

VILLAGE OF MOREAUVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable Timmy Lemoine, Mayor
and Members of the Board of Aldermen
Village of Moreauville, 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 Moreauville, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Moreauville, Louisiana'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 Moreauville, Louisiana, as of June 30, 2018, 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.

Prior Period Adjustment

As described in Note 15 the Village of Moreauville, Louisiana's June 30, 2017 financial statements contained a misstatement. The Village of Moreauville, Louisiana has restated its June 30, 2017 balances for the correction of this misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 34 and 35 be presented to supplement the basic financial statements. Such information, although not 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.

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 Moreauville, Louisiana's basic financial statements. The detailed budgetary comparison schedules, the schedules of number of utility customers and rates, the schedule of insurance in force, the comparative schedule of income and expenses, the departmental analysis of revenue and expense and the accounts receivable aging schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2018, on our consideration of the Village of Moreauville, Louisiana's internal control over financial reporting and 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 the 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 Moreauville, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 20, 2018

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 127,942	\$ 187,245	\$ 315,187
Due from other governmental units	180,653	-	180,653
Receivables, net	28,018	55,006	83,024
Accrued interest	411	1,585	1,996
Inventory	-	9,160	9,160
Prepaid items	33,490	17,334	50,824
Restricted assets:			
Cash and cash equivalents	-	119,517	119,517
Capital assets:			
Land and construction in progress	6,250	23,655	29,905
Capital assets, net	<u>1,058,636</u>	<u>2,691,355</u>	<u>3,749,991</u>
Total assets	<u>1,435,400</u>	<u>3,104,857</u>	<u>4,540,257</u>
LIABILITIES			
Accounts and other payables	6,269	33,995	40,264
Construction payable	190,923	-	190,923
Due to other governmental units	13,054	-	13,054
Customers deposits	-	119,517	119,517
Long-term liabilities:			
Capital lease obligations due within one year	-	33,797	33,797
Bonds payable due within one year	-	14,772	14,772
Capital lease obligations due in more than one year	-	270,882	270,882
Bonds payable due in more than one year	<u>-</u>	<u>53,441</u>	<u>53,441</u>
Total liabilities	<u>210,246</u>	<u>526,404</u>	<u>736,650</u>
NET POSITION			
Net investment in capital assets	1,064,886	2,342,118	3,407,004
Restricted for:			
Public safety and public works	76,448	-	76,448
Unrestricted net position	<u>83,820</u>	<u>236,335</u>	<u>320,155</u>
Total net position	<u>\$ 1,225,154</u>	<u>\$ 2,578,453</u>	<u>\$ 3,803,607</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2018

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government -							
Finance and administrative	\$ 196,670	\$ -	\$ -	\$ -	\$ (196,670)	\$ -	\$ (196,670)
Public safety:							
Police	222,546	34,698	14,500	-	(173,348)	-	(173,348)
Fire	20,656	-	-	-	(20,656)	-	(20,656)
Recreation	38,369	6,100	-	-	(32,269)	-	(32,269)
Public works	105,494	-	5,254	317,897	217,657	-	217,657
Total governmental activities	<u>583,735</u>	<u>40,798</u>	<u>19,754</u>	<u>317,897</u>	<u>(205,286)</u>	<u>-</u>	<u>(205,286)</u>
Business-type activities:							
Gas and water	622,333	664,376	-	-	-	42,043	42,043
Sewer	159,599	107,922	-	12,638	-	(39,039)	(39,039)
Total business-type activities	<u>781,932</u>	<u>772,298</u>	<u>-</u>	<u>12,638</u>	<u>-</u>	<u>3,004</u>	<u>3,004</u>
Total	<u>\$ 1,365,667</u>	<u>\$ 813,096</u>	<u>\$ 19,754</u>	<u>\$ 330,535</u>	<u>(205,286)</u>	<u>3,004</u>	<u>(202,282)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					21,332	-	21,332
Sales and use taxes, levied for general purposes					161,690	-	161,690
Franchise taxes					50,996	-	50,996
Licenses and permits					51,198	-	51,198
Interest and investment earnings					289	974	1,263
Miscellaneous					5,447	-	5,447
Gain (loss) on sale of asset					(4,834)	-	(4,834)
Transfers					67,472	(67,472)	-
Total general revenues					<u>353,590</u>	<u>(66,498)</u>	<u>287,092</u>
Change in net position					148,304	(63,494)	84,810
Net position-beginning, as restated					<u>1,076,850</u>	<u>2,641,947</u>	<u>3,718,797</u>
Net position - ending					<u>\$ 1,225,154</u>	<u>\$ 2,578,453</u>	<u>\$ 3,803,607</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

VILLAGE OF MOREAUVILLE, LOUISIANA

Balance Sheet
 Governmental Funds
 June 30, 2018

	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 50,153	\$ 59,479	\$ 109,632
Interest-bearing deposits	3,234	15,076	18,310
Receivables:			
Taxes	-	14,934	14,934
Due from other governmental agencies	180,653	-	180,653
Accrued interest	222	189	411
Other	13,084	-	13,084
Prepaid items	<u>33,490</u>	<u>-</u>	<u>33,490</u>
Total assets	<u>\$ 280,836</u>	<u>\$ 89,678</u>	<u>\$ 370,514</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,093	\$ 176	\$ 6,269
Due to other governmental units	-	13,054	13,054
Contracts payable	<u>190,923</u>	<u>-</u>	<u>190,923</u>
Total liabilities	<u>197,016</u>	<u>13,230</u>	<u>210,246</u>
Fund balances:			
Nonspendable	33,490	-	33,490
Restricted for public safety and public works	-	76,448	76,448
Unassigned	<u>50,330</u>	<u>-</u>	<u>50,330</u>
Total fund balances	<u>83,820</u>	<u>76,448</u>	<u>160,268</u>
Total liabilities and fund balances	<u>\$ 280,836</u>	<u>\$ 89,678</u>	<u>\$ 370,514</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds	\$ 160,268
Capital assets, net	<u>1,064,886</u>
Net position at June 30, 2018	<u>\$ 1,225,154</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2018

	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Revenues:			
Taxes	\$ 72,328	\$ 161,690	\$ 234,018
Licenses and permits	48,667	-	48,667
Intergovernmental	340,128	-	340,128
Fines and forfeits	34,698	-	34,698
Rental income	6,100	-	6,100
Miscellaneous	<u>5,606</u>	<u>184</u>	<u>5,790</u>
Total revenues	<u>507,527</u>	<u>161,874</u>	<u>669,401</u>
Expenditures:			
Current -			
General government	189,685	1,950	191,635
Public safety:			
Police	216,623	194	216,817
Fire	7,233	13,423	20,656
Recreation	10,886	-	10,886
Public works	85,585	-	85,585
Capital outlay	<u>335,823</u>	<u>-</u>	<u>335,823</u>
Total expenditures	<u>845,835</u>	<u>15,567</u>	<u>861,402</u>
Excess (deficiency) of revenues over expenditures	<u>(338,308)</u>	<u>146,307</u>	<u>(192,001)</u>
Other financing sources (uses):			
Transfers in (out)	<u>298,445</u>	<u>(230,973)</u>	<u>67,472</u>
Net changes in fund balances	(39,863)	(84,666)	(124,529)
Fund balances, beginning	<u>123,683</u>	<u>161,114</u>	<u>284,797</u>
Fund balances, ending	<u>\$ 83,820</u>	<u>\$ 76,448</u>	<u>\$ 160,268</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018

Total net changes in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (124,529)
Capital assets:		
Capital outlay	\$ 335,823	
Depreciation expense	<u>(58,156)</u>	277,667
Net effect of disposition of capital assets		<u>(4,834)</u>
Total changes in net position per Statement of Activities		<u>\$ 148,304</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Net Position
Proprietary Funds
June 30, 2018

	Gas and Water Utility	Sewer Utility	Totals
ASSETS			
Current asset:			
Cash and cash equivalents	\$ 182,280	\$ 4,965	\$ 187,245
Receivables:			
Accounts, net	42,594	12,412	55,006
Accrued interest	1,581	4	1,585
Inventory	9,160	-	9,160
Prepaid items	16,189	1,145	17,334
Total current assets	<u>251,804</u>	<u>18,526</u>	<u>270,330</u>
Noncurrent assets:			
Restricted assets -			
Cash and cash equivalents	119,517	-	119,517
Capital assets:			
Land and construction in progress	23,655	-	23,655
Depreciable capital assets, net	901,975	1,789,380	2,691,355
Total noncurrent assets	<u>1,045,147</u>	<u>1,789,380</u>	<u>2,834,527</u>
Total assets	<u>1,296,951</u>	<u>1,807,906</u>	<u>3,104,857</u>
LIABILITIES			
Current liabilities, payable from current assets:			
Accounts payable	33,608	387	33,995
Revenue bonds payable	-	14,772	14,772
Capital lease payable	33,797	-	33,797
Total current liabilities, payable from current assets	<u>67,405</u>	<u>15,159</u>	<u>82,564</u>
Noncurrent liabilities:			
Customers' deposits	119,517	-	119,517
Revenue bonds payable	-	53,441	53,441
Capital lease payable	270,882	-	270,882
Total noncurrent liabilities	<u>390,399</u>	<u>53,441</u>	<u>443,840</u>
Total liabilities	<u>457,804</u>	<u>68,600</u>	<u>526,404</u>
NET POSITION			
Net investment in capital assets	620,951	1,721,167	2,342,118
Unrestricted net position	218,196	18,139	236,335
Total net position	<u>\$ 839,147</u>	<u>\$ 1,739,306</u>	<u>\$ 2,578,453</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Combining Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Funds
For the Year Ended June 30, 2018

	Gas and Water Utility	Sewer Utility	Totals
Operating revenues:			
Charges for services -			
Gas charges	\$ 426,521	\$ -	\$ 426,521
Water service charges	208,479	-	208,479
Sewer service charges	-	107,922	107,922
Installation and other charges	29,376	-	29,376
Total operating revenues	<u>664,376</u>	<u>107,922</u>	<u>772,298</u>
Operating expenses:			
Salaries and related benefits	128,612	15,636	144,248
Gas purchased	113,126	-	113,126
Water purchased	110,603	-	110,603
Supplies	64,532	7,676	72,208
Maintenance and repairs	24,156	14,758	38,914
Gas and oil	11,030	2,464	13,494
Utilities and telephone	3,556	25,493	29,049
Depreciation expense	83,425	88,383	171,808
Other operating expenses	72,542	2,334	74,876
Total operating expenses	<u>611,582</u>	<u>156,744</u>	<u>768,326</u>
Operating income (loss)	<u>52,794</u>	<u>(48,822)</u>	<u>3,972</u>
Nonoperating revenues (expenses):			
Grant revenues	2,638	10,000	12,638
Interest income	974	-	974
Interest expense	(10,751)	(2,855)	(13,606)
Total nonoperating revenues (expenses)	<u>(7,139)</u>	<u>7,145</u>	<u>6</u>
Income (loss) before transfers	45,655	(41,677)	3,978
Transfers in (out):			
Transfers in	306,834	289,614	596,448
Transfers (out)	(412,333)	(251,587)	(663,920)
Operating transfers in (out)	<u>(105,499)</u>	<u>38,027</u>	<u>(67,472)</u>
Change in net position	(59,844)	(3,650)	(63,494)
Net position, beginning, as restated	<u>898,991</u>	<u>1,742,956</u>	<u>2,641,947</u>
Net position, ending	<u>\$ 839,147</u>	<u>\$ 1,739,306</u>	<u>\$ 2,578,453</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2018

	Gas and Water Utility	Sewer Utility	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 685,609	\$ 95,510	\$ 781,119
Payments to suppliers	(380,203)	(119,752)	(499,955)
Payments to employees	<u>(128,612)</u>	<u>(15,636)</u>	<u>(144,248)</u>
Net cash provided (used) by operating activities	<u>176,794</u>	<u>(39,878)</u>	<u>136,916</u>
Cash flows from noncapital financing activities:			
Transfers (to) from other funds	<u>(104,229)</u>	<u>36,757</u>	<u>(67,472)</u>
Cash flows from capital and related financing activities:			
Proceeds from grants	2,638	36,550	39,188
Interest and fiscal charges paid on revenue bonds and lease	(10,751)	(2,855)	(13,606)
Principal paid on bonds and lease	(32,691)	(14,227)	(46,918)
Capital purchases and construction of capital assets	<u>(17,055)</u>	<u>(16,153)</u>	<u>(33,208)</u>
Net cash provided (used) by capital and related financing activities	<u>(57,859)</u>	<u>3,315</u>	<u>(54,544)</u>
Cash flows from investing activities:			
Net increase in investments	(874)	-	(874)
Interest received on interest-bearing deposits	<u>974</u>	<u>-</u>	<u>974</u>
Net cash provided by investing activities	<u>100</u>	<u>-</u>	<u>100</u>
Net increase in cash and cash equivalents	14,806	194	15,000
Cash and cash equivalents, beginning of period	<u>40,754</u>	<u>4,771</u>	<u>45,525</u>
Cash and cash equivalents, end of period	<u>\$ 55,560</u>	<u>\$ 4,965</u>	<u>\$ 60,525</u>

(continued)

VILLAGE OF MOREAUVILLE, LOUISIANA

Combining Statement of Cash Flows
 Proprietary Funds (Continued)
 For the Year Ended June 30, 2018

	Gas and Water Utility	Sewer Utility	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 52,794	\$ (48,822)	\$ 3,972
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	83,425	88,383	171,808
(Increase) decrease in assets:			
Accounts receivable	18,095	(12,412)	5,683
Decrease in inventory	9,090	1,010	10,100
Increase (decrease) in liabilities:			
Accounts payable	10,252	(68,037)	(57,785)
Customer deposits	<u>3,138</u>	<u>-</u>	<u>3,138</u>
Net cash provided (used) by operating activities	<u>\$ 176,794</u>	<u>\$ (39,878)</u>	<u>\$ 136,916</u>
Reconciliation of cash and cash equivalents per statement of cash flows to statement of net position:			
Cash and cash equivalents, beginning of period -			
Cash and cash equivalents - unrestricted	\$ 169,738	\$ 4,771	\$ 174,509
Cash and cash equivalents- restricted	116,379	-	116,379
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(245,363)</u>	<u>-</u>	<u>(245,363)</u>
Total cash and cash equivalents, beginning of period	<u>40,754</u>	<u>4,771</u>	<u>45,525</u>
Cash and cash equivalents, end of period -			
Cash and cash equivalents - unrestricted	182,280	4,965	187,245
Cash and cash equivalents - restricted	119,517	-	119,517
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(246,237)</u>	<u>-</u>	<u>(246,237)</u>
Total cash and cash equivalents, end of period	<u>55,560</u>	<u>4,965</u>	<u>60,525</u>
Net increase	<u>\$ 14,806</u>	<u>\$ 194</u>	<u>\$ 15,000</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Moreauville (hereinafter, “the Village”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Moreauville was incorporated in 1904 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

This report includes all funds which are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village is determined based on budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the volunteer fire department, as a governmental organization, is not part of the Village and is thus excluded from the accompanying financial statements. This organization is staffed by volunteers and although the Village does provide some of its financing, no control is exercised over its operations. These financial statements include only expenditures incurred directly by the Village for fire protection and does not include operating expenditures paid with self-generated funds of the volunteer fire department.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Village as an economic unit. The government-wide financial statements report the Village’s ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds, each of which is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

The major funds of the Village are described below:

Governmental Funds –

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of a 1 1/2% sales and use tax that is legally restricted to expenditures for specific purposes.

Proprietary Funds –

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income, financial position, and cash flows.

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, 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. The Gas and Water System Fund and the Sewer System Fund comprise the Village's Enterprise Funds.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues expenditures, expenses and transfers – and assets, deferred outflows of resources, liabilities, and deferred inflows of resources – are recognized in the accounts and reported in the financial statements.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recover) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statements of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Village's taxpayers of citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Allocation of indirect expenses

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identifiable by function and is included in the direct expense of each function. Interest on long-term debt related to business activities, is reported in the statement of activities as direct expenses in the functions of Gas and Water and Sewer in the amount of \$10,751 and \$2,855, respectively.

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.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash, cash equivalents and interest-bearing deposits

For purposes of the statement of net position, demand deposits and time deposits include all demand accounts, savings accounts, and certificates of deposits of the Village.

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union or the laws of the United States of America. The Village may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand deposits and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise fees. Business-type activities report customers’ utility service receivables as their major receivables. Uncollectible amounts due from 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 receivable is uncollectible. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading billing and the end of the month, are recorded at year-end. The total allowance for doubtful accounts reported at June 30, 2018 is \$1,996.

Interfund receivables and payables

During operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.”

Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Inventory

Purchases of various operating supplies are recorded as expenditures at the time purchased and are valued at cost. Inventory is adjusted at year-end. The first-in first-out method of inventory valuation is used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

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 historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Lines and other system installations	10 - 50 years
Vehicles and movable equipment	5 - 25 years
Buildings	10 - 60 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of utility meter deposits payable, revenue bonds payable and capital lease payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

Compensated Absences

Employees of the Village may accumulate up to a total of 20 days of vacation and sick time each year. Upon resignation or termination employees are not paid for any accumulated time.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenue until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources or deferred inflows of resources at June 30, 2018 .

Equity Classifications

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

1. Net investment in capital assets - consists of net capital assets, reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
2. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
3. Unrestricted net position – consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classification based on the constraints imposed on the use of these resources. As such, fund balances of the governmental funds are classified as follows:

1. Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. The Village’s non-spendable fund balance includes prepaid items.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

2. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Village’s Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by board members.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the Mayor and Board of Aldermen.
5. Unassigned – all other spendable amounts.

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

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services.

It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Ad Valorem Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in October and are billed to taxpayers in November. Billed taxes become delinquent on March 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

Expenditures/Expenses

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Funds - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 2
Gas, water and sewer revenue	Debt service, utility operations, other lawful corporate purposes

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(2) Dedication of Proceeds and Flow of Funds – 1% Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the Village of Moreauville are dedicated to the following purposes:

1. Specifically, for the purpose of paying the cost of constructing sewers and sewerage disposal works, and maintaining and operating the same; title to which shall be in the public.
2. Generally, for the constructing, re-surfacing, lighting and improving of public streets, sidewalks and bridges; constructing, purchasing, improving, maintaining and operating recreational facilities and equipment; and constructing, acquiring or improving lands, buildings, any work of permanent public improvement, including equipment and furnishing, therefore, title to which shall be in the public.

The proceeds of the 1/2% sales tax are dedicated to the following purposes: operating, maintaining and purchasing of supplies for the police, fire, and street departments. The 1/2% sales tax is allocated 1/8% police, 1/8% fire, and 1/4% street.

(3) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issues or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered, or the Village will not be able to recover the collateral securities that are in the possession of an outside party. The Village does not have a policy for custodial risks; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must always equal the amount on deposit with the fiscal agent bank. 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. Deposit balances of \$439,128 (bank balances) were fully secured by federal deposit insurance at June 30, 2018.

(4) Restricted Assets - Proprietary Fund Type

Restricted assets in the amount of \$119,517 consisted of Customer Deposit funds.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(5) Capital Assets

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,250	\$ -	\$ -	\$ 6,250
Construction in progress	4,104	-	4,104	-
Other capital assets:				
Infrastructure	221,519	338,732	-	560,251
Buildings	713,356	-	-	713,356
Equipment, furniture and fixtures	<u>358,985</u>	<u>1,196</u>	<u>168,633</u>	<u>191,548</u>
Totals	<u>1,304,214</u>	<u>339,928</u>	<u>172,737</u>	<u>1,471,405</u>
Less accumulated depreciation:				
Infrastructure	49,427	12,258	-	61,685
Buildings	190,335	19,228	-	209,563
Equipment, furniture and fixtures	<u>272,399</u>	<u>26,670</u>	<u>163,798</u>	<u>135,271</u>
Total accumulated depreciation	<u>512,161</u>	<u>58,156</u>	<u>163,798</u>	<u>406,519</u>
Governmental activities, capital assets, net	<u>\$ 792,053</u>	<u>\$ 281,772</u>	<u>\$ 8,939</u>	<u>\$ 1,064,886</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 5,035
Police	5,729
Recreation	27,483
Streets	<u>19,909</u>
Total depreciation expense	<u>\$ 58,156</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance (restated)	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 22,614	\$ -	\$ -	\$ 22,614
Right of ways	1,041	-	-	1,041
Construction in progress	571,326	-	571,326	-
Other capital assets:				
Gas and water system	2,303,000	9,065	-	2,312,065
Sewer system	3,435,436	587,479	-	4,022,915
Machinery and equipment	234,582	7,990	7,337	235,235
Totals	<u>6,567,999</u>	<u>604,534</u>	<u>578,663</u>	<u>6,593,870</u>
Less accumulated depreciation:				
Gas and water system	1,427,967	59,565	3,082	1,484,450
Sewer system	2,145,151	88,383	-	2,233,534
Machinery and equipment	141,271	23,860	4,255	160,876
Total accumulated depreciation	<u>3,714,389</u>	<u>171,808</u>	<u>7,337</u>	<u>3,878,860</u>
Business-type activities, capital assets, net	<u>\$ 2,853,610</u>	<u>\$ 432,726</u>	<u>\$ 571,326</u>	<u>\$ 2,715,010</u>

Depreciation expense was charged to business-type activities as follows:

Gas and water	\$ 83,425
Sewer	<u>88,383</u>
Total depreciation expense	<u>\$ 171,808</u>

(6) Changes in Long-Term Liabilities

The following is a summary of debt transactions of the Village:

	Beginning	Additions	Deletions	Ending	Due in One Year
Business-Type Activities					
Revenue bonds	\$ 82,440	\$ -	\$ 14,227	\$ 68,213	\$ 14,772
Capital lease	<u>337,370</u>	<u>-</u>	<u>32,691</u>	<u>304,679</u>	<u>33,797</u>
Total	<u>\$ 419,810</u>	<u>\$ -</u>	<u>\$ 46,918</u>	<u>\$ 372,892</u>	<u>\$ 48,569</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

Debts outstanding at June 30, 2018 were comprised of the following:

\$105,000 of Utilities Revenue Bonds, Series 2015, dated October 1, 2015, due in monthly installments of \$1,423 through October 2022; interest at 3.756 percent, secured by enterprise fund revenues.	\$ 68,213
\$366,948 Lease Purchase Agreement, dated April 11, 2016, due in monthly installments of \$3,620 through June 2026; interest at 3.334%, secured by water and gas meters.	<u>304,679</u>
Total bond and lease payable	<u>\$ 372,892</u>

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Business-type Activities		
	Principal payments	Interest payments	Total
2019	\$ 14,772	\$ 2,309	17,081
2020	15,337	1,745	17,082
2021	15,923	1,159	17,082
2022	16,531	550	17,081
2023	<u>5,650</u>	<u>44</u>	<u>5,694</u>
Total	<u>\$ 68,213</u>	<u>\$ 5,807</u>	<u>\$ 74,020</u>

Capital lease is due as follows:

Year ending June 30,	Business-type Activities		
	Principal payments	Interest payments	Total
2019	\$ 33,797	\$ 9,645	43,442
2020	34,942	8,500	43,442
2021	36,124	7,318	43,442
2022	37,347	6,095	43,442
2023	38,612	4,730	43,342
2024-2026	<u>123,857</u>	<u>3,207</u>	<u>127,064</u>
Total	<u>\$ 304,679</u>	<u>\$ 39,495</u>	<u>\$ 344,174</u>

Leased assets being depreciated consisted of water and gas meters with an original cost of \$386,121 and accumulated depreciation of \$23,167 as of June 30, 2018. Depreciation expense on equipment under capital lease was \$7,722.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(7) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, benefits and other payments paid to the Mayor Timmy Lemoine is as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 9,450
Benefit - payroll taxes	723
Conference registrations fees	275
Travel	263
Reimbursements	710
	<u>\$ 11,421</u>

(8) Compensation of Village Officials

A detail of compensation paid to the Alderman is as follows:

<u>Elected Official</u>	<u>Office</u>	<u>Term</u>	<u>Salary</u>	<u>Term Expiration</u>
Kenneth Farbre, Jr.	Alderman	4 years	\$ 4,050	December 31, 2018
Meegan Diaville(resigned April 2018)	Alderman	4 years	3,150	December 31, 2018
Felix Benjamin(appt April 2018)	Alderman	4 years	600	December 31, 2018
Oscar Goody, Jr.	Alderman	4 years	<u>4,050</u>	December 31, 2018
			<u>\$ 11,850</u>	

(9) On-Behalf Payments

The State of Louisiana paid the Village's policemen \$14,500 of supplemental pay during the year ended June 30, 2018. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(10) Interfund Transactions

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General fund	\$ 298,445	\$ -
Sales tax fund	<u>-</u>	<u>230,973</u>
Total governmental funds	298,445	230,973
Enterprise funds:		
Gas and water utility fund	306,834	412,333
Sewer utility fund	<u>289,614</u>	<u>251,587</u>
Total enterprise funds	<u>596,448</u>	<u>663,920</u>
Total	<u>\$ 894,893</u>	<u>\$ 894,893</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(11) Litigation and Claims

At June 30, 2018, the Village is a defendant in pending litigation. While damages are alleged, the outcome of this litigation cannot be predicted with certainty. An uninsured judgement has been awarded against the Village; however, appropriations to pay this judgement have not been authorized by the Board of Aldermen.

(12) Risk Management

The Village is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded insurance coverage for the past three years.

(13) New Accounting Pronouncements

In June 2017 the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The statement increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows and outflows of resources based on the payment provisions of the lease. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provision of GASB

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the Village’s financial statements has not been determined.

(14) Prior Period Adjustment

In 2018, the Village determined that contract retainage costs and grant revenues associated with the sewer improvements project were not recorded in the Sewer Fund in 2017. Therefore, restatements to the 2017 government-wide financial statements for business-type activities, and the corresponding proprietary fund financial statements were required. The result of this was a prior-year adjustment of \$48,892 which represents an increase in noncurrent assets (construction in progress), grants receivable, along with an increase in contracts payable as well as the 2017 net position.

	<u>Business-Type Activities</u>	<u>Sewer Fund</u>
Beginning Net Position/Fund Balance	\$ 2,593,055	\$ 1,694,064
Understated receivable	<u>48,892</u>	<u>48,892</u>
Beginning Net Position/Fund Balance, as Restated	<u>\$ 2,641,947</u>	<u>\$ 1,742,956</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 68,500	\$ 84,313	\$ 72,328	\$ (11,985)
Licenses and permits	41,500	43,187	48,667	5,480
Intergovernmental	331,944	331,975	340,128	8,153
Fines and forfeits	40,000	32,851	34,698	1,847
Rental Income	5,000	6,830	6,100	(730)
Miscellaneous	11,000	5,937	5,606	(331)
Total revenues	<u>497,944</u>	<u>505,093</u>	<u>507,527</u>	<u>2,434</u>
Expenditures:				
General government -				
Finance and administrative	187,000	184,901	189,685	(4,784)
Public safety -				
Police	195,000	210,876	216,623	(5,747)
Fire	7,500	5,660	7,233	(1,573)
Public works -				
Streets and sidewalks	78,500	75,200	85,585	(10,385)
Recreation	12,500	15,430	10,886	4,544
Capital outlay	323,744	323,744	335,823	(12,079)
Total expenditures	<u>804,244</u>	<u>815,811</u>	<u>845,835</u>	<u>(30,024)</u>
Deficiency of revenues over expenditures	<u>(306,300)</u>	<u>(310,718)</u>	<u>(338,308)</u>	<u>(27,590)</u>
Other financing sources:				
Operating transfers in	<u>306,300</u>	<u>260,766</u>	<u>298,445</u>	<u>37,679</u>
Net change in fund balance	-	(49,952)	(39,863)	10,089
Fund balance, beginning	<u>123,683</u>	<u>123,683</u>	<u>123,683</u>	<u>-</u>
Fund balance, ending	<u>\$ 123,683</u>	<u>\$ 73,731</u>	<u>\$ 83,820</u>	<u>\$ 10,089</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes -				
Sales	\$ 150,000	\$ 101,188	\$ 161,690	\$ 60,502
Other	-	-	184	184
Total revenues	<u>150,000</u>	<u>101,188</u>	<u>161,874</u>	<u>60,686</u>
Expenditures:				
General government	2,000	2,000	1,950	50
Police	-	-	194	(194)
Fire	-	-	13,423	(13,423)
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>15,567</u>	<u>(13,567)</u>
Excess of revenues over expenditures	<u>148,000</u>	<u>99,188</u>	<u>146,307</u>	<u>47,119</u>
Other financing uses:				
Operating transfers out	<u>(117,300)</u>	<u>(144,025)</u>	<u>(230,973)</u>	<u>(86,948)</u>
Net change in fund balance	30,700	(44,837)	(84,666)	(39,829)
Fund balance, beginning	<u>161,114</u>	<u>161,114</u>	<u>161,114</u>	<u>-</u>
Fund balance, ending	<u>\$ 191,814</u>	<u>\$ 116,277</u>	<u>\$ 76,448</u>	<u>\$ (39,829)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Required Supplementary Information
For the Year Ended June 30, 2018

(1) Budget and Budgetary Accounting

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

1. The Mayor meets with the Board of Aldermen and Village Clerk to review the prior year revenue and expenditures as a basis for projecting the current fiscal year budget.
2. Anticipated changes from the prior year are considered and reflected in the projections.
3. Once adopted, the budget is made available for public inspection and a budget summary is published in the Village's designated official journal.
4. The Village does not formally integrate its budget as a management tool.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. 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 by the Mayor and Board of Alderman. Such amendments were not material in relation to the original appropriation.

(2) Excess of Expenditures Over Appropriations

The Village incurred expenditures in excess of appropriations in the General Fund and the Sales Tax Fund.

OTHER SUPPLEMENTARY INFORMATION

OTHER INFORMATION

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Taxes:				
Ad valorem	\$ 21,000	\$ 22,570	\$ 21,332	\$ (1,238)
Franchise -				
Electric	40,000	45,965	39,965	(6,000)
Telephone	2,500	2,532	2,823	291
Cable TV	5,000	13,246	8,208	(5,038)
Total taxes	<u>68,500</u>	<u>84,313</u>	<u>72,328</u>	<u>(11,985)</u>
Licenses and permits:				
Insurance licenses	25,000	25,306	30,660	5,354
Occupational licenses	15,000	16,380	16,530	150
Building permits	1,500	1,501	1,477	(24)
Total licenses and permits	<u>41,500</u>	<u>43,187</u>	<u>48,667</u>	<u>5,480</u>
Intergovernmental:				
State of Louisiana -				
State grants	323,744	323,744	317,897	(5,847)
Beer taxes	3,000	3,031	2,531	(500)
Supplemental pay	-	-	14,500	14,500
Department of Transportation -				
Grass cutting	5,200	5,200	5,200	-
Total intergovernmental	<u>331,944</u>	<u>331,975</u>	<u>340,128</u>	<u>8,153</u>
Fines and forfeits:				
Fines and court costs	40,000	32,851	34,698	1,847
Recreation:				
Rental income	5,000	6,830	6,100	(730)
Miscellaneous:				
Interest	1,000	106	105	(1)
Street light income	5,000	5,043	5,254	211
Other sources	5,000	788	247	(541)
Total miscellaneous	<u>11,000</u>	<u>5,937</u>	<u>5,606</u>	<u>(331)</u>
Total revenues	<u>\$ 497,944</u>	<u>\$ 505,093</u>	<u>\$ 507,527</u>	<u>\$ 2,434</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government:				
Administration:				
Salaries and per diem	\$ 85,000	\$ 88,463	\$ 88,479	\$ (16)
Payroll taxes	-	-	7,086	(7,086)
Insurance	26,000	10,298	20,234	(9,936)
Office supplies and expenses	2,000	5,499	-	5,499
Legal and professional fees	12,000	18,985	23,985	(5,000)
Benefits	25,000	21,755	4,751	17,004
Other	37,000	39,901	45,150	(5,249)
Total general government	<u>187,000</u>	<u>184,901</u>	<u>189,685</u>	<u>(4,784)</u>
Public safety -				
Police:				
Salaries	132,700	146,225	147,515	(1,290)
Payroll taxes	13,000	21,990	11,536	10,454
Automobile expense	10,000	10,500	11,778	(1,278)
Insurance	20,000	15,895	15,895	-
Benefits	1,000	1,000	2,619	(1,619)
Supplies and equipment	3,500	3,500	1,905	1,595
Other	14,800	11,766	25,375	(13,609)
Total police	<u>195,000</u>	<u>210,876</u>	<u>216,623</u>	<u>(5,747)</u>
Fire:				
Insurance	<u>7,500</u>	<u>5,660</u>	<u>7,233</u>	<u>(1,573)</u>
Recreation -				
Tennis courts and park:				
Materials and supplies	<u>7,500</u>	<u>8,147</u>	<u>743</u>	<u>7,404</u>
Community center:				
Insurance	1,500	1,500	560	940
Other	<u>3,500</u>	<u>5,783</u>	<u>9,583</u>	<u>(3,800)</u>
Total community center	<u>5,000</u>	<u>7,283</u>	<u>10,143</u>	<u>(2,860)</u>
Total recreation	<u>12,500</u>	<u>15,430</u>	<u>10,886</u>	<u>4,544</u>

(continued)

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Streets and sidewalks -				
Salaries	-	-	5,005	(5,005)
Payroll taxes	-	-	401	(401)
Street lights and power	20,000	25,200	26,281	(1,081)
Maintenance	58,000	50,000	52,946	(2,946)
Insurance	-	-	713	(713)
Animal control	500	-	239	(239)
Total streets and sidewalks	<u>78,500</u>	<u>75,200</u>	<u>85,585</u>	<u>(10,385)</u>
Capital outlay:				
Police department	-	-	1,196	(1,196)
Streets and sidewalks	<u>323,744</u>	<u>323,744</u>	<u>334,627</u>	<u>(10,883)</u>
Total capital outlay	<u>323,744</u>	<u>323,744</u>	<u>335,823</u>	<u>(12,079)</u>
 Total expenditures	 <u>\$ 804,244</u>	 <u>\$ 815,811</u>	 <u>\$ 845,835</u>	 <u>\$ (30,024)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
Years Ended June 30, 2018 and 2017

Records maintained by the Village indicated the following number of customers were being serviced during the month of June, 2018 and 2017:

<u>Department</u>	<u>2018</u>	<u>2017</u>
Water and Gas:		
Commercial	60	69
Residential	<u>1,407</u>	<u>1,407</u>
Total	<u>1,467</u>	<u>1,476</u>
Sewerage:		
Commercial	35	9
Residential	<u>428</u>	<u>455</u>
Total	<u>463</u>	<u>464</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Insurance In Force
June 30, 2018

<u>Description of Coverage</u>	<u>Asset Covered</u>	<u>Amount of Coverage</u>	<u>Insurance Company</u>	<u>Policy Number</u>	<u>Expiration Date</u>
Workers' Compensation	Employees	100,000 each accident, 100,000 each employee 500,000 policy limit	1st Insurance	155500-S	4/1/2019
Property Policy	Community Center	86,800/11,500	1st Insurance	791-00-10-27-0001	4/1/2019
	City Hall	86,800/11,500		791-00-10-27-0001	4/1/2019
	125,000 G Water Tower	350,000			
	50,000 G Water Tower	150,000			
	Building at Towers	50,000			
	Building at Sewer Plant	100,000/11,500			
General Liability	N/A	500,000 occurrence 1,000,000 General Aggregate	1st Insurance	791-00-10-27-0001	4/1/2019
Physical Damage	Vehicles	187,050	1st Insurance	791-00-10-27-0001	4/1/2019
Inland Marine	Contractor's Equipment	95,287	1st Insurance	791-00-10-27-0001	4/1/2019
	Water & Gas Meters	356,949			
Bond Insurance	Various Employees	50,000	CNA Surety	601-18198437	3/3/2021

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Departmental Analysis of Revenues and Expenses
Year Ended June 30, 2018

	<u>Totals</u>	<u>Gas & Water</u>	<u>Sewer</u>
Operating revenues:			
Gas sales	\$ 426,521	\$ 426,521	\$ -
Water sales	208,479	208,479	-
Sewerage sales	107,922	-	107,922
Installation and other charges	<u>29,376</u>	<u>29,376</u>	<u>-</u>
Total operating revenues	<u>772,298</u>	<u>664,376</u>	<u>107,922</u>
Operating expenses:			
Gas purchased	113,126	113,126	-
Water purchased	110,603	110,603	-
Salaries and related benefits	144,248	128,612	15,636
Depreciation	171,808	83,425	88,383
Maintenance and repairs	38,914	24,156	14,758
Supplies	72,208	64,532	7,676
Insurance	23,103	21,577	1,526
Benefits	8,345	8,345	-
Truck and tractor expenses	6,018	6,018	-
Office expense	9,879	9,879	-
Legal and professional	5,685	5,485	200
Utilities and telephone	29,049	3,556	25,493
Testing and sludge removal	16,539	16,539	-
Gas and oil	13,494	11,030	2,464
Miscellaneous	<u>5,307</u>	<u>4,699</u>	<u>608</u>
Total operating expenses	<u>768,326</u>	<u>611,582</u>	<u>156,744</u>
Net operating income (loss)	<u>\$ 3,972</u>	<u>\$ 52,794</u>	<u>\$ (48,822)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund - Utility Fund

Comparative Schedule of Revenues and Expenses
Years Ended June 30, 2018 and 2017

	2018	2017
Operating revenues:		
Gas sales	\$ 426,521	\$ 328,729
Water sales	208,479	212,015
Sewerage sales	107,922	111,023
Installation and other charges	29,376	42,648
Total operating revenues	772,298	694,415
Operating expenses:		
Gas purchased	113,126	75,174
Water purchased	110,603	103,914
Salaries and related benefits	144,248	155,173
Depreciation	171,808	154,259
Maintenance and repairs	38,914	9,486
Supplies	72,208	78,032
Insurance	23,103	21,578
Benefits	8,345	9,099
Truck and tractor expenses	6,018	6,016
Office expense	9,879	9,466
Legal and professional	5,685	10,773
Utilities and telephone	29,049	28,015
Testing and sludge removal	16,539	21,010
Gas and oil	13,494	13,187
Miscellaneous	5,307	9,961
Total operating expenses	768,326	705,143
Net operating loss	\$ 3,972	\$ (10,728)

VILLAGE OF MOREAUVILLE, LOUISIANA
 Enterprise Fund
 Utility Fund

Utility Rate Schedule
 June 30, 2018

Records maintained by the Village indicated utility rates as follows:

<u>Water,Sewerage, and Gas Department</u>	<u>Rate per Unit</u>	<u>Flat Rate</u>	<u>Minimum Charge</u>
Water rates	\$4.50 per thousand gallons after 2,000 gallons	-	\$15.50 up to 2,000 gallons
Sewer rates	\$3.00 per thousand gallons	-	\$5.00 base fees
Gas rates - in town	.01316 per unit of mcf after 1,000 mcf	\$ 7.00	\$.00716 per 1,000 mcf
Gas rates - out of town	.01336 per unit of mcf after 1,000 mcf	\$ 8.00	\$.00716 per 1,000 mcf

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Accounts Receivable Aging Schedule
June 30, 2018

Records maintained by the Village indicated accounts receivables aging as follows:

<u>Department</u>	<u>2018</u>
Water and Sewerage:	
Current	\$ 53,010
30 to 60 days	-
61 to 90 days	-
Over 90 days	<u>1,996</u>
Total	<u><u>\$ 55,006</u></u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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 Timmy Lemoine, Mayor
and Members of the Board of Aldermen
Village of Moreauville, 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 Moreauville, Louisiana as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Moreauville, Louisiana's basic financial statements and have issued our report thereon dated December 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Moreauville, 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 Moreauville, Louisiana's internal control. Accordingly, we do not express an opinion of the effectiveness of the Village of Moreauville, Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management of 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 were not identified. Given these limitations, we did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2018-001 and 2018-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 current and prior year audit findings and management's corrective action plan as item 2018-003.

Village of Moreauville, Louisiana's Response to Findings

The Village of Moreauville' Louisiana's response to the findings identified in our audit are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Village of Moreauville, Louisiana's response was not subjected to the auditing procedures applied in the financial statements and, accordingly, accordingly, we express no opinion on them.

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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 20, 2018

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2018

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2018-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Village of Moreauville did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Village does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mayor Timmy Lemoine agrees that a complete segregation of accounting functions would strengthen controls, but with limited current financial resources, the Village is unable to hire additional personnel at this time.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2018 (Continued)

2018-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2007

CONDITION: The Village does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C §265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Mayor Timmy Lemoine has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Village to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

B. Compliance

2018-003 Budget noncompliance

CONDITION: Actual expenditures in the Sales Tax fund exceed budgeted expenditures by more than five percent.

CRITERIA: Louisiana State Statute RS 39:1311 Budgetary Authority and Control

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to monitor expenditures in the Sales Tax Fund.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2018 (Continued)

EFFECT: The Village may not prevent and/or detect overspending in the Sales Tax Fund in a timely manner.

RECOMMENDATION: Management should periodically compare actual expenditures to budgeted expenditures in the Sales Tax Fund to identify the need for budget amendments in a timelier manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has agreed to prepare actual vs budget reports for review on a periodic basis and propose budget amendments as required under Louisiana State Statue RS 39:1311.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2018 (Continued)

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Functions

CONDITION: The Village of Moreauville did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2018-001.

2017-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Village of Moreauville does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2018-002.

Village of Moreauville
Moreauville, Louisiana

Agreed-Upon Procedures Report

Period Ended June 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman of the
Village of Moreauville, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Village of Moreauville 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 July 1, 2017 through June 30, 2018. 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. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) ***Receipts/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).
- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

- 2. We obtained and inspected 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) We observed 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.
 - b) For those entities reporting on the governmental accounting model, we observed 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.*

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

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

Collections

- 4. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected 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 observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.

- 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.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* Obtained supporting documentation for each of the 10 deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed 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).
 - e) Traced the actual deposit per the bank statement to the general ledger.

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

8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed 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.
 - b) At least two employees are involved in processing and approving payments to vendors.

- 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.
 - 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.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. Obtained 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. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed 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).

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

14. Obtained 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 selected 5 reimbursements, obtained 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, agreed 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, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtained 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. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed 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) Observed 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), observed that the original contract terms provided for such an amendment.
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
 - a) Observed 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) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtained 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, obtained ethics documentation from management, and:
 - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observed 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.

Debt Service

21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed 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. Observed 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.

Findings:

In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Travel and Travel-Related Expense Reimbursement, Contracts, Payroll and Personnel, and Debt Service.

No exceptions were found as a result of applying procedures listed above except:

Board:

Minutes made no reference to monthly budget-to-actual comparisons.

Bank reconciliations:

For all items tested, bank reconciliations did not include evidence that a member of management has reviewed the reconciliations.

For two items tested, there was no documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections:

Employees that are responsible for cash collections share cash drawers/registers.

The employee who is collecting cash is also responsible for preparing and depositing cash in the bank.

For one item tested, collection documentation could not be obtained, therefore, timeliness of deposit could not be tested.

Disbursements:

The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

For four items tested, there was no evidence of segregation of duties.

Credit/Debit/Fuel Cards:

For one transaction tested, supporting itemized receipt could not be located.

For six transactions tested, written documentation of the business/public purpose was not present.

For all transactions tested, there was no evidence that the monthly statements were reviewed and approved.

Ethics:

No documentation exists that demonstrated each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Other:

The entity did not have 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.

Management's Response:

Management of Village of Moreauville concurs with the exceptions and are working to address the deficiencies identified.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 20, 2018