

VILLAGE OF FLORIEN, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2019

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Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Florien, Louisiana as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, the business-type activities and each major fund of the Village of Florien, Louisiana as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 25 through 26 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Florien, Louisiana's basic financial statements. The schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of per diem paid to board members and the schedule of compensation, benefits and other payments to agency head 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 our opinion, the schedule of per diem paid to board members and the schedule of compensation, benefits and other payments to agency head 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 March 17, 2020, on our consideration of the Village of Florien, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Florien, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
March 17, 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 86,593	\$ 288,469	\$ 375,062
Receivables:			
Franchise taxes	2,477	-	2,477
Sales taxes	15,087	-	15,087
Accounts	-	46,059	46,059
Occupational license	47	-	47
Intergovernmental:			
Federal grant	39,840	-	39,840
Due from other funds	11,998	-	11,998
Restricted assets - cash	135,172	-	135,172
Capital assets not being depreciated	148,201	33,350	181,551
Capital assets being depreciated - net	1,132,272	2,446,326	3,578,598
Total assets	\$ 1,571,687	\$ 2,814,204	\$ 4,385,891
LIABILITIES			
Accounts payable	\$ 13,517	\$ 35,225	\$ 48,742
Contracts payable	39,840	2,000	41,840
Payroll taxes payable	1,434	435	1,869
Due to other funds	-	11,998	11,998
Long term debt:			
Due within one year	16,726	-	16,726
Due in more than one year	35,928	-	35,928
Customer deposits	25	17,605	17,630
Total liabilities	\$ 107,470	\$ 67,263	\$ 174,733
DEFERRED INFLOWS OF RESOURCES			
Deferred franchise tax revenue	\$ 53,333	\$ -	\$ 53,333
Total liabilities and deferred inflows of resources	\$ 160,803	\$ 67,263	\$ 228,066
NET POSITION			
Net investment in capital assets	\$ 1,227,819	\$ 2,477,676	\$ 3,705,495
Restricted for:			
Sales tax dedications	145,962	-	145,962
Unrestricted	37,103	269,265	306,368
Total net position	\$ 1,410,884	\$ 2,746,941	\$ 4,157,825
Total liabilities, deferred inflows of resources, and net position	\$ 1,571,687	\$ 2,814,204	\$ 4,385,891

The accompanying notes are an integral part of this statement.

Village of Florien, Louisiana

Statement B

Statement of Activities
For the Year Ended September 30, 2019

	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Fees, Fines and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Program Activities						
Governmental activities:						
General government and administration	\$ 175,502	\$ 644	\$ 1,642	\$ (173,216)	\$ -	\$ (173,216)
Public safety	201,673	245,658	-	43,985	-	43,985
Public works	205,610	78,635	54,840	(72,135)	-	(72,135)
Recreation	11,723	-	-	(11,723)	-	(11,723)
Total governmental activities	<u>\$ 594,508</u>	<u>\$ 324,937</u>	<u>\$ 56,482</u>	<u>\$ (213,089)</u>	<u>\$ -</u>	<u>\$ (213,089)</u>
Business-type activities:						
Water and sewer	<u>\$ 282,786</u>	<u>\$ 236,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,621)</u>	<u>\$ (46,621)</u>
Total government	<u>\$ 877,294</u>	<u>\$ 561,102</u>	<u>\$ 56,482</u>	<u>\$ (213,089)</u>	<u>\$ (46,621)</u>	<u>\$ (259,710)</u>
General revenues:						
Taxes:						
Ad valorem taxes				\$ 65,713	\$ -	\$ 65,713
Sales taxes				214,157	-	214,157
Franchise tax				29,637	-	29,637
Occupational licenses and permits				32,439	-	32,439
Investment earnings				158	23	181
Rental income				5,929	-	5,929
Sale of assets				(4,458)	(167)	(4,625)
Miscellaneous				250	-	250
Transfers				(6,622)	6,622	-
Total general revenues and transfers				<u>\$ 337,203</u>	<u>\$ 6,478</u>	<u>\$ 343,681</u>
Change in net position				<u>\$ 124,114</u>	<u>\$ (40,143)</u>	<u>\$ 83,971</u>
Net position at beginning of year				<u>1,286,770</u>	<u>2,787,084</u>	<u>4,073,854</u>
Net position at end of year				<u>\$ 1,410,884</u>	<u>\$ 2,746,941</u>	<u>\$ 4,157,825</u>

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
September 30, 2019

		Major Funds		Total Governmental Funds
		Special Revenue Fund	Capital Project Fund	
	General	Sales Tax Fund	LCDBG Fund	
ASSETS				
Cash	\$ 86,593	\$ -	\$ -	\$ 86,593
Receivables:				
Sales taxes	-	15,087	-	15,087
Franchise taxes	2,477	-	-	2,477
Occupational license	47	-	-	47
Intergovernmental:				
Federal grant	-	-	39,840	39,840
Due from other funds	11,998	-	-	11,998
Restricted cash and cash equivalents	-	135,172	-	135,172
Total assets	<u>\$ 101,115</u>	<u>\$ 150,259</u>	<u>\$ 39,840</u>	<u>\$ 291,214</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,835	\$ 3,682	\$ -	\$ 13,517
Contracts payable	-	-	39,840	39,840
Payroll withholdings payable	819	615	-	1,434
Customer deposits	25	-	-	25
Total liabilities	<u>\$ 10,679</u>	<u>\$ 4,297</u>	<u>\$ 39,840</u>	<u>\$ 54,816</u>
Deferred Inflows of Resources:				
Deferred franchise tax revenue	\$ 53,333	\$ -	\$ -	\$ 53,333
Total liabilities and deferred inflows of resources	<u>\$ 64,012</u>	<u>\$ 4,297</u>	<u>\$ 39,840</u>	<u>\$ 108,149</u>
Fund Balances:				
Restricted	\$ -	\$ 145,962	\$ -	\$ 145,962
Unassigned	37,103	-	-	37,103
Total fund balances	<u>\$ 37,103</u>	<u>\$ 145,962</u>	<u>\$ -</u>	<u>\$ 183,065</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 101,115</u>	<u>\$ 150,259</u>	<u>\$ 39,840</u>	<u>\$ 291,214</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
September 30, 2019

Total fund balance - total governmental funds	S 183,065
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	1,280,473
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Long term debt	<u>(52,654)</u>
Net position of governmental activities	<u><u>S 1,410,884</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2019

	General Fund	Major Funds		Total Governmental Funds
		Special Revenue Fund	Capital Projects Fund	
		Sales Tax Fund	LCDBG Fund	
Revenues				
Taxes:				
Ad valorem	\$ 65,713	\$ -	\$ -	\$ 65,713
Sales	-	214,157	-	214,157
Franchise	29,637	-	-	29,637
Charges for services	72,159	7,120	-	79,279
Intergovernmental:				
Federal grants	-	-	39,840	39,840
State grants	1,642	15,000	-	16,642
Occupational licenses and permits	32,439	-	-	32,439
Fines and forfeitures	245,658	-	-	245,658
Investment income	-	158	-	158
Rentals	5,929	-	-	5,929
Other revenues	250	-	-	250
Total revenues	<u>\$ 453,427</u>	<u>\$ 236,435</u>	<u>\$ 39,840</u>	<u>\$ 729,702</u>
Expenditures				
General government	\$ 171,880	\$ -	\$ -	\$ 171,880
Public safety	168,660	-	-	168,660
Public works	51,251	146,256	-	197,507
Recreation	9,028	-	-	9,028
Debt service:				
Principal	9,512	-	-	9,512
Interest	575	-	-	575
Capital outlay	2,650	123,334	39,840	165,824
Total expenditures	<u>\$ 413,556</u>	<u>\$ 269,590</u>	<u>\$ 39,840</u>	<u>\$ 722,986</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 39,871</u>	<u>\$ (33,155)</u>	<u>\$ -</u>	<u>\$ 6,716</u>
Other financing sources (uses)				
Sale of assets	\$ 1,500	\$ -	\$ -	\$ 1,500
Transfer out	(6,622)	-	-	(6,622)
Total other financing sources (uses)	<u>\$ (5,122)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,122)</u>
Net change in fund balance	\$ 34,749	\$ (33,155)	\$ -	\$ 1,594
Fund balances at beginning of year	<u>2,354</u>	<u>179,117</u>	<u>-</u>	<u>181,471</u>
Fund balances at end of year	<u>\$ 37,103</u>	<u>\$ 145,962</u>	<u>\$ -</u>	<u>\$ 183,065</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities
For the Year Ended September 30, 2019

Net change in fund balances - total governmental funds	\$ 1,594
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	165,824
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(5,958)
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(46,858)
Repayment of principal on long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of long term debt repayments.	<u>9,512</u>
Change in net position of governmental activities	<u>\$ 124,114</u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Fund
September 30, 2019

	Business-type Activities - Enterprise Fund Water and Sewer
ASSETS	
Current Assets	
Cash	\$ 288,469
Receivables:	
Accounts	46,059
Total current assets	<u>\$ 334,528</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 33,350
Capital assets being depreciated - net	2,446,326
Total noncurrent assets	<u>\$ 2,479,676</u>
Total assets	<u><u>\$ 2,814,204</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 35,225
Contracts payable	2,000
Payroll taxes payable	435
Due to other funds	11,998
Total current liabilities	<u>\$ 49,658</u>
Noncurrent Liabilities	
Customer deposits	<u>\$ 17,605</u>
Total liabilities	<u>\$ 67,263</u>
NET POSITION	
Net investment in capital assets	\$ 2,477,676
Unrestricted	269,265
Total net position	<u>\$ 2,746,941</u>
Total liabilities and net position	<u><u>\$ 2,814,204</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Fund
 For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Fund Water and Sewer
Operating revenues	
Charges for services	\$ 236,165
Operating expenses	
Personal services	\$ 66,900
Supplies	32,111
Contractual services	85,713
Depreciation	98,062
Total operating expenses	\$ 282,786
Income (loss) from operations	\$ (46,621)
Nonoperating revenues (expenses)	
Investment income	\$ 23
Sale of assets	(167)
Total nonoperating revenues (expenses)	\$ (144)
Income (loss) before contributions and transfers	\$ (46,765)
Transfer in	\$ 6,622
Change in net position	\$ (40,143)
Net position at beginning of year	2,787,084
Net position at end of year	\$ 2,746,941

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Fund Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 233,670
Cash payments to suppliers for goods and services	(89,757)
Cash payments to employees for services	(66,922)
Net cash provided by operating activities	<u>\$ 76,991</u>
Cash flows from capital financing activities:	
Capital contributions	\$ 4,233
Acquisition of capital assets	(28,283)
Net cash used by capital financing activities	<u>\$ (24,050)</u>
Cash flows from noncapital financing activities:	
Cash paid from other funds	\$ 1,032
Transfers in	6,622
Net cash provided by noncapital financing activities	<u>\$ 7,654</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>\$ 23</u>
Net increase (decrease) in cash and cash investments	\$ 60,618
Cash and cash investments, beginning	227,851
Cash and cash investments, ending	<u>\$ 288,469</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:	
Income from operations	\$ (46,621)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	\$ 98,062
Change in assets and liabilities:	
Increase in accounts receivable	(3,270)
Decrease in payroll taxes payable	(22)
Increase in accounts payable	28,067
Increase in customer deposits	775
Net cash provided by operating activities	<u>\$ 76,991</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Village of Florien, Louisiana

Notes to the Financial Statements As of and for the Year Ended September 30, 2019

INTRODUCTION

The Village of Florien was incorporated under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Village of Florien 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.

The Village maintains a general fund that provides police protection, garbage collection and recreation for its citizens, a sales tax fund that provides for repairs and maintenance of approximately 12 miles of roads and streets, a capital projects fund for street improvements, and an enterprise fund that provides water and sewer services to approximately 320 residents. The Village also maintains other funds as necessary for other operations.

The Village is located within Sabine Parish in the southwestern part of the State of Louisiana and is comprised of approximately 700 residents. The governing board is composed of three elected aldermen that are compensated for the regular and special board meetings they attend. There are approximately eight employees that provide clerical services, maintain the water and sewer systems, maintain streets and roadways, provide police protection, and garbage collection for the Village.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

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 segments 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 proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

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 is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

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.

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. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except for those in another fund.

The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources, in the Village's case, sales taxes, that are restricted to expenditures for specific purposes other than debt service or capital projects.

The Capital Projects Fund accounts for funds received from the Louisiana Community Development Block Grant (LCDBG) program along with the Village's matching funds for street improvements in the Village.

The Village reports the following major proprietary fund:

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

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 Village'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. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Village's enterprise fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

The Village has not established a policy for use of its unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

C. Deposits

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The Village levies taxes on real business and personal property located within the boundaries of the Village. Property taxes are levied by the Village on property values assessed by the Sabine Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Village of Florien bills and collects property taxes for the Village. The Village recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2018
Levy date	June 30, 2018
Tax bills mailed	October 15, 2018
Total taxes are due	December 31, 2018
Penalties & interest due	January 31, 2019
Lien date	January 31, 2019
Tax sale	May 31, 2019

For the year ended September 30, 2019, taxes of 7.81 mills were levied on property with an assessed valuation totaling \$8,546,120, and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General corporate tax	7.81	7.81	Annually

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected by the Village, if taxes are not paid, a sheriff's sale is held by the Sabine Parish Sheriff and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

The following are the principal taxpayers and related property tax revenue for the municipality:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Boise Cascade Wood Products, L.L.C.	Plywood plant	\$ 5,158,510	60.36%	\$ 40,288

Sales Taxes

The Village of Florien receives a one percent perpetual sales tax, which is to provide additional funds for the construction, repairs and maintenance of streets within the village and for general maintenance of the Village of Florien.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Sales taxes are shown as restricted assets because their use is restricted to maintenance of streets and roadways within the village, and general maintenance of the Village of Florien.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the Village of Florien was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

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. No interest was paid or included as part of the cost of capital assets under construction in construction projects.

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

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

Notes to the Financial Statements (Continued)

H. Compensated Absences

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

The Village allows employees to accumulate up to ten days of sick leave per year with the accumulation of leave days for up to two years with the approval of the mayor. The vacation policy allows for ten days of vacation leave per year. Neither sick leave nor vacation leave is compensated for if not used. The Village has no obligation to pay any other benefits.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund type 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.

J. Restricted Net Position

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Village, which are either unusual in nature or infrequent in occurrence.

L. 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.

M. Fund Balances

Restricted Amounts that are restricted to specific purposes should be reported as *restricted fund balance*. Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. imposed by law through constitutional provisions or enabling legislation.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Notes to the Financial Statements (Continued)

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The Village uses the following budget practices:

1. The Village Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

3. CASH AND CASH EQUIVALENTS

At September 30, 2019, the Village has cash and cash equivalents (book balances) totaling \$510,234 as follows:

Demand deposits	\$	361,815
NOW accounts		39,763
Petty cash		1,441
Money market investment accounts		107,215
Total	\$	<u>510,234</u>

The cash and cash equivalents of the Village of Florien, Louisiana are subject to the following risk:

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, the 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 or exceed 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 Village that the fiscal agent bank has failed to pay deposited 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 Village's name.

At September 30, 2019, the Village has \$516,728 in deposits (collected bank balances). These deposits are secured from risk by \$396,978 of federal deposit insurance and \$119,750 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the Village and are therefore properly collateralized.

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

4. RECEIVABLES

The receivables of \$103,510 at September 30, 2019, are as follows:

Class of receivable	General Fund	Special Revenue Fund	LCDBG Fund	Proprietary Fund	Total
Taxes:					
Sales and use	\$ -	\$ 15,087	\$ -	\$ -	\$ 15,087
Franchise	2,477	-	-	-	2,477
Accounts	-	-	-	46,059	46,059
Occupational license	47	-	-	-	47
Intergovernmental:					
Federal grant	-	-	39,840	-	39,840
Total	<u>\$ 2,524</u>	<u>\$ 15,087</u>	<u>\$ 39,840</u>	<u>\$ 46,059</u>	<u>\$ 103,510</u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2019, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 69,661	\$ -	\$ -	\$ 69,661
Construction in progress	36,050	42,490	-	78,540
Total capital assets not being depreciated	<u>\$ 105,711</u>	<u>\$ 42,490</u>	<u>\$ -</u>	<u>\$ 148,201</u>
Capital assets being depreciated				
Vehicles	\$ 97,482	\$ 57,131	\$ 13,750	\$ 140,863
Buildings	97,608	-	-	97,608
Improvements other than buildings	1,001,239	95,778	-	1,097,017
Machinery and equipment	111,062	12,500	-	123,562
Total capital assets being depreciated	<u>\$ 1,307,391</u>	<u>\$ 165,409</u>	<u>\$ 13,750</u>	<u>\$ 1,459,050</u>
Less accumulated depreciation for:				
Vehicles	\$ 68,430	\$ 7,530	\$ 7,792	\$ 68,168
Buildings	22,910	4,227	-	27,137
Improvements other than buildings	147,651	25,982	-	173,633
Machinery and Equipment	48,721	9,119	-	57,840
Total accumulated depreciation	<u>\$ 287,712</u>	<u>\$ 46,858</u>	<u>\$ 7,792</u>	<u>\$ 326,778</u>
Total capital assets being depreciated, net	<u>\$ 1,019,679</u>	<u>\$ 118,551</u>	<u>\$ (5,958)</u>	<u>\$ 1,132,272</u>

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 31,350	\$ -	\$ -	\$ 31,350
Work in progress	-	2,000	-	2,000
Total capital assets not being depreciated	<u>\$ 31,350</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 33,350</u>
Capital assets being depreciated				
Utility plant	\$ 4,010,447	\$ -	\$ -	\$ 4,010,447
Machinery and equipment	264,525	-	-	264,525
Vehicles	7,500	28,283	2,500	33,283
Total capital assets being depreciated	<u>\$ 4,282,472</u>	<u>\$ 28,283</u>	<u>\$ 2,500</u>	<u>\$ 4,308,255</u>
Less accumulated depreciation for:				
Utility plant	\$ 1,624,774	\$ 89,140	\$ -	\$ 1,713,914
Machinery and equipment	134,176	8,839	-	143,015
Vehicles	7,250	83	2,333	5,000
Total accumulated depreciation	<u>\$ 1,766,200</u>	<u>\$ 98,062</u>	<u>\$ 2,333</u>	<u>\$ 1,861,929</u>
Total business-type assets being depreciated, net	<u>\$ 2,516,272</u>	<u>\$ (69,779)</u>	<u>\$ (167)</u>	<u>\$ 2,446,326</u>

Depreciation expense of \$46,858 for the year ended September 30, 2019, was charged to the following governmental functions:

Recreation	\$ 2,695
Public works	8,103
Public safety	32,438
General administration	3,622
Total	<u>\$ 46,858</u>

6. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$110,081 at September 30, 2019, are as follows:

	General Fund	Special Revenue Fund	LCDBG Fund	Proprietary Fund	Total
Payroll taxes	\$ 819	\$ 615	\$ -	\$ 435	\$ 1,869
Accounts	9,835	3,682	-	35,225	48,742
Contracts	-	-	39,840	2,000	41,840
Customer deposits	25	-	-	17,605	17,630
Total	<u>\$ 10,679</u>	<u>\$ 4,297</u>	<u>\$ 39,840</u>	<u>\$ 55,265</u>	<u>\$ 110,081</u>

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

7. RESTRICTED FUND BALANCE

The Special Revenue Fund – The Sales Tax Fund had restricted fund balance available as follows:

Restricted assets:	
Cash	\$ 135,172
Sales taxes receivable	15,087
Total restricted assets	<u>\$ 150,259</u>
Less:	
Liabilities payable from restricted assets:	
Accounts payable	\$ 3,682
Payroll taxes payable	615
Total liabilities payable from restricted assets	<u>\$ 4,297</u>
Restricted fund balance	<u>\$ 145,962</u>

8. DUE TO/FROM OTHER FUNDS

The composition of interfund balances on September 30, 2019, are as follows:

	Due to	Due from
General fund	\$ -	\$ 11,998
Utility fund	11,998	-
Total	<u>\$ 11,998</u>	<u>\$ 11,998</u>

The small balances result from one fund paying expenditures/expenses of another fund and will be liquidated during the following year. The larger balance is to transfer garbage collection fees collected in the utility fund to the general fund.

9. DEFERRED FRANCHISE TAX REVENUE

For the year ending September 30, 2014, the Village of Florien entered into a fifteen year franchise tax agreement with Southwest Electric Power Company (SWEPCO). The agreement called for SWEPCO to pay a sum of \$80,000 to the Village of Florien that represents 1% of the gross receipts of electricity sales expected within the corporate limits of the Village over the term of the agreement which is fifteen years. As a result of this agreement, the initial payment of \$80,000 will be amortized over this fifteen year agreement and shown each year as deferred franchise tax revenue on the balance sheet of the general fund. As of September 30, 2019, the unamortized balance of the franchise tax payment is \$53,333.

10. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 2019.

	Governmental Funds
	Note Payable
Long-term obligations at beginning of year	\$ 20,091
Additions	42,075
Deductions	(9,512)
Long-term obligations at end of year	<u>\$ 52,654</u>

Village of Florien, Louisiana

Notes to the Financial Statements (Concluded)

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 September 30, 2019.

	<u>Governmental Funds</u>
	<u>Note Payable</u>
Current portion	\$ 16,726
Long-term portion	35,928
Total	<u>\$ 52,654</u>

Note Payable outstanding at September 30, 2019 for \$11,360 has maturities from 2017 – 2020 and interest at the rate of 3.57%. Note principal and interest payable in the next fiscal year are \$9,048 and \$258 respectively. The individual issues are as follows:

Note Payable outstanding at September 30, 2019 for \$41,294 has maturities from 2020 – 2024 and interest at the rate of 4.34%. Note principal and interest payable in the next fiscal year are \$7,678 and \$1,698 respectively. The individual issues are as follows:

<u>Bond</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Note Payable	\$ 34,641	3.57%	12/26/2020	\$ 272	\$ 11,360	General fund revenues
Note Payable	\$ 42,075	4.34%	8/10/2024	\$ 4,802	\$ 41,294	General fund revenues

<u>Year Ending September 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2020	\$ 16,726	\$ 1,956	\$ 18,682
2021	10,343	1,359	11,702
2022	8,398	977	9,375
2023	8,783	592	9,375
2024	8,404	190	8,594
Total	<u>\$ 52,654</u>	<u>\$ 5,074</u>	<u>\$ 57,728</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 60,000	\$ 65,000	\$ 65,713	\$ 713
Franchise fees	23,300	30,300	29,637	(663)
Charges for services	65,800	65,200	72,159	6,959
Intergovernmental:				
State grants	395,000	1,500	1,642	142
Occupational licenses and permits	33,000	33,400	32,439	(961)
Fines and forfeitures	200,500	248,600	245,658	(2,942)
Rentals	7,000	6,000	5,929	(71)
Donations	-	-	-	-
Other revenue	400	-	250	250
Total revenues	<u>\$ 785,000</u>	<u>\$ 450,000</u>	<u>\$ 453,427</u>	<u>\$ 3,427</u>
Expenditures				
General government and administration	\$ 201,400	\$ 221,400	\$ 171,880	\$ 49,520
Public safety	145,600	145,600	168,660	(23,060)
Public works	43,000	43,000	51,251	(8,251)
Recreation	5,000	5,000	9,028	(4,028)
Debt service:				
Principal	-	-	9,512	(9,512)
Interest	-	-	575	(575)
Capital outlay	535,000	-	2,650	(2,650)
Total expenditures	<u>\$ 930,000</u>	<u>\$ 415,000</u>	<u>\$ 413,556</u>	<u>\$ 1,444</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (145,000)</u>	<u>\$ 35,000</u>	<u>\$ 39,871</u>	<u>\$ 4,871</u>
Other financing sources				
Transfer in	\$ 145,000	\$ -	\$ -	\$ -
Transfer out	-	-	(6,622)	(6,622)
Sale of assets	-	-	1,500	1,500
Total other financing sources (uses)	<u>\$ 145,000</u>	<u>\$ -</u>	<u>\$ (5,122)</u>	<u>\$ (5,122)</u>
Net change in fund balance	\$ -	\$ 35,000	\$ 34,749	\$ (251)
Fund balances at beginning of year	<u>3,000</u>	<u>2,354</u>	<u>2,354</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,000</u>	<u>\$ 37,354</u>	<u>\$ 37,103</u>	<u>\$ (251)</u>

Special Revenue Fund
Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 183,000	\$ 215,000	\$ 214,157	\$ (843)
Intergovernmental:				
State grants	-	15,000	15,000	-
Charges for services	7,000	7,000	7,120	120
Investment income	-	-	158	158
Total revenues	<u>\$ 190,000</u>	<u>\$ 237,000</u>	<u>\$ 236,435</u>	<u>\$ (565)</u>
Expenditures				
Public works	\$ 170,000	\$ 170,000	\$ 146,256	\$ 23,744
Capital Outlay		125,000	123,334	1,666
Total expenditures	<u>\$ 170,000</u>	<u>\$ 295,000</u>	<u>\$ 269,590</u>	<u>\$ 25,410</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 20,000</u>	<u>\$ (58,000)</u>	<u>\$ (33,155)</u>	<u>\$ 24,845</u>
Other financing sources (uses)				
Transfers out	<u>\$ (145,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ (125,000)	\$ (58,000)	\$ (33,155)	\$ 24,845
Fund balances at beginning of year	<u>175,000</u>	<u>179,117</u>	<u>179,117</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 50,000</u></u>	<u><u>\$ 121,117</u></u>	<u><u>\$ 145,962</u></u>	<u><u>\$ 24,845</u></u>

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Per Diem Paid to Board Members
Year Ended September 30, 2019

<u>Board Members</u>	<u>Total Paid</u>
Bradley Marr	\$ 1,625
Suzanne Williams	1,625
Tanja Charles	1,625
	<u>\$ 4,875</u>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
Year Ended September 30, 2019

Mayor Eddie Jones, Jr.

Purpose	Amount
Salary	\$ 10,800
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Cell phone	768

OTHER REPORTS

Schedule of Prior Year Audit Findings
Year Ended September 30, 2019

There were no prior year audit findings as of September 30, 2018.

Schedule of Current Year Audit Findings and Management's Response
Year Ended September 30, 2019

There were no current year audit findings as of September 30, 2019.

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

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 Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Village of Florien, Louisiana as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Florien, Louisiana's basic financial statements, and have issued our report thereon dated March 17, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Florien, Louisiana'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "John L. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana
March 17, 2020

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, Louisiana

We have performed the procedures enumerated below, which were agreed to by Village of Florien, Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
No exceptions noted.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
No exceptions noted.
 - c) **Disbursements**, including processing, reviewing, and approving.
No exceptions noted.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Management's actions to determine completeness were not in the written policies.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

There was no written policy for debt service..

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

Board or Finance Committee

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

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

No exceptions noted.

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

Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

The minutes do not reference monthly budget to actual comparisons for any of the funds.

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

Not applicable.

Bank Reconciliations

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Collections (excluding EFTs)

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

Only one deposit site at Village Hall.

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

Only one collection location at Village Hall.

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

Only one cash drawer and two employees collect cash and use the same drawer.

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

At times, due to limited staff, the same person collecting cash prepares and makes the deposit.

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

At times, due to limited staff, the same person collecting cash posts to the ledger.

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

At times, due to limited staff, the same person collecting cash reconciles cash collections to the ledger.

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

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Only one location at Village Hall.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
No exceptions noted.
 - b) At least two employees are involved in processing and approving payments to vendors.
No exceptions noted.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
Due to limited staff, the same person processing payments can add or modify vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.])
No exceptions noted.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
No exceptions noted.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
Disbursement documentation does not include evidence of segregation of duties.

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

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

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions) – Not Applicable

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts – Not Applicable

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

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

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel – Not Applicable

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
No exceptions noted.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
There was no signature verification because there is no written policy.

Debt Service – Not Applicable

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Other – Not Applicable

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

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

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
March 17, 2020