

**VILLAGE OF MOREAUVILLE, LOUISIANA**

Financial Report

Year Ended June 30, 2017

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	6
Statement of activities	7
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	10
Reconciliation of the governmental funds balance sheet to the statement of net position	11
Statement of revenues, expenditures, and changes in fund balances - governmental funds	12
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	13
Statement of net position - proprietary funds	14
Statement of revenues, expenses, and changes in net position - proprietary funds	15
Statement of cash flows - proprietary funds	16-17
Notes to basic financial statements	18-34
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	36
Sales Tax Fund	37
Notes to required supplementary information	38
OTHER SUPPLEMENTARY INFORMATION	
OTHER INFORMATION	
General Fund - budgetary comparison schedule - revenues	41
General Fund - budgetary comparison schedule - expenditures	42-43
Schedule of number of utility customers	44
Schedule of insurance in force	45
Departmental analysis of revenues and expenses - utility fund	46
Comparative statement of revenues and expenses - utility fund	47
Utility rate schedule	48
Accounts receivable aging	49
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	51-52
Summary schedule of current and prior year audit findings and corrective action plan	53-55

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## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

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, (hereinafter, "the Village") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 36 through 37 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.

The Village has omitted management's discussion and analysis that 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 omitted information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The various schedules included in other supplementary information 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 1, 2017, on our consideration of the Village'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's internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 1, 2017

## **BASIC FINANCIAL STATEMENTS**

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Net Position  
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 218,297	\$ 23,223	\$ 241,520
Interest bearing deposits	26,206	151,286	177,492
Receivables, net	28,272	62,274	90,546
Due from other governmental units	-	26,550	26,550
Inventory	-	19,260	19,260
Prepaid items	33,490	17,334	50,824
Restricted assets:			
Cash and cash equivalents	-	22,302	22,302
Interest bearing deposits	-	94,077	94,077
Capital assets:			
Land and construction in progress	10,354	545,048	555,402
Capital assets, net	<u>781,699</u>	<u>2,259,670</u>	<u>3,041,369</u>
Total assets	<u>1,098,318</u>	<u>3,221,024</u>	<u>4,319,342</u>
LIABILITIES			
Accounts and other payables	9,420	91,780	101,200
Due to other governmental units	12,048	-	12,048
Long-term liabilities:			
Customers deposits payable	-	116,379	116,379
Portion due within one year -			
Bonds payable	-	14,228	14,228
Capital lease payable	-	32,691	32,691
Portion due after one year -			
Bonds payable	-	68,212	68,212
Capital lease payable	<u>-</u>	<u>304,679</u>	<u>304,679</u>
Total liabilities	<u>21,468</u>	<u>627,969</u>	<u>649,437</u>
NET POSITION			
Net investment in capital assets	792,053	2,384,908	3,176,961
Restricted for:			
Public safety and public works	161,114	-	161,114
Unrestricted net position	<u>123,683</u>	<u>208,147</u>	<u>331,830</u>
Total net position	<u>\$ 1,076,850</u>	<u>\$ 2,593,055</u>	<u>\$ 3,669,905</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, 2017

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	\$ 179,295	\$ -	\$ -	\$ -	\$ (179,295)	\$ -	\$ (179,295)
Public safety:							
Police	228,486	48,732	9,750	33,827	(136,177)	-	(136,177)
Fire	20,788	-	-	-	(20,788)	-	(20,788)
Recreation	32,024	7,530	-	-	(24,494)	-	(24,494)
Public works	63,110	-	5,200	10,854	(47,056)	-	(47,056)
Total governmental activities	<u>523,703</u>	<u>56,262</u>	<u>14,950</u>	<u>44,681</u>	<u>(407,810)</u>	<u>-</u>	<u>(407,810)</u>
Business-type activities:							
Gas and water	572,614	583,392	-	-	-	10,778	10,778
Sewer	149,770	111,023	-	418,626	-	379,879	379,879
Total business-type activities	<u>722,384</u>	<u>694,415</u>	<u>-</u>	<u>418,626</u>	<u>-</u>	<u>390,657</u>	<u>390,657</u>
Total	<u>\$ 1,246,087</u>	<u>\$ 750,677</u>	<u>\$ 14,950</u>	<u>\$ 463,307</u>	<u>(407,810)</u>	<u>390,657</u>	<u>(17,153)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					21,558	-	21,558
Sales and use taxes, levied for general purposes					156,553	-	156,553
Franchise taxes					51,294	-	51,294
Licenses and permits -							
Occupational and insurance licenses					49,951	-	49,951
Grants and contributions not restricted to specific programs -							
State sources					2,626	-	2,626
Interest and investment earnings					317	1,174	1,491
Miscellaneous					7,364	-	7,364
Special item - gain (loss) on sale of asset					(3,008)	6,855	3,847
Transfers					197,688	(197,688)	-
Total general revenues, special items and transfers					<u>484,343</u>	<u>(189,659)</u>	<u>294,684</u>
Change in net position					76,533	200,998	277,531
Net position - July 1, 2016					<u>1,000,317</u>	<u>2,392,057</u>	<u>3,392,374</u>
Net position - June 30, 2017					<u>\$ 1,076,850</u>	<u>\$ 2,593,055</u>	<u>\$ 3,669,905</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Sales Tax Fund**

To account for the receipt and use of proceeds of the Village's 1% sales and use tax. These taxes are dedicated to the following purposes: 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, and equipment and furnishings therefore, title to which shall be in the public.

To account for the receipt and use of proceeds of the Village's 1/2% sales and use tax. These taxes are dedicated to the following purposes: operating, maintaining and purchase of supplies for the police, fire, and streets departments. The 1/2% sales tax is allocated 1/8% police, 1/8% fire, and 1/4% street.

### **Enterprise Funds**

#### **Gas and Water Utility Fund**

To account for the provision of gas and water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billings and collections.

#### **Sewer Utility Fund**

To account for the provision of sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, billings and collections.

VILLAGE OF MOREAUVILLE, LOUISIANA

Balance Sheet  
 Governmental Funds  
 June 30, 2017

	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 72,732	\$ 145,565	\$ 218,297
Interest-bearing deposits	11,206	15,000	26,206
Receivables:			
Taxes	14,965	12,584	27,549
Accrued interest	222	189	411
Other	312	-	312
Prepaid items	<u>33,490</u>	<u>-</u>	<u>33,490</u>
Total assets	<u>\$ 132,927</u>	<u>\$ 173,338</u>	<u>\$ 306,265</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and other payables	\$ 9,244	\$ 176	\$ 9,420
Due to other governmental units	<u>-</u>	<u>12,048</u>	<u>12,048</u>
Total liabilities	<u>9,244</u>	<u>12,224</u>	<u>21,468</u>
Fund balances:			
Nonspendable	33,490	-	33,490
Restricted for public safety and public works	-	161,114	161,114
Unassigned	<u>90,193</u>	<u>-</u>	<u>90,193</u>
Total fund balances	<u>123,683</u>	<u>161,114</u>	<u>284,797</u>
Total liabilities and fund balances	<u>\$ 132,927</u>	<u>\$ 173,338</u>	<u>\$ 306,265</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, 2017

Total fund balances for governmental funds at June 30, 2017		\$ 284,797
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 6,250	
Construction in progress	4,104	
Infrastructure, net of \$49,427 accumulated depreciation	172,092	
Buildings and improvements, net of \$190,335 accumulated depreciation	523,021	
Equipment, furniture, and fixtures net of \$272,399 accumulated depreciation	<u>86,586</u>	<u>792,053</u>
Total net position of governmental activities at June 30, 2017		<u>\$1,076,850</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, 2017

	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Revenues:			
Taxes	\$ 72,852	\$ 156,553	\$ 229,405
Licenses and permits	49,951	-	49,951
Intergovernmental	62,257	-	62,257
Fines and forfeits	48,732	-	48,732
Rental income	7,530	-	7,530
Miscellaneous	<u>7,545</u>	<u>136</u>	<u>7,681</u>
Total revenues	<u>248,867</u>	<u>156,689</u>	<u>405,556</u>
Expenditures:			
Current -			
General government	171,547	2,671	174,218
Public safety:			
Police	217,787	182	217,969
Fire	6,756	12,975	19,731
Recreation	4,718	-	4,718
Public works	43,376	367	43,743
Capital outlay	<u>167,927</u>	<u>-</u>	<u>167,927</u>
Total expenditures	<u>612,111</u>	<u>16,195</u>	<u>628,306</u>
Excess (deficiency) of revenues over expenditures	<u>(363,244)</u>	<u>140,494</u>	<u>(222,750)</u>
Other financing sources (uses):			
Transfers in	333,572	-	333,572
Transfers out	-	(135,884)	(135,884)
Proceeds from sale of capital assets	<u>4,707</u>	<u>-</u>	<u>4,707</u>
Total other financing sources (uses)	<u>338,279</u>	<u>(135,884)</u>	<u>202,395</u>
Net changes in fund balances	(24,965)	4,610	(20,355)
Fund balances, beginning	<u>148,648</u>	<u>156,504</u>	<u>305,152</u>
Fund balances, ending	<u>\$ 123,683</u>	<u>\$ 161,114</u>	<u>\$ 284,797</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, 2017

Total net changes in fund balances for the year ended June 30, 2017 per the statement of revenues, expenditures and changes in fund balances			\$ (20,355)
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances		\$ 167,927	
Depreciation expense for the year ended June 30, 2017		<u>(63,324)</u>	104,603
In the statement of activities, the loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.			
Proceeds from sale of assets		(4,707)	
Loss on sale of assets reported on the statement of activities		<u>(3,008)</u>	<u>(7,715)</u>
Total changes in net position for the year ended June 30, 2017 per the Statement of Activities			<u>\$ 76,533</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, 2017

	Gas and Water Utility	Sewer Utility	Totals
ASSETS			
Current asset:			
Cash and cash equivalents	\$ 18,452	\$ 4,771	\$ 23,223
Interest bearing deposits	151,286	-	151,286
Receivables:			
Accounts, net of allowance	60,689	-	60,689
Accrued interest	1,581	4	1,585
Interfund balances	1,270	(1,270)	-
Due from other governmental agencies	-	26,550	26,550
Inventory	18,250	1,010	19,260
Prepaid items	16,189	1,145	17,334
Total current assets	267,717	32,210	299,927
Noncurrent assets:			
Restricted assets -			
Cash and cash equivalents	22,302	-	22,302
Interest bearing deposits	94,077	-	94,077
Capital assets -			
Land and construction in progress	22,614	522,434	545,048
Depreciable capital assets, net	969,386	1,290,284	2,259,670
Total noncurrent assets	1,108,379	1,812,718	2,921,097
Total assets	1,376,096	1,844,928	3,221,024
LIABILITIES			
Current liabilities:			
Accounts payable	23,356	68,424	91,780
Long term liabilities:			
Customers' deposits	116,379	-	116,379
Portion due within one year -			
Revenue bonds payable	-	14,228	14,228
Capital lease payable	32,691	-	32,691
Portion due after one year -			
Revenue bonds payable	-	68,212	68,212
Capital lease payable	304,679	-	304,679
Total noncurrent liabilities	453,749	82,440	536,189
Total liabilities	477,105	150,864	627,969
NET POSITION			
Net investment in capital assets	654,630	1,730,278	2,384,908
Unrestricted net position	244,361	(36,214)	208,147
Total net position	\$ 898,991	\$ 1,694,064	\$ 2,593,055

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, 2017

	Gas and Water Utility	Sewer Utility	Totals
Operating revenues:			
Charges for services -			
Gas charges	\$ 328,729	\$ -	\$ 328,729
Water service charges	212,015	-	212,015
Sewer service charges	-	111,023	111,023
Installation and other charges	42,648	-	42,648
Total operating revenues	<u>583,392</u>	<u>111,023</u>	<u>694,415</u>
Operating expenses:			
Gas purchased	75,174	-	75,174
Water purchased	103,914	-	103,914
Salaries and related benefits	135,734	19,439	155,173
Depreciation expense	79,030	75,229	154,259
Maintenance and repairs	5,058	4,428	9,486
Supplies	68,855	9,177	78,032
Insurance	20,152	1,426	21,578
Benefits	9,079	20	9,099
Truck and tractor expense	6,016	-	6,016
Office expense	9,466	-	9,466
Legal and professional	9,968	805	10,773
Utilities and telephone	4,856	23,159	28,015
Testing and sludge removal	12,776	8,234	21,010
Gas and oil	9,762	3,425	13,187
Miscellaneous	8,909	1,052	9,961
Total operating expenses	<u>558,749</u>	<u>146,394</u>	<u>705,143</u>
Operating income (loss)	<u>24,643</u>	<u>(35,371)</u>	<u>(10,728)</u>
Nonoperating revenues (expenses):			
Grant revenues	-	418,626	418,626
Gain on sale of fixed assets	6,855	-	6,855
Interest income	1,174	-	1,174
Interest expense	(13,865)	(3,376)	(17,241)
Total nonoperating revenues (expenses)	<u>(5,836)</u>	<u>415,250</u>	<u>409,414</u>
Income before transfers	<u>18,807</u>	<u>379,879</u>	<u>398,686</u>
Transfers in (out):			
Transfer from Public Utility	-	(519)	(519)
Transfer from Sales Tax	50,000	74,083	124,083
Transfer to General Fund	(154,490)	(167,281)	(321,771)
Transfer to Sewer Utility	519	-	519
Total transfers in (out)	<u>(103,971)</u>	<u>(93,717)</u>	<u>(197,688)</u>
Change in net position	(85,164)	286,162	200,998
Net position, beginning	<u>984,155</u>	<u>1,407,902</u>	<u>2,392,057</u>
Net position, ending	<u>\$ 898,991</u>	<u>\$ 1,694,064</u>	<u>\$ 2,593,055</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, 2017

	Gas and Water Utility	Sewer Utility	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 595,976	\$ 111,023	\$ 706,999
Payments to suppliers	(350,110)	(48,992)	(399,102)
Payments to employees	<u>(135,734)</u>	<u>(19,439)</u>	<u>(155,173)</u>
Net cash provided by operating activities	<u>110,132</u>	<u>42,592</u>	<u>152,724</u>
Cash flows from noncapital financing activities:			
Cash paid to other funds	<u>(105,333)</u>	<u>(92,355)</u>	<u>(197,688)</u>
Cash flows from capital and related financing activities:			
Grant proceeds	-	392,076	392,076
Interest and fiscal charges paid on revenue bonds and lease	(13,865)	(3,376)	(17,241)
Principal paid on bonds and notes	(29,578)	(13,705)	(43,283)
Proceeds from the sale of property, plant and equipment	6,855	-	6,855
Acquisition of property, plant and equipment	<u>(266,421)</u>	<u>(395,112)</u>	<u>(661,533)</u>
Net cash used by capital and related financing activities	<u>(303,009)</u>	<u>(20,117)</u>	<u>(323,126)</u>
Cash flows from investing activities:			
Net increase in investments	77,633	-	77,633
Interest received on interest-bearing deposits	<u>1,174</u>	<u>-</u>	<u>1,174</u>
Net cash provided by investing activities	<u>78,807</u>	<u>-</u>	<u>78,807</u>
Net decrease in cash and cash equivalents	(219,403)	(69,880)	(289,283)
Cash and cash equivalents, beginning of period	<u>260,157</u>	<u>74,651</u>	<u>334,808</u>
Cash and cash equivalents, end of period	<u>\$ 40,754</u>	<u>\$ 4,771</u>	<u>\$ 45,525</u>

Noncash Capital Financial Activities:  
 Construction in progress of \$63,376 was acquired through  
 accounts payable.

(continued)

VILLAGE OF MOREAUVILLE, LOUISIANA

Combining Statement of Cash Flows  
 Proprietary Funds (Continued)  
 For the Year Ended June 30, 2017

	Gas and Water Utility	Sewer Utility	Totals
	<u>          </u>	<u>          </u>	<u>          </u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 24,643	\$ (35,371)	\$ (10,728)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	79,030	75,229	154,259
Changes in current assets and liabilities:			
Decrease in accounts receivable	6,722	-	6,722
(Increase) decrease in prepaid items	(3,077)	463	(2,614)
Increase (decrease) accounts payable	(3,048)	2,271	(777)
Increase in customer deposits	<u>5,862</u>	<u>-</u>	<u>5,862</u>
Net cash provided by operating activities	<u>\$ 110,132</u>	<u>\$ 42,592</u>	<u>\$ 152,724</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period -			
Cash - unrestricted	\$ 31,062	\$ 74,651	\$ 105,713
Interest-bearing deposits - unrestricted	258,829	-	258,829
Cash - restricted	229,095	-	229,095
Interest-bearing deposits - restricted	64,167	-	64,167
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(322,996)</u>	<u>-</u>	<u>(322,996)</u>
Total cash and cash equivalents, beginning of period	<u>260,157</u>	<u>74,651</u>	<u>334,808</u>
Cash and cash equivalents, end of period -			
Cash - unrestricted	18,452	4,771	23,223
Interest-bearing deposits - unrestricted	151,286	-	151,286
Cash - restricted	22,302	-	22,302
Interest-bearing deposits - restricted	94,077	-	94,077
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, end of period	<u>40,754</u>	<u>4,771</u>	<u>45,525</u>
Net decrease	<u>\$ (219,403)</u>	<u>\$ (69,880)</u>	<u>\$ (289,283)</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 on the basis of 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 statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund 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.

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 -

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.

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.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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 general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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 uncollectibility of the particular receivable. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Interfund receivables and payables

During the course of 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.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, 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 and capital outlay projects.

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:

	<u>Gas and Water System</u>	<u>Sewer System</u>
Lines and other system installations	10 - 50 years	10 - 50 years
Vehicles and movable equipment	5 - 25 years	5 - 25 years
Buildings	10 - 60 years	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.

## VILLAGE OF MOREAUVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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.

#### 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, 2017 .

#### 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.”

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

Expenditures/Expenses

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 9
Gas, water and sewer revenue	Utility operations

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

(2) 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 certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Village had cash and interest bearing deposits (book balances) totaling \$535,391 as follows:

Cash and cash equivalents	\$ 263,822
Interest-bearing deposits	<u>271,569</u>
Total	<u>\$ 535,391</u>

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. These deposits are stated at cost, which approximates market. 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 at all times 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. The following is a summary of deposits balances (bank balances) at June 30, 2017, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 535,607</u>
Insurance	521,050
Uninsured and collateral held by custodial bank not in the Village's name	<u>14,557</u>
Total FDIC insurance and pledged securities	<u>\$ 535,607</u>

Deposits in the amount of \$14,557 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Village's name. The Village does not have a policy for custodial credit risk.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Receivables and Allowance for Doubtful Accounts

Receivables at June 30, 2017 of \$90,546 consisted of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Utility</u>	<u>Total</u>
Accounts, net of allowance	\$ -	\$ -	\$ 40,406	\$ 40,406
Unbilled utility	-	-	20,283	20,283
Franchise fees	14,208	-	-	14,208
Taxes:				
Ad valorem	46	-	-	46
Sales tax	-	12,584	-	12,584
Beer tax	711	-	-	711
Paragon Casino	-	-	-	-
Interest	222	189	1,585	1,996
Other	312	-	-	312
Totals	<u>\$ 15,499</u>	<u>\$ 12,773</u>	<u>\$ 62,274</u>	<u>\$ 90,546</u>

The Village considers delinquent utility bills to be uncollectible, accordingly, an allowance for doubtful accounts of \$662 is required.

(4) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2017 consisted of \$26,550 due from State of Louisiana Department of Division of Administration for amounts pertaining to the 2015 CDBG Grant.

(5) Restricted Assets - Proprietary Fund Type

Restricted assets in the amount of \$ 116,379 consisted of Customer Deposit funds.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,250	\$ -	\$ -	\$ 6,250
Construction in progress	3,104	1,000	-	4,104
Other capital assets:				
Infrastructure	91,619	129,900	-	221,519
Buildings	710,156	3,200	-	713,356
Equipment, furniture and fixtures	343,058	33,827	17,900	358,985
Totals	<u>1,154,187</u>	<u>167,927</u>	<u>17,900</u>	<u>1,304,214</u>
Less accumulated depreciation:				
Infrastructure	37,710	11,717	-	49,427
Buildings	171,285	19,050	-	190,335
Equipment, furniture and fixtures	250,027	32,557	10,185	272,399
Total accumulated depreciation	<u>459,022</u>	<u>63,324</u>	<u>10,185</u>	<u>512,161</u>
Governmental activities, capital assets, net	<u>\$ 695,165</u>	<u>\$104,603</u>	<u>\$ 7,715</u>	<u>\$ 792,053</u>
	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 22,614	\$ -	\$ -	\$ 22,614
Construction in progress	233,938	458,488	169,992	522,434
Other capital assets:				
Gas and water system	1,902,097	400,903	-	2,303,000
Sewer system	3,435,435	-	-	3,435,435
Furniture and fixtures	14,835	-	-	14,835
Machinery and equipment	202,887	35,510	18,650	219,747
Right of ways	1,041	-	-	1,041
Totals	<u>5,812,847</u>	<u>894,901</u>	<u>188,642</u>	<u>6,519,106</u>
Less accumulated depreciation:				
Gas and water system	1,371,927	56,040	-	1,427,967
Sewer system	2,069,921	75,229	-	2,145,150
Machinery and equipment	136,931	22,990	18,650	141,271
Total accumulated depreciation	<u>3,578,779</u>	<u>154,259</u>	<u>18,650</u>	<u>3,714,388</u>
Business-type activities, capital assets, net	<u>\$ 2,234,068</u>	<u>\$740,642</u>	<u>\$169,992</u>	<u>\$2,804,718</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 5,077
Police	10,517
Recreation	27,306
Fire	1,057
Streets	<u>19,367</u>
Total depreciation expense	<u>\$ 63,324</u>

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

Gas and water	\$ 79,030
Sewer	<u>75,229</u>
Total depreciation expense	<u>\$ 154,259</u>

(7) Accounts, Salaries, and Other Payables

The accounts and other payables of \$101,200 consisted of the following at June 30, 2017:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 3,835	\$ 90,498	\$ 94,333
Payroll liabilities	<u>5,585</u>	<u>1,282</u>	<u>6,867</u>
	<u>\$ 9,420</u>	<u>\$ 91,780</u>	<u>\$ 101,200</u>

(8) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2017:

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>	<u>Due in One Year</u>
Business-Type Activities					
Revenue bonds	\$ 96,145	\$ -	\$ 13,705	\$ 82,440	\$ 14,228
Capital lease	<u>366,948</u>	<u>-</u>	<u>29,578</u>	<u>337,370</u>	<u>32,691</u>
Total	<u>\$ 463,093</u>	<u>\$ -</u>	<u>\$ 43,283</u>	<u>\$ 419,810</u>	<u>\$ 46,919</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Debts outstanding at June 30, 2017 were comprised of the following issues:

\$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.	\$ 82,440
\$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>337,370</u>
Total bond and lease payable	<u>\$ 419,810</u>

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Business-type Activities		
	Principal payments	Interest payments	Total
2018	\$ 46,919	\$ 13,605	60,524
2019	48,569	11,954	60,523
2020	50,278	10,245	60,523
2021	52,047	8,476	60,523
2022	16,531	550	17,081
2023-2026	<u>205,466</u>	<u>14,076</u>	<u>219,542</u>
Total	<u>\$ 419,810</u>	<u>\$ 58,906</u>	<u>\$ 478,716</u>

Leased assets being depreciated consisted of water and gas meters with an original cost of \$366,949 and accumulated depreciation of \$7,339 as of June 30, 2017.

(9) Ad Valorem Taxes

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 actually 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.

For the year ended June 30, 2017, taxes of 5.02 mills were levied on property with assessed valuations totaling \$4,294,422 and are dedicated to general corporate purposes.

Total taxes levied were \$21,558. Taxes receivable at June 30, 2017 totaled \$46, which is current.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) 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 were \$104,422, which are dedicated to the following purposes:

1. Specifically, for the retirement of Public Improvement Sales Tax Bonds to be issued for the purpose of paying part of the cost of constructing sewers and sewerage disposal works; title to which shall be in the public. The Sales Tax Bonds were paid off as of 06/30/07.
2. 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.
3. 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. Collections for the year ended June 30, 2017 were \$52,131.

(11) Segment Information for the Enterprise Fund

The Village of Moreauville maintains two enterprise funds which provide gas, water, and sewerage services. Segment information for the year ended June 30, 2017 was as follows:

	<u>Gas and Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
Operating revenues	<u>\$ 583,392</u>	<u>\$ 111,023</u>	<u>\$ 694,415</u>
Operating expenses:			
Depreciation	79,030	75,229	154,259
Other	<u>479,719</u>	<u>71,165</u>	<u>550,884</u>
Total operating expenses	<u>558,749</u>	<u>146,394</u>	<u>705,143</u>
Operating income (loss)	<u>\$ 24,643</u>	<u>\$ (35,371)</u>	<u>\$ (10,728)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

A detail of compensation, benefits and other payments paid to the Mayor Timmy Lemoine for the year ended June 30, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 9,450
Benefit - payroll taxes	773
Conference registrations fees	200
Travel	221
Reimbursements	330
	<u>\$ 10,974</u>

(13) Compensation of Village Officials

A detail of compensation paid to the Alderman for the year ended June 30, 2017 is as follows:

<u>Elected Official</u>	<u>Office</u>	<u>Term</u>	<u>Salary</u>	<u>Term Expiration</u>
Penn Lemoine (resign April 2017)	Alderman	4 years	3,150	December 31, 2018
Kenneth Farbre, Jr. (appt May 2017)	Alderman	4 years	750	December 31, 2018
Meegan Diaville	Alderman	4 years	4,050	December 31, 2018
Oscar Goody, Jr.	Alderman	4 years	<u>4,050</u>	December 31, 2018
			<u>\$ 12,000</u>	

(14) On-Behalf Payments

The State of Louisiana paid the Village's policemen \$9,750 of supplemental pay during the year ended June 30, 2017. 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 (Continued)

(15) Interfund Transactions

Transfers consisted of the following at June 30, 2017:

<u>Receiving Fund</u>	<u>Transferring Fund</u>				<u>Total</u>
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>General</u>	<u>Sales tax</u>	<u>Gas and Water</u>	<u>Sewer</u>	
<u>Governmental Activities:</u>					
General	\$ -	\$ 11,801	\$ 154,490	\$ 167,281	\$ 333,572
Sales Tax	-	-	-	-	-
<u>Business-Type Activities:</u>					
Gas and water	-	50,000	-	519	50,519
Sewer	-	74,083	-	-	74,083
	<u>\$ -</u>	<u>\$ 135,884</u>	<u>\$ 154,490</u>	<u>\$ 167,800</u>	<u>\$ 458,174</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.

(16) Litigation and Claims

At June 30, 2017, the Village was involved in one lawsuits claiming damages. As of the audit report date the case was not covered under the Village's insurance and a judgment was awarded against the Village; however, since the amount settled on was refused by the accuser, the Village will not pay any amount.

(17) 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.

(18) Fund Deficit

A unrestricted net position deficit of \$36,214 exists in the sewer fund resulting from excess transfers. It is expected that reducing transfers in fiscal year 2018 will provide positive net position.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

VILLAGE OF MOREAUVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 73,000	\$ 79,329	\$ 72,852	\$ (6,477)
Licenses and permits	40,000	41,136	49,951	8,815
Intergovernmental	234,200	18,101	62,257	44,156
Fines and forfeits	40,000	49,555	48,732	(823)
Rental Income	5,000	7,200	7,530	330
Miscellaneous	12,500	6,490	7,545	1,055
Total revenues	<u>404,700</u>	<u>201,811</u>	<u>248,867</u>	<u>47,056</u>
Expenditures:				
General government	168,000	184,988	171,547	13,441
Public safety:				
Police	189,500	217,270	217,787	(517)
Fire	1,000	7,236	6,756	480
Recreation	4,500	5,693	4,718	975
Streets and sidewalks	22,500	36,999	43,376	(6,377)
Capital outlay	226,000	139,785	167,927	(28,142)
Total expenditures	<u>611,500</u>	<u>591,971</u>	<u>612,111</u>	<u>(20,140)</u>
Deficiency of revenues over expenditures	<u>(206,800)</u>	<u>(390,160)</u>	<u>(363,244)</u>	<u>26,916</u>
Other financing sources:				
Transfers from -				
Public Utility Fund	58,800	385,453	154,490	(230,963)
Sewer Fund	-	-	167,281	167,281
Sales Tax Fund	148,000	-	11,801	11,801
Proceeds from the sale of capital assets	-	4,707	4,707	-
Total other financing sources	<u>206,800</u>	<u>390,160</u>	<u>338,279</u>	<u>(51,881)</u>
Deficiency of revenues and other other sources over expenditures and other sources	-	-	(24,965)	(24,965)
Fund balance, beginning	<u>148,648</u>	<u>148,648</u>	<u>148,648</u>	<u>-</u>
Fund balance, ending	<u>\$ 148,648</u>	<u>\$ 148,648</u>	<u>\$ 123,683</u>	<u>\$ (24,965)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA  
Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 150,000	\$ 154,014	\$ 156,553	\$ 2,539
Miscellaneous - interest	-	-	136	136
Total revenues	<u>150,000</u>	<u>154,014</u>	<u>156,689</u>	<u>2,675</u>
Expenditures:				
General government	2,000	2,912	2,671	241
Police	-	182	182	-
Fire	-	12,975	12,975	-
Public works	-	367	367	-
Total expenditures	<u>2,000</u>	<u>16,436</u>	<u>16,195</u>	<u>241</u>
Excess of revenues over expenditures	148,000	137,578	140,494	2,916
Other financing uses:				
Transfers to -				
General Fund	(148,000)	-	(11,801)	(11,801)
Public Utility Fund	-	(50,000)	(50,000)	-
Sewer Fund	-	-	(74,083)	(74,083)
Total other financing sources uses	<u>(148,000)</u>	<u>(50,000)</u>	<u>(135,884)</u>	<u>(11,801)</u>
Excess of revenues over expenditures and other uses	-	87,578	4,610	(8,885)
Fund balances, beginning	<u>156,504</u>	<u>156,504</u>	<u>156,504</u>	<u>-</u>
Fund balances, ending	<u>\$ 156,504</u>	<u>\$ 244,082</u>	<u>\$ 161,114</u>	<u>\$ (8,885)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Required Supplementary Information  
For the Year Ended June 30, 2017

(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 taken into account 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 of \$20,140 in the General Fund at June 30, 2017

**OTHER SUPPLEMENTARY INFORMATION**

## **OTHER INFORMATION**

VILLAGE OF MOREAUVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 21,000	\$ 21,636	\$ 21,558	\$ (78)
Franchise -				
Electric	37,000	49,737	39,437	(10,300)
Telephone	5,000	2,813	3,188	375
Cable TV	10,000	5,143	8,669	3,526
Total taxes	<u>73,000</u>	<u>79,329</u>	<u>72,852</u>	<u>(6,477)</u>
Licenses and permits:				
Insurance licenses	25,000	27,412	32,532	5,120
Occupational licenses	15,000	12,147	15,797	3,650
Building permits	-	1,577	1,622	45
Total licenses and permits	<u>40,000</u>	<u>41,136</u>	<u>49,951</u>	<u>8,815</u>
Intergovernmental:				
Federal grants	-	-	44,681	44,681
State of Louisiana -				
State grants	226,000	-	-	-
Beer taxes	3,000	3,151	2,626	(525)
Supplemental pay	-	9,750	9,750	-
Department of Transportation -				
Grass cutting	5,200	5,200	5,200	-
Total intergovernmental	<u>234,200</u>	<u>18,101</u>	<u>62,257</u>	<u>44,156</u>
Fines and forfeits:				
Fines and court costs	40,000	49,555	48,732	(823)
Recreation:				
Rental income	5,000	7,200	7,530	330
Miscellaneous:				
Interest	2,000	178	181	3
Casino Funds	-	-	-	-
Street light income	5,000	5,435	5,359	(76)
Farm Festival	-	-	45	45
Other sources	5,500	877	1,960	1,083
Total miscellaneous	<u>12,500</u>	<u>6,490</u>	<u>7,545</u>	<u>1,055</u>
Total revenues	<u>\$ 404,700</u>	<u>\$ 201,811</u>	<u>\$ 248,867</u>	<u>\$ 46,726</u>

VILLAGE OF MOREAUVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government:				
Administration:				
Salaries and per diem	\$ 85,000	\$ 90,443	\$ 88,088	\$ 2,355
Payroll taxes	7,000	6,606	8,531	(1,925)
Insurance	16,000	17,172	18,899	(1,727)
Office supplies and expenses	13,000	9,261	12,075	(2,814)
Legal and professional fees	12,000	6,847	7,310	(463)
Benefits	15,000	27,631	8,536	19,095
Other	<u>20,000</u>	<u>27,028</u>	<u>28,108</u>	<u>(1,080)</u>
Total general government	<u>168,000</u>	<u>184,988</u>	<u>171,547</u>	<u>13,441</u>
Public safety -				
Police:				
Salaries	115,000	147,491	145,796	1,695
Payroll taxes	13,000	10,769	11,875	(1,106)
Supplemental pay	-	9,750	9,750	-
Automobile expense	20,000	12,658	11,014	1,644
Insurance	23,000	16,729	14,845	1,884
Benefits	1,000	68	4,575	(4,507)
Supplies	3,500	1,409	1,843	(434)
Other	<u>14,000</u>	<u>18,396</u>	<u>18,089</u>	<u>307</u>
Total police	<u>189,500</u>	<u>217,270</u>	<u>217,787</u>	<u>(517)</u>
Fire:				
Insurance	<u>1,000</u>	<u>7,236</u>	<u>6,756</u>	<u>480</u>
Recreation -				
Tennis courts and park:				
Materials and supplies	<u>500</u>	<u>600</u>	<u>1,156</u>	<u>(556)</u>
Community center:				
Insurance	1,200	1,440	523	917
Other	<u>2,800</u>	<u>3,653</u>	<u>3,039</u>	<u>614</u>
Total community center	<u>4,000</u>	<u>5,093</u>	<u>3,562</u>	<u>1,531</u>
Total recreation	<u>4,500</u>	<u>5,693</u>	<u>4,718</u>	<u>975</u>

(continued)

VILLAGE OF MOREAUVILLE, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Streets and sidewalks -				
Salaries	-	15,500	15,529	(29)
Payroll taxes	-	-	1,335	(1,335)
Street lights and power	20,000	21,079	23,997	(2,918)
Maintenance	2,000	250	1,755	(1,505)
Insurance	-	-	665	(665)
Animal control	500	170	95	75
Total streets and sidewalks	<u>22,500</u>	<u>36,999</u>	<u>43,376</u>	<u>(6,377)</u>
Capital outlay:				
Police department	-	6,685	33,827	(27,142)
Streets and sidewalks	226,000	129,900	130,900	(1,000)
Recreation department	-	3,200	3,200	-
Total capital outlay	<u>226,000</u>	<u>139,785</u>	<u>167,927</u>	<u>(28,142)</u>
Total expenditures	<u>\$ 611,500</u>	<u>\$ 591,971</u>	<u>\$ 612,111</u>	<u>\$ (20,140)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA  
 Enterprise Fund  
 Utility Fund

Schedule of Number of Utility Customers  
 Years Ended June 30, 2017 and 2016

Records maintained by the Village indicated the following number of customers were being serviced during the month of June, 2017 and 2016:

Department	2017	2016
Water and Gas:		
Commercial	69	42
Residential	1,407	1,402
Total	1,476	1,444
 Sewerage:		
Commercial	9	26
Residential	455	419
Total	464	445

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Insurance In Force  
June 30, 2017

Description of Coverage	Asset Covered	Amount of Coverage	Insurance Company	Policy Number	Expiration Date
Workers' Compensation	Employees	100,000 each accident, 100,000 each employee 500,000 policy limit	1st Insurance	155500-S	4/1/2018
Property Policy	Community Center	86,800/11,500	1st Insurance	791-00-10-27-0001	4/1/2018
	City Hall	86,800/11,500		791-00-10-27-0001	4/1/2018
	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	4/1/2018
Physical Damage	Vehicles	187,050	1st Insurance	791-00-10-27-0001	4/1/2018
Inland Marine	Contractor's Equipment	95,287	1st Insurance	791-00-10-27-0001	4/1/2018
	Water & Gas Meters	356,949			
Bond Insurance	Various Employees	50,000	CNA Surety	601-18198437	3/3/2018

VILLAGE OF MOREAUVILLE, LOUISIANA  
Enterprise Fund  
Utility Fund

Departmental Analysis of Revenues and Expenses  
Year Ended June 30, 2017

	<u>Totals</u>	<u>Gas &amp; Water</u>	<u>Sewer</u>
Operating revenues:			
Gas sales	\$ 328,729	\$ 328,729	\$ -
Water sales	212,015	212,015	-
Sewerage sales	111,023	-	111,023
Installation and other charges	<u>42,648</u>	<u>42,648</u>	<u>-</u>
Total operating revenues	<u>694,415</u>	<u>583,392</u>	<u>111,023</u>
Operating expenses:			
Gas purchased	75,174	75,174	-
Water purchased	103,914	103,914	-
Salaries and related benefits	155,173	135,734	19,439
Depreciation	154,259	79,030	75,229
Maintenance and repairs	9,486	5,058	4,428
Supplies	78,032	68,855	9,177
Insurance	21,578	20,152	1,426
Benefits	9,099	9,079	20
Truck and tractor expenses	6,016	6,016	-
Office expense	9,466	9,466	-
Legal and professional	10,773	9,968	805
Utilities and telephone	28,015	4,856	23,159
Testing and sludge removal	21,010	12,776	8,234
Gas and oil	13,187	9,762	3,425
Miscellaneous	<u>9,961</u>	<u>8,909</u>	<u>1,052</u>
Total operating expenses	<u>705,143</u>	<u>558,749</u>	<u>146,394</u>
Net operating income (loss)	<u>\$ (10,728)</u>	<u>\$ 24,643</u>	<u>\$ (35,371)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA  
Enterprise Fund - Utility Fund

Comparative Statement of Revenues and Expenses  
Years Ended June 30, 2017 and 2016

	2017	2016
Operating revenues:		
Gas sales	\$ 328,729	\$ 337,220
Water sales	212,015	215,777
Sewerage sales	111,023	110,057
Installation and other charges	42,648	34,024
Total operating revenues	694,415	697,078
Operating expenses:		
Gas purchased	75,174	66,936
Water purchased	103,914	110,130
Salaries and related benefits	155,173	141,271
Depreciation	154,259	150,126
Maintenance and repairs	9,486	15,230
Supplies	78,032	87,450
Insurance	21,578	22,934
Benefits	9,099	7,847
Truck and tractor expenses	6,016	4,530
Office expense	9,466	5,827
Legal and professional	10,773	19,416
Utilities and telephone	28,015	32,541
Testing and sludge removal	21,010	16,900
Gas and oil	13,187	13,861
Miscellaneous	9,961	33,255
Total operating expenses	705,143	728,254
Net operating loss	\$ (10,728)	\$ (31,176)

VILLAGE OF MOREAUVILLE, LOUISIANA  
 Enterprise Fund  
 Utility Fund

Utility Rate Schedule  
 June 30, 2017

Records maintained by the Village indicated utility rates as follows:

<u>Water and Sewerage Department</u>	<u>Rate per Gallon</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  
June 30, 2017

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

<u>Department</u>	<u>2017</u>
<b>Water and Sewerage:</b>	
Current	\$ 60,027
30 to 60 days	-
61 to 90 days	-
Over 90 days	<u>662</u>
Total	<u>\$ 60,689</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, CHAMPAGNE, 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 (hereinafter, "the Village") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 1, 2017.

### Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying summary schedule of current and prior year audit findings and corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 and 2017-002 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Village of Moreauville, Louisiana's Response to Findings**

The Village's response to the findings identified in our audit are described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. The Village'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, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 1, 2017

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2017

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

A. Internal Control Over Financial Reporting

2017-001 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.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.07 states:

“An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

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.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2017 (Continued)

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, we are not able to hire additional personnel at this time.

2017-002 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.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2017 (Continued)

B. Compliance

There are no compliance findings

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2016-001 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 2017-001.

2016-002 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 2017-002.

**VILLAGE OF MOREAUVILLE, LOUISIANA**

Report on Agreed-Upon Procedures

Year Ended June 30, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Retired

Conrad O. Chapman, CPA\* 2006

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 the management of the Village of Moreauville, Louisiana (the "Village") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the Village is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

*There were no written policies and procedures noted.*

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

*There were no written policies and procedures noted.*

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

*There were no written policies and procedures noted.*

d) ***Receipts***, including receiving, recording, and preparing deposits

*There were no written policies and procedures noted.*

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

*There were no written policies and procedures noted.*

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

*There were no written policies and procedures noted.*

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

*There were no written policies and procedures noted.*

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

*There were no written policies and procedures noted.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*There were no written policies and procedures noted.*

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

*There were no written policies and procedures noted.*

**Board (or Finance Committee, if applicable)**

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The minutes of the managing board for the fiscal period were obtained and reviewed noting that the board met monthly.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*The minutes of the managing board for the fiscal period were obtained and reviewed noting that the minutes did not include monthly budget-to-actual comparisons for the major funds.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*The minutes of the managing board for the fiscal period were obtained and reviewed noting that the minutes did not include monthly budget-to-actual comparisons for the major funds.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*The minutes of the managing board for the fiscal period were obtained and reviewed noting non-budgetary financial information.*

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*A listing of client bank accounts and management's representation that the listing is complete was obtained.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting no evidence of management review.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting no documentation reflecting that management had researched reconciling items that had been outstanding for more than 6 months for one (1) of the accounts selected.*

### ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*A listing of cash collection locations and management's representation that the listing is complete was obtained.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Staff members responsible for collecting cash are bonded and are not responsible for depositing cash in the bank. Staff members responsible for collecting cash are not responsible for recording deposits or for reconciling bank statements. Staff members responsible for collecting cash are not required to share a drawer with another person. No written documentation was available.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*The person responsible for cash collections is not also responsible for recording deposits into the general ledger.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Collection documentation was obtained and address the functions noted above.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Collection documentation was obtained and address the functions noted above.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*There is no written documentation specifically defined to determine the completeness of all collections by a person who is not responsible for collections.*

#### **Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*A listing of disbursements and management's representation that the listing is complete was obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Supporting documentation for each of the 25 disbursements selected was obtained. Of those disbursements, purchase order procedures were applicable to one (1) transaction selected. It was noted that the applicable transaction was not initiated using a purchase order system.*

b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Of the disbursements selected, purchase order procedures were applicable to one (1) transaction. It was noted that the applicable transaction was not initiated using a purchase order system.*

c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Of the disbursements selected, purchase order procedures were applicable to one (1) transaction. It was noted that the applicable transaction was not initiated using a purchase order system.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*No written policies were available.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*No written policies were available.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*The supply of unused checks is not in a locked location and persons with signatory authority have access to those checks.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*There were no exceptions noted as a result of applying this procedure.*

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

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

*A listing of active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of the cards and management's representation that the listing is complete was obtained.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

*One-third of the cards were randomly selected.*

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]

*Monthly statements were obtained noting evidence that the statements and supporting documentation were reviewed and approved by someone other than the authorized card holder.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*Monthly statements were obtained noting no evidence that finance charges or late fees were assessed on the selected statements.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*Three (3) of the transactions selected were not supported by an original itemized receipt.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Three (3) of the transactions selected were not supported by documentation of the business/public purpose.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*No written policies were available.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*There were no written policies available. No exceptions to Louisiana Public Bid Law were noted as a result of applying this procedure.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions were noted as a result of applying this procedure.*

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*A listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*No written policies were available.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*No exceptions were noted as a result of applying this procedure.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*No exceptions were noted as a result of applying this procedure.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions were noted as a result of applying this procedure.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*No written policies were available.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions were noted as a result of applying this procedure.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were noted as a result of applying this procedure.*

### ***Contracts***

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- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*A listing of all contracts in effect during the fiscal period and management's representation that the listing is complete was obtained.*

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*For the vendors selected, formal/written contracts supporting the services arrangement and the amount paid were noted.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*No exceptions were noted as a result of applying this procedure.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Not applicable.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*None of the contracts selected were amended.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*No exceptions were noted as a result of applying this procedure.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*No exceptions were noted as a result of applying this procedure.*

### ***Payroll and Personnel***

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*A listing of employees with their related salaries and management's representation that the listing is complete was obtained. Five employees were randomly selected and their personnel files were obtained.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*No exceptions were noted as a result of applying this procedure.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*No exceptions were noted as a result of applying this procedure.*

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

*No exceptions were noted as a result of applying this procedure.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*No exceptions were noted as a result of applying this procedure.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*No exceptions were noted as a result of applying this procedure.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*No termination payments were made during the fiscal period.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*No exceptions were noted as a result of applying this procedure.*

### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Of the five selected employees/officials, two were full-time employees and ethics compliance documentation was obtained. Three of the five employees selected were part-time employees and no ethics compliance documentation could be obtained.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management asserted that they have received no allegations of ethics violations during the fiscal period.*

### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Not applicable*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*No exceptions were noted as a result of applying this procedure.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable.*

***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Required notices were not posted on the entity's premises or website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions were noted as a result of applying this procedure.*

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Moreauville, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
December 1, 2017