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THE VERCHER GROUP

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MEMBERS

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Certified Fraud Examiners

The Village of Harrisonburg was revised to correct the supplemental information Schedule of Grants. Grant revenues and expenses were broken out correctly between LCDBG and CWF.

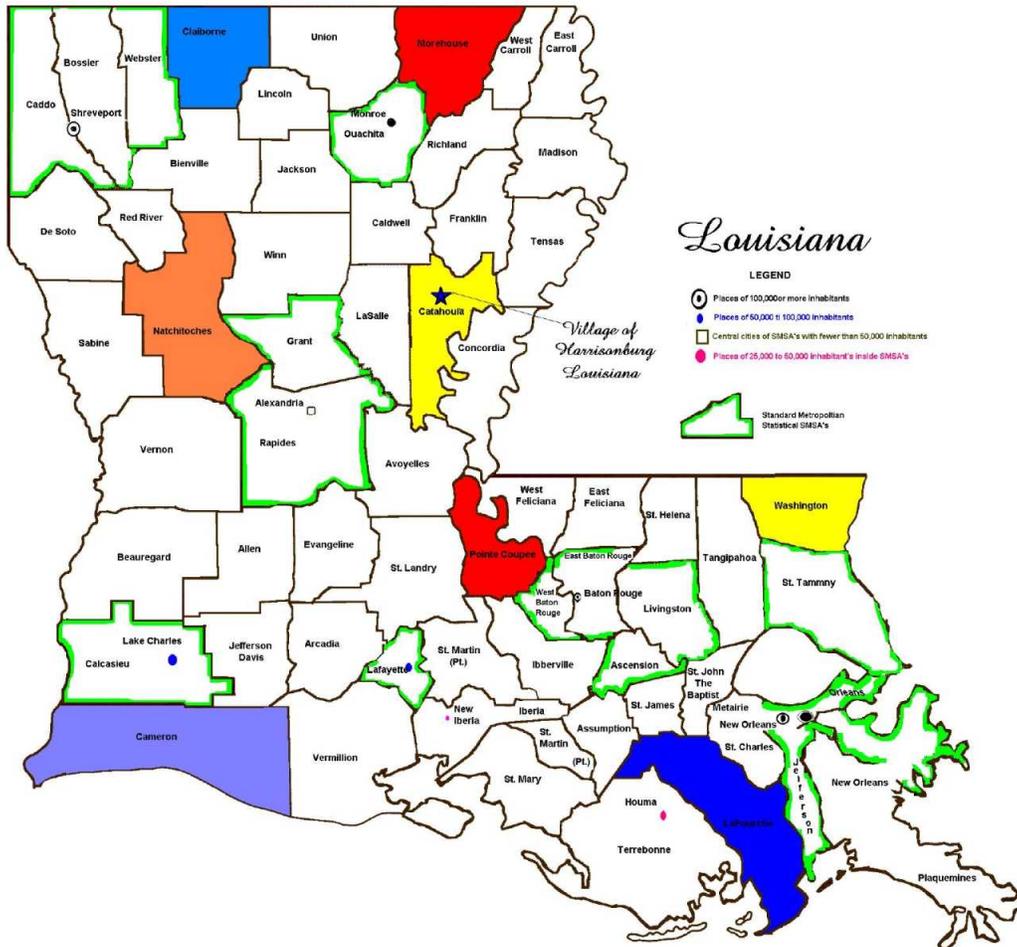
The Vercher Group

VILLAGE OF HARRISONBURG, LOUISIANA

Annual Financial Statements

JUNE 30, 2020

VILLAGE OF HARRISONBURG HARRISONBURG, LOUISIANA



The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

Village of Harrisonburg, Louisiana
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INDEPENDENT AUDITOR'S REPORT

The Honorable Michael Tubre, Mayor
& Members of the Village Council
Harrisonburg, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Village of Harrisonburg, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Harrisonburg's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of Harrisonburg, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Harrisonburg's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and other schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer and other schedules are the responsibility of management and was 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 our opinion the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020, on our consideration of the Village of Harrisonburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Harrisonburg's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
October 15, 2020

Village of Harrisonburg

PO Box 320

Harrisonburg, Louisiana 71340

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Harrisonburg's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$485,517 (*net position*). This is a \$14,811 increase from last year.
- The Village had total revenue of \$116,363. This is a \$27,375 decrease from last year's revenues, mainly due to a decrease in fines in the amount of \$13,179.
- The Village had total expenditures of \$294,674, which is a \$31,182 decrease from last year.

Enterprise Fund

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2,085,831 (*net position*). This is a \$58,028 decrease from last year.
- The Village had total revenue of \$854,693. This is a \$5,943 decrease from last year, mainly due to a decrease in gas sales in the amount of \$35,952.
- The Village had total expenses of \$706,150. This is a \$16,183 increase from last year, mainly due to an increase in administration/personnel cost in the amount of \$76,570.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using capital contributions and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

Governmental Funds

Comparative Statement of Net Position as of June 30, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 64,630	\$ 102,207	58.1
Receivables (Net)	7,336	5,227	-28.8
Capital Assets, Net of Accumulated Depreciation	426,134	398,415	-6.5
Total Assets	<u>498,100</u>	<u>505,849</u>	1.6
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	6,998	14,206	103.0
Notes Payable – Current Portion	10,098	6,126	-39.3
Notes Payable – Non-Current	10,298	-0-	-100.0
Total Liabilities	<u>27,394</u>	<u>20,332</u>	-25.8
Net Position			
Net Investment in Capital Assets	405,738	392,289	-3.3
Unrestricted	64,968	93,228	43.5
Total Net Position	<u>\$ 470,706</u>	<u>\$ 485,517</u>	3.1

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2020:

	<u>2019</u>	<u>2020</u>	<u>% Change</u>
Revenues			
Fees & Charges	\$ 43,997	\$ 41,091	-6.6
Taxes	72,083	66,558	-7.7
Fines	14,392	1,213	-91.6
Intergovernmental-Capital Grants	-0-	-0-	0.0
Other Revenue	13,266	7,501	-43.5
Total Revenues	<u>143,738</u>	<u>116,363</u>	-19.1
Expenditures			
General Government	103,915	92,494	-11.0
Police	153,124	112,059	-26.8
Fire	11,566	6,567	-43.2
Sanitation	36,838	54,255	47.3
Debt Service	13,225	15,299	15.7
Capital Outlay	7,188	14,000	94.8
Total Expenditures	<u>325,856</u>	<u>294,674</u>	-9.6
Excess (Deficiency) of Revenues Over Under Expenditures	<u>(182,118)</u>	<u>(178,311)</u>	-2.1
Other Financing Sources (Uses)			
Transfers In/(Out)	178,924	206,571	15.5
Total Other Financing Sources (Uses)	<u>178,924</u>	<u>206,571</u>	15.5
Net Change in Fund Balance	(3,194)	28,260	984.8
Prior Period Adjustment	11,807	-0-	-100.0
Fund Balances - Beginning	56,355	64,968	15.3
Fund Balances - Ending	<u>\$ 64,968</u>	<u>\$ 93,228</u>	43.5

MD&A

Enterprise Fund

Comparative Statement of Net Position as of June 30, 2020:

Assets	2019	2020	% Change
Cash & Cash Equivalents	\$ 37,961	\$ 84,103	121.6
Receivables (Net)	53,518	46,093	-13.9
Due From Other Funds	6,509	-0-	-100.0
Restricted Assets	43,357	24,923	-42.5
Capital Assets, Net of Accumulated Depreciation	<u>2,357,918</u>	<u>2,251,441</u>	-4.5
Total Assets	<u>2,499,263</u>	<u>2,406,560</u>	-3.7
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	26,677	16,229	-39.2
Current Bonds & Interest Payable	16,407	5,813	-64.6
Bonds Payable	<u>312,320</u>	<u>298,687</u>	-4.4
Total Liabilities	<u>355,404</u>	<u>320,729</u>	-9.8
Net Position			
Net Investment in Capital Assets	2,029,191	1,946,941	-4.1
Restricted	26,949	19,110	-29.1
Unrestricted	<u>87,719</u>	<u>119,780</u>	36.5
Total Net Position	<u>\$ 2,143,859</u>	<u>\$ 2,085,831</u>	-2.7

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2020:

Operating Revenues	2019	2020	% Change
Water Sales	\$ 165,536	\$ 163,822	-1.0
Sewer Charges	123,389	164,652	33.4
Gas Sales	<u>539,172</u>	<u>503,220</u>	-6.7
Total Operating Revenues	<u>828,097</u>	<u>831,694</u>	0.4
Operating Expenses			
Operations/Maintenance	286,776	282,326	-1.6
Utility Purchases	137,249	80,458	-41.4
Administration/Personnel	123,013	199,583	62.2
Depreciation	<u>129,097</u>	<u>130,976</u>	1.5
Total Operating Expenses	<u>676,135</u>	<u>693,343</u>	4.6
Operating Income (Loss)	<u>151,962</u>	<u>138,351</u>	-9.0
Nonoperating Revenues (Expenses)			
Interest Income	81	-0-	-100.0
Interest Expense	<u>(13,832)</u>	<u>(12,807)</u>	-7.4
Total Nonoperating Revenues (Expenses)	<u>(13,751)</u>	<u>(12,807)</u>	-6.9
Income Before Contributions & Transfers	<u>138,211</u>	<u>125,544</u>	-9.2
Transfers In/(Out)	(178,924)	(206,571)	15.5
Capital Contributions	<u>32,458</u>	<u>22,999</u>	-29.1
Change in Net Position	(8,255)	(58,028)	602.9
Total Net Position - Beginning	2,152,114	2,143,859	-0.4
Total Net Position - Ending	<u>\$ 2,143,859</u>	<u>\$ 2,085,831</u>	-2.7

MD&A

CAPITAL ASSETS & LONG-TERM DEBT

Capital Assets – Governmental Funds

At June 30, 2020, the Village had \$398,415 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2019</u>	<u>2020</u>
Land (Not Depreciated)	\$ 12,000	\$ 26,000
Capital Assets	1,037,805	1,037,805
Accumulated Depreciation	<u>(623,671)</u>	<u>(665,390)</u>
Total	<u>\$ 426,134</u>	<u>\$ 398,415</u>

Capital Assets – Enterprise Fund

At June 30, 2020, the Village had \$2,251,440 invested in capital assets, including the following:

Capital Assets at Year-End		
	<u>2019</u>	<u>2020</u>
Land (Not Depreciated)	\$ 10,485	\$ 10,485
Gas System	1,833,423	1,834,923
Water System	1,335,668	1,359,276
Sewer System	1,912,762	1,912,152
Accumulated Depreciation	<u>(2,734,420)</u>	<u>(2,865,396)</u>
Total	<u>\$ 2,357,918</u>	<u>\$ 2,251,440</u>

Long-Term Debt

The following is a summary of revenue bond transactions and general obligation debt transactions of the Village of Harrisonburg for the year ended June 30, 2020.

	<u>Water Revenue Bonds</u>	<u>Sewer Revenue Bonds</u>	<u>Governmental Capital Lease</u>	<u>Total</u>
Bonds & Notes Payable - Beginning	\$ 17,588	\$ 310,313	\$ 20,275	\$ 348,176
Additions	-0-	-0-	-0-	-0-
Principal Retirements	<u>(17,588)</u>	<u>(5,813)</u>	<u>(14,149)</u>	<u>(37,550)</u>
Total	<u>\$ -0-</u>	<u>\$ 304,500</u>	<u>\$ 6,126</u>	<u>\$ 310,626</u>

CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Michael Tubre at the Village Hall, phone number (318) 744-5794.

Basic Financial Statements

Village of Harrisonburg, Louisiana
Statement of Net Position
June 30, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets			
Cash & Cash Equivalents	\$ 102,207	\$ 84,103	\$ 186,310
Receivables (Net of Allowances)	5,227	46,093	51,320
Restricted Assets	-0-	24,923	24,923
Capital Assets (Net of Accumulated Depreciation)	398,415	2,251,441	2,649,856
Total Assets	505,849	2,406,560	2,912,409
Current Liabilities			
Accounts, Salaries, & Other Payables	14,206	16,229	30,435
Current Portion of Notes Payable	6,126	-0-	6,126
Current Bonds & Interest (Payable from Restricted Assets)	-0-	5,813	5,813
Total Current Liabilities	20,332	22,042	42,374
Non-Current Liabilities			
Revenue Bonds & Notes Payable	-0-	298,687	298,687
Total Non-Current Liabilities	-0-	298,687	298,687
Total Liabilities	20,332	320,729	341,061
Net Position			
Net Investment in Capital Assets	392,289	1,946,941	2,339,230
Restricted	-0-	19,110	19,110
Unrestricted	93,228	119,780	213,008
Total Net Position	\$ 485,517	\$ 2,085,831	\$ 2,571,348

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Balance Sheet
Governmental Funds
June 30, 2020

		<u>GENERAL</u>
Assets		
Cash & Cash Equivalents	\$	102,207
Receivables (Net of Allowances for Uncollectables)		<u>5,227</u>
Total Assets		<u><u>107,434</u></u>
 Liabilities		
Accounts, Salaries, & Other Payables		<u>14,206</u>
Total Liabilities		<u>14,206</u>
 Fund Balance		
Unassigned		<u>93,228</u>
Total Fund Balance		<u>93,228</u>
 Total Liabilities & Fund Balance	\$	<u><u>107,434</u></u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2020

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$ 93,228
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.	398,415
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	
Notes Payable	<u>(6,126)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 485,517</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	GENERAL
Revenues	
Fees & Charges	\$ 41,091
Ad Valorem Taxes	8,089
Occupational Licenses	26,655
CPJ Sales Tax	31,814
Fines	1,213
Intergovernmental – Capital Grants	-0-
Other Revenue	7,501
Total Revenues	116,363
Expenditures	
General Government	92,494
Public Safety:	
Fire	6,567
Police	112,059
Sanitation	54,255
Debt Service	15,299
Capital Outlay	14,000
Total Expenditures	294,674
Excess (Deficiency) of Revenues Over Under Expenditures	(178,311)
Other Financing Sources (Uses)	
Transfers In/(Out)	206,571
Total Other Financing Sources (Uses)	206,571
Net Change in Fund Balance	28,260
Fund Balances - Beginning	64,968
Fund Balances - Ending	\$ 93,228

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E		\$	28,260
Governmental Funds report capital outlays as expenditure. 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 outlays exceeded depreciation in the current period.	Capital Purchases		14,000
	Depr. Expense		(41,719)
			(27,719)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	Debt Issued		-0-
	Principal Paid		14,270
			14,270
Changes in Net Position of Governmental Activities, Statement B		\$	<u>14,811</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2020

	Enterprise Fund
Current Assets	
Cash & Cash Equivalents	\$ 84,103
Receivables (Net of Allowances for Uncollectibles)	46,093
Total Current Assets	<u>130,196</u>
Non-Current Assets	
Restricted Cash	24,923
Capital Assets (Net of Accumulated Depreciation)	2,251,441
Total Non-Current Assets	<u>2,276,364</u>
Total Assets	<u>2,406,560</u>
Current Liabilities	
Accounts, Salaries, & Other Payables	16,229
Total Current Liabilities	<u>16,229</u>
Current Liabilities Payable From Restricted Assets	
Current Bonds & Interest Payable	5,813
Total Current Liabilities Payable From Restricted Assets	<u>5,813</u>
Total Current Liabilities	<u>22,042</u>
Non-Current Liabilities	
Revenue Bonds & Notes Payable	298,687
Total Non-Current Liabilities	<u>298,687</u>
Total Liabilities	<u>320,729</u>
Net Position	
Net Investment in Capital Assets	1,946,941
Restricted	19,110
Unrestricted	119,780
Total Net Position	<u>\$ 2,085,831</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Fund
June 30, 2020

	Enterprise Fund
Operating Revenues	
Charges for Services:	
Water Sales	\$ 163,822
Sewer Charges	164,652
Gas Sales	503,220
Total Operating Revenues	831,694
Operating Expenses	
Operations/Maintenance	282,326
Utility Purchases	80,458
Administration/Personnel	199,583
Depreciation	130,976
Total Operating Expenses	693,343
Operating Income (Loss)	138,351
Nonoperating Revenues (Expenses)	
Interest Income	-0-
Interest Expense	(12,807)
Total Nonoperating Revenues (Expenses)	(12,807)
Income Before Contributions & Transfers	125,544
Transfers In/(Out)	(206,571)
Capital Contributions	22,999
Change in Net Position	(58,028)
Total Net Position - Beginning	2,143,859
Total Net Position - Ending	\$ 2,085,831

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Cash Flows
Proprietary Fund
June 30, 2020

	Enterprise Fund
Cash Flows From Operating Activities	
Receipts From Customers & Users	\$ 845,628
Payments to Suppliers	(373,232)
Payments to Employees	(199,583)
Net Cash Provided (Used) by Operating Activities	272,813
Cash Flows From Non-Capital Financing Activities	
Transfers to Other Funds	(206,571)
Net Cash Provided (Used) by Non-Capital Financing Activities	(206,571)
Cash Flows From Capital & Related Financing Activities	
Principal on Capital Debt	(23,401)
Interest Paid on Capital Debt	(13,633)
Capital Grants	22,999
(Acquisition)Deletion of Capital Assets	(24,499)
Net Cash Provided (Used) by Capital & Related Financing Activities	(38,534)
Cash Flows From Investing Activities	
Interest and Dividends Received	-0-
Net Cash Provided (Used) by Investing Activities	-0-
Net Increase (Decrease) in Cash & Cash Equivalents	27,708
Cash & Cash Equivalents, Beginning of Year	81,318
Cash & Cash Equivalents, End of Year	109,026
Reconciliation to Balance Sheet	
Cash and Cash Equivalents	84,103
Restricted Cash	24,923
Total Cash and Cash Equivalents	109,026
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	138,351
Depreciation Expense	130,976
(Increase) Decrease in Accounts Receivable	7,425
(Increase) Decrease in Due From Other Funds	6,509
Increase (Decrease) in Accounts Payables	(9,621)
Increase (Decrease) in Accrued Interest	(827)
Total Adjustments	134,462
Net Cash Provided (Used) by Operating Activities	\$ 272,813

The accompanying notes are an integral part of this statement.

**Notes To The Basic
Financial Statements**

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The accounting and reporting policies of the Village of Harrisonburg conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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) Capital Contributions and contributions that are restricted to meetings 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred,

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Capital contributions and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities 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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality'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 municipality reports the following major proprietary fund:

- Enterprise Fund
 - Water Activities
 - Sewer Activities
 - Gas Activities

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 and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Invested in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their 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.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “invested in capital assets”.

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

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

D. CASH & CASH EQUIVALENTS

The Village’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality’s investments policy allow the municipality to invest in collateralized certificate of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. RECEIVABLES & 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 noncurrent 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”.

F. AD VALOREM TAXES

Property taxes are levied on a calendar year basis and become due by January 1 of each year. The following shows the amount of authorized and levied ad valorem taxes on property with assessed valuations totaling \$1,202,126.

General purposes	7.24 mills
Total taxes levied	\$8,475

G. RESTRICTED ASSETS

Restricted assets include cash and cash investments in the proprietary funds which are restricted.

Restricted assets were applicable to the following at June 30, 2020:

	<u>Sewer</u>	<u>Water</u>	<u>Gas</u>	<u>Total</u>
Customer Deposits	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Sewer Revenue Reserve	10,032	-0-	-0-	10,032
Bond Reserve Account	-0-	-0-	-0-	-0-
Depreciation Reserve Account	14,891	-0-	-0-	14,891
Revenue Sinking	-0-	-0-	-0-	-0-
DRA Grant Account	-0-	-0-	-0-	-0-
Total	<u>\$ 24,923</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 24,923</u>

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, 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 the historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village of Harrisonburg 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.

For the year ended June 30, 2020, no interest costs were capitalized for construction of fixed assets.

Gas, Water, & Sewer Systems	40 years
Vehicles and Equipment	5-10 years
Parking Lot	20 years

I. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

J. LONG-TERM OBLIGATIONS

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

K. FUND EQUITY

In the fund equity statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plan that are subject to change.

L. USE OF ESTIMATES

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

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

2. CASH, CASH EQUIVALENTS, & INVESTMENTS – (C.D.’S IN EXCESS OF 90 DAYS)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

Deposits

It is the Village’s policy for deposits (demand checking accounts, savings accounts, and certificate of deposits) to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village’s deposits are categorized to give an indication of the level of risk assumed by the Village at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the Village or by its agent in the Village’s name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Village’s name.
- ***Category 3*** – Uncollateralized.

	Southern Heritage Bank	The Community Bank	Concordia Bank	Total
Bank Balances	\$ 185,673	\$ 26,676	\$ 7,147	\$ 219,496
<i>Secured As Follows</i>				
FDIC (<i>Category 1</i>)	185,673	26,676	7,147	219,496
Securities (<i>Category 2</i>)	-0-	-0-	-0-	-0-
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-	-0-
Total	\$ 185,673	\$ 26,676	\$ 7,147	\$ 219,496

All deposits were fully secured as of June 30, 2020.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

3. RECEIVABLES

The receivables of \$51,319 at June 30, 2020, are as follows:

	General Fund	Enterprise Fund	Total
Accounts Receivable	\$ 5,227	\$ 48,519	\$ 53,746
Allowances for Bad Debt	-0-	(2,427)	(2,427)
Total	\$ 5,227	\$ 46,092	\$ 51,319

Uncollectable amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectable of the receivable.

4. CAPITAL ASSETS

Proprietary Fund

A summary of enterprise fund plant and equipment at June 30, 2020, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Gas System*	\$ 1,843,423	\$ 1,500	\$ -0-	\$ 1,844,923
Water System*	1,336,153	22,999	-0-	1,359,152
Sewer System	1,912,762	-0-	-0-	1,912,762
Total	5,092,338	24,499	-0-	5,116,837
Less: Accumulated Depreciation	(2,734,420)	(130,976)	-0-	(2,865,396)
Net	\$ 2,357,918	\$ (106,477)	\$ -0-	\$ 2,251,441

*Land in the amount of \$10,000 in the Gas System is not being depreciated.

*Land in the amount of \$485 in the Water System is not being depreciated.

General Fund

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets*	\$ 1,049,805	\$ 14,000	\$ -0-	\$ 1,063,805
Accumulated Depreciation	(623,671)	(41,719)	-0-	(665,390)
Net Fixed Position	\$ 426,134	\$ (27,719)	\$ -0-	\$ 398,415

*Land in the amount of \$26,000 is included in the fixed assets and is not being depreciated.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

5. CHANGES IN LONG-TERM DEBT

The following is a summary of revenue bond transactions and general obligation debt transactions of the Village of Harrisonburg for the year ended June 30, 2020.

	Water Revenue Bonds	Sewer Revenue Bonds	Governmental Capital Lease	Total
Bonds & Notes Payable - Beginning	\$ 17,588	\$ 310,313	\$ 20,275	\$ 348,176
Additions	-0-	-0-	-0-	-0-
Principal Retirements	(17,588)	(5,813)	(14,149)	(37,550)
Total	<u>\$ -0-</u>	<u>\$ 304,500</u>	<u>\$ 6,126</u>	<u>\$ 310,626</u>

Bonds payable and capital leases at June 30, 2020, are comprised of the following issues:

Revenue Bonds and Capital Leases

\$22,770 of 2014 Ford Police Patrol Unit due monthly in installments of \$701.47 starting 5/21/18 and ending 4/21/21; interest at 7.253%.	\$ 6,126
\$200,000 of 2008 Sewer Revenue Bonds due annually in installments of \$10,868.62 starting 10/21/09 and ending 10/21/48; interest at 4.5%.	174,096
\$156,000 of 2008 Sewer Revenue Bonds due annually in installments of \$7,447.33 starting 10/21/09 and ending 10/21/48; interest at 3.625%.	<u>130,404</u>
Total	<u>\$ 310,626</u>

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments, are as follows:

Year Ending June 30,	Total
2021	25,519
2022	18,504
2023	18,504
2024	18,504
2025	18,504
2026-2030	92,520
2031-2035	92,520
2036-2040	92,520
2041-2045	92,520
2046-2050	52,428
Total	<u>\$ 522,043</u>

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

6. FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUND REVENUE

As of June 30, 2020, the Village of Harrisonburg has three issues of sewer revenue bonds outstanding. The flow of funds and restrictions on use are governed by the bond indentures and the note resolution, the terms of which are summarized as follows:

- (a) For the payment of all expenses of operation and maintenance of each system.
- (b) For the maintenance of a bond or note redemption account, by transferring sufficient amounts to pay all principal and interest falling due in the ensuing twelve months.
- (c) For the maintenance of a reserve account, by making designated payments as follows:

Sewer - There should be deposited ten percent (10%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$26,500.

- (d) For the maintenance of a contingency and depreciation account, by making designated payments as follows:

Sewer - There should be deposited one hundred fifty-three dollars (\$153.00) per month commencing with the month following completion of the improvements to the system.

The Village records restrictions to indicate that a portion of its net assets/fund balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

Restricted - Revenue Bonds

This amount represents monies restricted as required by the revenue bond indentures.

At June 30, 2020, the Enterprise Fund Net Position were restricted for the purposed noted above as follows:

Revenue Bond Reserve Fund	\$	10,032
Depreciation and Contingencies Fund		14,891
Accrued Interest		-0-
Current Bonds Payable		(5,813)
Total	\$	<u>19,110</u>

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

7. LITIGATION

The Village of Harrisonburg is involved in no litigation at June 30, 2020, which is not covered by the Village's applicable insurance policies or is considered to be significant to the Village's financial statements.

8. ELECTED OFFICIAL'S SALARIES

<u>Name</u>	<u>Term</u>	<u>Title</u>	<u>Annualized Salary</u>
Michael Tubre 757 Bushley St Harrisonburg, LA 71340 (318) 744-5613	2008 - Present	Mayor	\$ 6,000
Judy Cotten PO Box 408 Harrisonburg, LA 71340 (318) 557-8256	2015 - Present	Alderman	\$ 4,800
Greg Terry PO Box 262 Harrisonburg, LA 71340 (318) 744-5547	2008 - Present	Alderman	\$ 4,800
Arthurine Watson PO Box 97 Harrisonburg, LA 71340 (318) 758-1691	2019 - Present	Alderman	\$ 4,800
Lyndell Atkins PO Box 443 Harrisonburg, LA 71340 (318) 403-8647	2012 - Present	Chief of Police	\$ 39,135

9. PENSION PLAN

The Village employees are covered under the social security system.

10. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>
Transfers In (Out)	\$ 206,571	\$ (206,571)

Transfers were made for operational purposes.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

11. UTILITY RELOCATION ASSISTANCE FUNDING (URAF)

Chapter 3 § 301(c) of the Louisiana Administrative Code states that “URAF funding is neither a loan nor a grant and there is no interest charged on this money. However, the utility must repay this money eventually, or it will not be allowed to locate its facilities within highway right-of-way”.

This transaction, occurring in the 2015 fiscal year, was recorded as a capital grant and capitalized as fixed assets (Utility Relocation) in the enterprise fund in 2015.

12. SCHEDULE OF INSURANCE

<u>Type</u>	<u>Agent</u>	<u>Amount</u>	<u>Date Expired</u>
General Liability	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2020
Law Enforcement Officer – Government Crime Policy	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2020
Errors & Omissions	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2020
Auto Liability	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2020

13. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, October 15, 2020, of the independent auditor’s report for potential recognition or disclosure in the financial statements.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

14. WATER, SEWER, & GAS RATES

<u>Water: (365 Customers)</u>	<u>Minimum Charge</u>	<u>Next</u>
Commercial	\$ 18.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
Residential	\$ 18.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
Schools	\$ 50.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
Housing Authority	\$ 81.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
<u>Sewer: (171 Customers)</u>		
Residential	\$ 13.50 for 1 st 2,000 gals. water used	\$.0015 per gallon water used thereafter
School	\$ 50.00 for 1 st 2,000 gals. water used	\$.002 per gallon water used thereafter
Housing Authority	\$ 50.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
<u>Gas: (566 Customers)</u>	<u>Flexible</u>	
Residential	<ul style="list-style-type: none"> • Inside city limits- \$20.00 flat fee plus \$0.90 per Ccf Annual CPI • Outside city limits- \$21.00 flat fee plus \$1.00 per Ccf Annual CPI 	
Commercial	<ul style="list-style-type: none"> • Inside city limits- \$20.00 flat fee plus \$0.90 per Ccf Annual CPI • Outside city limits- \$21.00 flat fee plus \$1.00 per Ccf Annual CPI 	
Prison	\$ 21.00 flate rate plus \$0.90 per Ccf Annual CPI	

15. CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public place and businesses. The coronavirus and actions taken to mitigate it have had and are expected to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Village operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Village anticipates this could negatively affects its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

Required Supplemental Information

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended June 30, 2020

	Budget Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees & Charges	\$ 88,000	\$ 65,000	\$ 41,091	\$ (23,909)
Taxes	43,000	40,000	66,558	26,558
Fines	14,000	1,400	1,213	(187)
Capital Contributions	-0-	-0-	-0-	-0-
Other Revenue	7,000	9,750	7,501	(2,249)
Total Revenues	152,000	116,150	116,363	213
Expenditures				
General Government	75,000	180,000	92,494	87,506
Public Safety:				
Police	14,000	33,000	112,059	(79,059)
Fire	12,000	10,000	6,567	3,433
Sanitation	37,000	60,000	54,255	5,745
Debt Service	-0-	-0-	15,299	(15,299)
Capital Outlay	14,000	30,000	14,000	16,000
Total Expenditures	152,000	313,000	294,674	18,326
Excess (Deficiency) of Revenues Over Under Expenditures	-0-	(196,850)	(178,311)	18,539
Other Financing Sources (Uses)				
Transfers In/(Out)	-0-	206,860	206,571	(289)
Total Other Financing Sources (Uses)	-0-	206,860	206,571	(289)
Net Change in Fund Balance	\$ -0-	\$ 10,010	28,260	\$ 18,250
Fund Balances - Beginning			64,968	
Fund Balances - Ending			\$ 93,228	

See independent auditor's report.

Other Information

Village of Harrisonburg, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2020

Honorable Michael Tubre, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 6,000
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.
See independent auditor's report.

Village of Harrisonburg, Louisiana
Schedule of Assets, Liabilities, & Equity
Capital Grants
For the Year Ended June 30, 2020

	LCDBG	LGAP	CWEF	TOTAL
ASSETS				
Cash	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Grant Revenues Receivable	-0-	-0-	-0-	-0-
TOTAL ASSETS	-0-	-0-	-0-	-0-
LIABILITIES & FUND EQUITY				
Accounts Payable	-0-	-0-	-0-	-0-
Due To Village	-0-	-0-	-0-	-0-
Unearned Revenue	-0-	-0-	-0-	-0-
TOTAL LIABILITIES	-0-	-0-	-0-	-0-
FUND BALANCE	-0-	-0-	-0-	-0-
TOTAL LIABILITIES & FUND BALANCE	\$ -0-	\$ -0-	\$ -0-	\$ -0-

LCDBG – Louisiana Community Development Block Grant

LGAP – Local Government Assistance Program

CWEF – Community Water Environment Fund

See independent auditor's report.

**Village of Harrisonburg, Louisiana
Schedule of Revenues, Expenditures &
Changes in Fund Balances
Capital Grants
For the Year Ended June 30, 2020**

	<u>LCDBG</u>	<u>LGAP</u>	<u>CWEF</u>	<u>TOTAL</u>
REVENUES				
Capital Grants	\$ 3,500	\$ -0-	\$ 19,499	\$ 22,999
TOTAL REVENUES	<u>3,500</u>	<u>-0-</u>	<u>19,499</u>	<u>22,999</u>
EXPENDITURES				
Administrative Services	3,500	-0-	-0-	3,500
Engineering Services	-0-	-0-	-0-	-0-
Project Construction	-0-	-0-	19,499	19,499
TOTAL EXPENDITURES	<u>3,500</u>	<u>-0-</u>	<u>19,499</u>	<u>22,999</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	-0-	-0-
FUND BALANCES--BEGINNING	-0-	-0-	-0-	-0-
FUND BALANCES--ENDING	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

LCDBG – Louisiana Community Development Block Grant

LGAP – Local Government Assistance Program

CWEF – Community Water Environment Fund

See independent auditor's report.

Other Reports

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

The Honorable Michael Tubre, Mayor
& Members of the Village Council
Harrisonburg, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business type activities of the Village of Harrisonburg, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Harrisonburg's basic financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item **(2020-1 Small Size of Entity)** that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Harrisonburg's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item: **2020-2 Bond Reserve Accounts Required by Bond Covenants.**

Village of Harrisonburg's Response to Findings

The Village of Harrisonburg's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Village of Harrisonburg's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we 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.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
October 15, 2020

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2020**

We have audited the basic financial statements of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2020, and have issued our report thereon dated October 15, 2020. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2020, resulted in an unmodified opinion.

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2020**

Section II - Financial Statement Findings

2020-1 Small Size of Entity (Internal Control)

Condition: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response and Corrective Action: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Contact Person: Mike Tubre, Mayor

Anticipated Completion Date: June 30, 2021

2020-2 Bond Reserve Accounts Required by Bond Covenants (Compliance)

Condition: The Village transferred out \$5,907.46 from the sewer reserve account to pay for sewer repairs during the year.

Criteria: The Village of Harrisonburg has three issues of sewer revenue bonds outstanding and is required to maintain a reserve account – depositing 10% of the amount to be paid each year until such time as there has been accumulated therein the sum of \$26,500.

Cause of Condition: Oversight/Error in transfers.

Effect of Condition: Noncompliance with bond indentures.

Recommendation: The Village should maintain its reserve accounts in accordance with bond indenture requirements.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2020**

Section II - Financial Statement Findings (Continued)

Client Response and Corrective Acton: Management transferred funds from sewer reserve account instead of the short-lived asset account. Management will transfer \$5,907.46 from short-lived asset fund into the reserve account and continue to follow bond covenants.

Contact Person: Mike Tubre, Mayor

Anticipated Completion Date: June 30, 2021

Section III – Federal Awards Findings and Questioned Costs

Not applicable.

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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No comments to report.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2020**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Village of Harrisonburg, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2019.

Prior Year Findings

2019-1 Small Size of Entity (Unresolved)

Condition: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village’s cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response and Corrective Action: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

2019-2 Bond Reserve Accounts Required by Bond Covenants (Unresolved)

Condition: The Village did not maintain its sewer bond reserve accounts as required by its bond indentures. The sewer reserve account was under funded by \$437 and the sewer depreciation reserve account was under funded by \$448 during the year.

Criteria: The Village of Harrisonburg has two issues of water revenue bonds and three issues of sewer revenue bonds outstanding. The flow of funds and restrictions on use are governed by the bond indentures, the terms of which are summarized as follows:

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2020**

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

- (a) For the payment of all expenses of operation and maintenance of each system.
- (b) For the maintenance of a bond or note redemption account, by transferring sufficient amounts to pay all principal and interest falling due in the ensuing twelve months.
- (c) For the maintenance of a reserve account, by making designated payments as follows:

Water Fund - There should be deposited five percent (5%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$12,930.

Sewer Fund - There should be deposited ten percent (10%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$26,500.

- (d) For the maintenance of a contingency and depreciation account, by making designated payments as follows:

Water Fund - There should be deposited fifty dollars (\$50.00) per month commencing with the month following completion of the improvements to the system.

Sewer Fund - There should be deposited one hundred fifty-three dollars (\$153.00) per month commencing with the month following completion of the improvements to the system.

Cause of Condition: Not depositing money into the reserve accounts.

Effect of Condition: Noncompliance with bond indentures.

Recommendation: The Village should maintain its reserve accounts in accordance with bond indenture requirements.

Client Response and Corrective Acton: We discussed this with the Mayor, Council and Village Clerk and they agreed to begin maintaining the Bond reserve accounts.

2019-3 Budget Variance (Resolved)

Condition: The Village had an unfavorable expenditure variance of \$122,357 or 60% in its general fund budget for the year ended June 30, 2019 because expenditures for public safety were not correctly budgeted.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: Expenditures for the general fund paid by the enterprise funds were not budgeted.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2020**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS

Effect of Condition: Violation of the Budget Act.

Recommendation: The budget should be amended when there is an unfavorable variance of more than 5%.

Client Response and Corrective Action: The budget will be amended when there is an unfavorable variance of more than 5%.

2019-4 Bond Commission Approval For Loans (Resolved)

Condition: The Village obtained a loan in the amount of \$7,188 for the purchase of an inmate truck without Bond Commission Approval.

Criteria: A Louisiana governmental entity may not incur any indebtedness in excess of 90 days without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, and LSA-RS 47:1803-4

Cause of Condition: Borrowing funds without State Bond Commission approval.

Effect of Condition: Compliance violation of Article VII, Section 8 of the 1974 Louisiana Constitution, and LSA-RS 47:1803-4

Recommendation: The Village should discontinue securing loans without State Bond Commission approval.

Client Response: The Village thought the purchase of the vehicle was with a capital lease with a nonappropriation clause. The Village will not secure future loans without State Bond Commission approval.