483
Contributions in relation to the contractually required contribution	\$ 174,600	\$ 164,151	\$ 151,483
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,091,250	\$ 1,132,076	\$ 1,165,254
Contributions as a percentage of covered-employee payroll	16.0%	14.5%	13.0%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

The notes to financial statements are an integral part of this statement.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Schedule of Funding Progress  
For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded ALL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2014	\$ -	\$ 1,114,752	\$ 1,114,752	0.0%	\$ 1,047,714	106%
January 1, 2015	\$ -	\$ 1,114,752	\$ 1,114,752	0.0%	\$ 1,132,071	98.47%
January 1, 2016	\$ -	\$ 287,547	\$ 287,547	0.0%	\$ 481,542	59.71%

The accompanying notes are an integral part of this statement.

## OTHER SUPPLEMENTARY SCHEDULES

Allen Parish Police Jury  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
or Chief Executive Officer  
For the Year Ended December 31, 2016

Agency Head Name:	Creig Vizena
<b>Purpose</b>	<b>Amount</b>
Salary	\$ 14,400
Benefits-insurance	-
Benefits-retirement	-
Benefits-other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Schedule of Compensation Paid Elected Officials  
For the Year Ended December 31, 2016

Board Member	Amount
Ruffin George	\$ 14,400
John Strother	14,400
Kent Fontenot	14,400
Creig Vizena	14,400
Anthony Hebert	14,400
Heath Ardoin	14,400
Matt Fontenot	14,400
	<u>\$ 100,800</u>

The accompanying notes are an integral part of this statement.

Allen Parish Police Jury  
Supplementary Information Schedule  
Community Grant Agreement-Coushatta Tribe of Louisiana  
For the Year Ended December 31, 2016

Revenues:

Gaming revenue	\$ 443,133
Investment earnings	612
Total revenues	<u>\$ 443,745</u>

Expenditures:

Utilities/telephone for parish buildings	\$ 119,159
Payroll & fringe benefits for Court House maintenance employees	45,918
Maintenance of parish buildings	194,603
Insurance for parish buildings	43,608
Total expenditures	<u>\$ 403,288</u>

The accompanying notes are an integral part of this statement.

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2016

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing & Urban Development - Passed Through the State Division of Administration Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	733551	<u>\$ 445,074</u>
<u>Other Federal Awards</u>			
Federal Transit Administration, Department of Transportation - Passed Through the State Department of Transportation & Development Formula Grants for Rural Areas	20.509	LA-18-X027 LA-18-X032 LA-18-X031	<u>170,759</u>
U.S. Department of Transportation, FAA - Airport Improvement Program *	20.106	3-22-0042-011-2014	<u>571,551</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,187,384</u></u>

\*Major federal financial assistance program

The accompanying notes are an integral part of this statement.



ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2016

**NOTE A- BASIS OF PRESENTATION**

The schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Allen Parish Police Jury under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Allen Parish Police Jury, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Allen Parish Police Jury.

**NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance.

The accompanying notes are an integral part of this statement.

## INDEPENDENT AUDITOR'S REPORT SECTION

# STEVEN M. DEROUEN & ASSOCIATES

*Certified Public Accountants*

4827 IHLES ROAD  
P. O. BOX 4265  
LAKE CHARLES, LA 70606  
(337) 513-4915 OFFICE/ (337) 205-6927 FAX  
steve@jderouencpa.com

Member American Institute of  
Certified Public Accountants

Member Louisiana Society of  
Certified Public Accountants

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

To the Allen Parish Police Jury  
Oberlin, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Allen Parish Police Jury, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Allen Parish Police Jury's primary government basic financial statements, and have issued my report thereon dated June 26, 2017. The report on the Allen Parish Police Jury was adverse because the financial statements do not include financial data of all component units of the Allen Parish Police Jury.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the primary government financial statements, I considered the Allen Parish Police Jury's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the primary government financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allen Parish Police Jury's internal control. Accordingly, I do not express an opinion on the effectiveness of the Allen Parish Police Jury'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 primary government financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies. See items 2016-1 and 2016-2.

### **Compliance and Other Matters**

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

### **Allen Parish Policy Jury's Response to Findings**

The Allen Parish Police Jury's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The Allen Parish Policy Jury's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, I express no opinion on it.

### **Purpose of this Report**

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

*Steven M. DeRouen & Associates*

Steven M. DeRouen & Associates  
Lake Charles, Louisiana  
June 26, 2017

# STEVEN M. DEROUEN & ASSOCIATES

*Certified Public Accountants*

4827 IHLES ROAD  
P. O. BOX 4265  
LAKE CHARLES, LA 70606  
(337) 513-4915 OFFICE/ (337) 205-6927 FAX  
steve@jderouencpa.com

Member American Institute of  
Certified Public Accountants

Member Louisiana Society of  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Allen Parish Police Jury  
Oberlin, Louisiana

### **Report on Compliance for Each Major Federal Program**

I have audited the Allen Parish Police Jury's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Allen Parish Police Jury's major federal programs for the year ended December 31, 2016. Allen Parish Police Jury's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of the Allen Parish Police Jury's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Allen Parish Police Jury's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Allen Parish Police Jury's compliance.

### ***Opinion on Each Major Federal Program***

In my opinion, the Allen Parish Police Jury, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

## Report on Internal Control over Compliance

Management of the Allen Parish Police Jury, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Allen Parish Police Jury's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Allen Parish Police Jury's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Steven M. DeRouen & Associates*

Steven M. DeRouen & Associates  
Lake Charles, Louisiana  
June 26, 2017

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2016

**Section I Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Adverse on aggregate discretely presented component units; qualified on aggregate remaining fund information; unmodified on all other opinion units.

**Internal Control Over Financial Reporting:**

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**Federal Awards**

**Internal control over major programs:**

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance ☐ Yes ☒ No

**Major Programs:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Transportation FAA – Airport Improvement Program

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2016

**Section II - Financial Statement Findings**

**2016-1 Segregation of Duties**

Condition:	Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.
Criteria:	Effective internal control requires adequate segregation of duties among client personnel.
Effect:	Without proper segregation of duties, errors within the financial records or fraud could go undetected.
Recommendation:	To the extent cost effective, duties should be segregated and management should attempt to mitigate this significant deficiency in internal control by supervision and review procedures.
Views of responsible officials and planned corrective actions:	We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

**2016-2 Controls over Financial Reporting**

Condition:	In my judgment, the personnel of the Allen Parish Police Jury do not have the specialized accounting training necessary to generate the financial statements, together with related notes in accordance with generally accepted accounting principles (GAAP).
Criteria:	The Auditing Standards Board issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. SAS No. 112 emphasizes that the auditor cannot be part of your system of internal control over financial reporting.
Effect:	Misstatements in financial statements could go undetected.
Recommendation:	In my judgment, due to the lack of resources available to management to correct this significant deficiency in financial reporting, we recommend management mitigate this significant deficiency in internal control by having a heightened awareness of all transactions being reported.
Views of responsible officials and planned corrective actions:	We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.



ALLEN PARISH POLICE JURY  
Oberlin, Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2016

**Section III – Federal Award Findings and Questioned Costs**

None.

**Allen Parish Police Jury  
Status of Prior Audit Findings  
For the Year Ended December 31, 2015**

**2015-1 Segregation of Duties**

Corrective action taken – Due to the lack of sufficient financial resources, this finding cannot be resolved.  
See 2015-1.

**2015- 2 Controls over Financial Reporting**

Corrective action taken – Due to the lack of sufficient financial resources, this finding cannot be resolved.  
See 2015-2.