

VILLAGE OF HEFLIN, LOUISIANA  
Heflin, Louisiana

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2018

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana  
Financial Statements  
As of and for the year ended December 31, 2018

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Accountants' Compilation Report		1
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements		
Statement of Net Position	A	3
Statement of Activities	B	4
Fund Financial Statements		
Governmental Funds		
Balance Sheet	C	5
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Financial Statement of Net Position	D	6
Statement of Revenues, Expenditures and Changes in Fund Balance	E	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	8
Proprietary Funds		
Statement of Net Position	G	9
Statement of Revenues, Expenses and Changes in Net Position	H	10
Statement of Cash Flows	I	11
Notes to the Financial Statements		12
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Budgetary Comparison Schedule	1	23
<b>SUPPLEMENTARY INFORMATION</b>		
Schedule of Compensation Paid Board Members	2	25

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana  
Financial Statements  
As of and for the year ended December 31, 2018

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Schedule of Compensation, Benefits and Other Payments To Agency Head	3	26
OTHER INFORMATION		
Summary Schedule of prior Year Findings		28
Corrective Action Plan for Current Year Findings		29

**WISE, MARTIN & COLE, L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

601 Main Street P. O. Box 897  
Minden, Louisiana 71058-0897  
(318) 377-3171 Fax (318) 377-3177

MICHAEL W. WISE, CPA  
CARLOS E. MARTIN, CPA  
KRISTINE H. COLE, CPA

KRISTIE K. MARTIN, CPA  
HANNAH M. COLVIN, CPA

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Commissioners  
Village of Heflin, Louisiana  
Heflin, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Heflin, Louisiana, as of and for the year ended December 31, 2018 and related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that Budgetary Comparison Schedule on page 23 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted Management Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

The supplementary information contained in Schedules 2 and 3, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to Village of Heflin, Louisiana.

*Wise Martin & Cole LLC*  
Minden, Louisiana

June 30, 2019

## BASIC FINANCIAL STATEMENTS

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Statement of Net Position  
December 31, 2018

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 34,328	\$ 36,949	\$ 71,277
Investments	28,946	40,568	69,514
Accounts receivable, net of allowances	-	3,233	3,233
Restricted assets - noncurrent:			
Cash	-	1,974	1,974
Capital assets:			
Land	6,150	-	6,150
Depreciable capital assets, net of depreciation	<u>278,975</u>	<u>482,866</u>	<u>761,841</u>
<b>TOTAL ASSETS</b>	<u><u>348,399</u></u>	<u><u>565,590</u></u>	<u><u>913,989</u></u>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	3,599	2,047	5,646
Deposit payable	<u>-</u>	<u>6,001</u>	<u>6,001</u>
<b>TOTAL LIABILITIES</b>	<u><u>3,599</u></u>	<u><u>8,048</u></u>	<u><u>11,647</u></u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	285,125	482,866	767,991
Unrestricted	<u>59,675</u>	<u>74,676</u>	<u>134,351</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 344,800</u></u>	<u><u>\$ 557,542</u></u>	<u><u>\$ 902,342</u></u>

See accountants' compilation report and accompanying notes

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

**STATEMENT B**

Statement of Activities  
For the year ended December 31, 2018

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ (53,745)	2,325	-	(51,420)	(51,420)	-	(51,420)
Public safety	(25,137)	22,423	6,000	3,286	3,286	-	3,286
Total governmental activities	<u>(78,882)</u>	<u>24,748</u>	<u>6,000</u>	<u>(48,134)</u>	<u>(48,134)</u>	<u>-</u>	<u>(48,134)</u>
Business-type activities:							
Water	(79,144)	46,108	-	(33,036)	-	(33,036)	(33,036)
Total primary government	<u>\$ (158,026)</u>	<u>\$ 70,856</u>	<u>\$ 6,000</u>	<u>\$ (81,170)</u>	<u>\$ (48,134)</u>	<u>\$ (33,036)</u>	<u>\$ (81,170)</u>
General revenues:							
Franchise taxes					34,706	-	34,706
Interest income					29	259	288
Miscellaneous					5,645	-	5,645
Total general revenues					<u>40,380</u>	<u>259</u>	<u>40,639</u>
Change in net position					(7,754)	(32,777)	(40,531)
Net position-beginning, as originally stated					353,754	603,727	957,481
Prior period adjustment					<u>(1,200)</u>	<u>(13,408)</u>	<u>(14,608)</u>
Net position-beginning, restated					<u>352,554</u>	<u>590,319</u>	<u>942,873</u>
Net position-ending					<u>\$ 344,800</u>	<u>\$ 557,542</u>	<u>\$ 902,342</u>

See accountants' compilation report and accompanying notes

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Balance Sheet - Governmental Fund  
December 31, 2018

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 34,328
Investments	<u>28,946</u>
<b>TOTAL ASSETS</b>	<u>\$ 63,274</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts, salaries, and other payables	<u>\$ 3,599</u>
<b>TOTAL LIABILITIES</b>	<u>3,599</u>
 Fund balances:	
Unassigned	<u>59,675</u>
<b>TOTAL FUND BALANCES</b>	<u>59,675</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 63,274</u>

See accountants' compilation report and accompanying notes

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Reconciliation of the Governmental Fund Balance Sheet  
to the Government-Wide Financial Statement of Net Position  
December 31, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances, total governmental funds (Statement C)	\$	59,675
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements		<u>285,125</u>
Net position of governmental activities (Statement A)	\$	<u>344,800</u>

See accountants' compilation report and accompanying notes

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund  
For the year ended December 31, 2018

	<u>General Fund</u>
<b>REVENUES</b>	
Utility and franchise taxes	\$ 34,706
Intergovernmental revenues:	
State & parish funds	6,000
Fines and forfeitures	22,423
Investment earnings	29
Other revenues	<u>7,970</u>
Total Revenues	<u>71,128</u>
 <b>EXPENDITURES</b>	
General government:	
Utilities	18,479
Payroll tax expense	1,140
Secretarial & bookkeeping	4,800
Office supplies	2,723
Advertising	957
Insurance	6,344
Supplies	55
Repairs and maintenance	6,872
Accounting	4,375
Dues and subscriptions	315
Miscellaneous	640
Public safety:	
Police salary	9,600
Police expense	<u>11,167</u>
Total Expenditures	<u>67,467</u>
 Excess of revenues over expenditures	 3,661
 Fund balances - beginning, as originally stated	 57,214
Prior Period Adjustment	<u>(1,200)</u>
Fund balances -- ending	<u>56,014</u>
 Fund balance - ending	 <u>\$ 59,675</u>

See accountants' compilation report and accompanying notes

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
Balance of the Governmental Fund to the Statement of Activities  
For the Year Ended December 31, 2018

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

Net change in fund balances, total governmental funds, (Statement E)	\$ 3,661
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>(11,415)</u>
Change in Net Position of Governmental Activities, (Statement B)	<u>\$ (7,754)</u>

See accountants' compilation report and accompanying notes

## VILLAGE OF HEFLIN, LOUISIANA

Heflin, Louisiana

## Statement of Net Position, Proprietary Funds

December 31, 2018

	Business-type Activity <u>Water</u> <u>Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 36,949
Investments	40,568
Accounts receivable, net of allowance	<u>3,233</u>
Total Current Assets	<u>80,750</u>
Noncurrent assets:	
Restricted assets:	
Cash and interest-bearing bank deposits	1,974
Capital assets:	
Plant and equipment	1,026,449
less: accumulated depreciation	<u>(543,583)</u>
Total Non-Current Assets	<u>484,840</u>
<b>TOTAL ASSETS</b>	<u><u>565,590</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts, salaries, and other payables	2,047
Deposit payable	<u>6,001</u>
Total current liabilities	<u>8,048</u>
<b>TOTAL LIABILITIES</b>	<u>8,048</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	482,866
Unrestricted	<u>74,676</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 557,542</u></u>

See accountants' compilation report and accompanying notes

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance - Proprietary Fund  
For the year ended December 31, 2018

	Business-type Activity <u>Water</u> <u>Fund</u>
Operating Revenues	
Charges for services	
Water sales	\$ 46,108
Total operating revenues	<u>46,108</u>
 Operating Expenses	
Salaries	12,900
Meter reader and billing	440
Electricity	5,130
Office supplies	1,393
Accounting	1,675
Depreciation	24,859
Equipment repairs & maintenance	12,875
Travel	70
Taxes	1,205
Insurance	7,823
Other	<u>10,774</u>
Total Operating Expenses	<u>79,144</u>
 Operating Income (loss)	 <u>(33,036)</u>
 Nonoperating Revenues (Expenses)	
Interest income	<u>259</u>
Total nonoperating revenues and expenses	<u>259</u>
 Change in net position	 (32,777)
 Net position - beginning, as originally stated	 603,727
Prior Period Adjustment	<u>(13,408)</u>
Net position - beginning, restated	<u>590,319</u>
 Net position - ending	 <u>\$ 557,542</u>

See accountants' compilation report and accompanying notes.

## STATEMENT I

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Statement of Cash Flows, Proprietary Funds  
For the year ended December 31, 2018

	Business-type Activity <u>Water</u> <u>Fund</u>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 49,421
Salaries	(12,900)
Payments to suppliers	<u>(40,834)</u>
Net Cash Provided (Used) by Operating Activities	<u>(4,313)</u>
Cash Flows From Noncapital Financing Activities	
Net increase in meter deposits	<u>(28)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(28)</u>
Cash Flows From Investing Activities	
Interest and dividends received	<u>60</u>
Net Cash Provided by Investing Activities	<u>60</u>
Net Increase in Cash and Cash Equivalents	(4,281)
Cash and Cash Equivalents, Beginning of Year	<u>43,204</u>
Cash and Cash Equivalents, End of Year	<u>\$ 38,923</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income (loss)	\$ <u>(33,036)</u>
Depreciation expense	24,859
(Increase) decrease in accounts receivable	3,313
Increase (decrease) in accounts payable	<u>551</u>
Total Adjustments	<u>28,723</u>
Net Cash Provided by Operating Activities	<u>\$ (4,313)</u>
Cash and Cash Equivalents	\$ 36,949
Restricted Assets	<u>1,974</u>
	<u>\$ 38,923</u>

See accountants' compilation report and accompanying notes

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

**INTRODUCTION**

The Village of Heflin, Louisiana (the Village) was incorporated under the provisions of the Lawrason Act. The Village is located in the Parish of Webster, being in the northwest corner of the State. The Village operates under a Mayor-Board of Aldermen form of government.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. BASIC FINANCIAL STATEMENTS**

**Government-wide statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government of the Village of Heflin. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Fiduciary funds are excluded from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Allocation of indirect expense** - The Village reports all direct expenses by function in the Statement of Activities. Indirect expenses not allocated to functions are reported separately in the Statement of Activities.

**Elimination of internal activity** – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds.” While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column.

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

**Fund financial statements**

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

The Village reports the following major governmental funds:

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

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

**C. BASIS OF ACCOUNTING**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Although most expenditures are recorded when a liability is incurred, as under accrual accounting, the measurement focus of a governmental fund significantly affects what items are to be considered expenditures in the governmental fund. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which is recognized when due. Compensated absences and claims and judgments, are recorded in governmental funds if claims are due and payable.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

**Revenue:**

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

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

**D. BUDGETS**

*BUDGETARY INFORMATION:* The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

- a) The Village Clerk prepares a proposed budget and submits same to the Mayor and the Council no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Council.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General fund was not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the Council.

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

The revenues and expenditures shown on page 6 are reconciled with the amounts reflected on the budget comparison on page 21 as follows:

Excess of revenues over expenditures, GAAP Basis	\$ 3,661
To adjust for payables and other liabilities	<u>1,789</u>
Excess of revenues over expenditures, Cash Basis	<u>\$ 5,450</u>

**E. CASH**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law, or under the laws of the United States.

For purposes of the statements of cash flows, cash and cash equivalents include cash, demand deposits, and certificates of deposit. Cash and cash equivalents are stated at cost.

**F. INVESTMENTS**

Investments are limited by R.S. 33:2955. Under state law, the Village may invest in United States bonds, treasury notes, or certificates of deposits. In addition, the Village may invest in bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S and also collateralized mortgage obligations, which have not been stripped into interest only and principal only obligations. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one year, are valued at the last reported sales price at current exchange rates.

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using cost-based measure as per GASB Statement No. 31.

The Village has not formally adopted deposit and investment policies which address deposit and investment risks, such as custodial credit risk or interest rate risk.

**G. RECEIVABLES AND PAYABLES**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes, franchise taxes, police fines, and grants. Business-type activities report utilities as their major receivable.

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

In the fund financial statements, material receivables in governmental funds include revenue accruals such as franchise tax, grants and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and only if paid within 60 days since they would be considered both measurable and available.

**H. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Village maintains a threshold level of \$2,500 or more for capitalizing capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	25-50 years
Land improvements	10-30 years
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	5-15 years

**I. DEFERRED OUTFLOW/INFLOWS OF RESOURCES**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has no items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village has one item that qualifies for reporting in this category.

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

The governmental funds balance sheet reports unavailable revenues, from amounts which are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

**J. ESTIMATES**

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

**K. RESTRICTED NET POSITION**

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

**L. FUND EQUITY OF FUND FINANCIAL STATEMENTS**

The Village implemented the provisions of Governmental Accounting Standards Board Statement 54, which redefined how fund balances are presented in the fund financial statements. In the fund financial statements, fund balances are classified as follows:

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally-imposed conditions by grantors or creditors.

Committed – Amounts that can only be used for specific purposes determined by a formal action of the Village's board, the highest level of decision making authority. These amounts cannot be used for any other purpose unless the Village's board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned – Amounts that are constrained by the Village board's intent to be used for specific purposes but are neither restricted nor committed. The Village's policy does not address assignment of fund balance.

Unassigned - All amounts not included in other spendable classifications. The Village has not adopted a policy to maintain the General fund's unassigned fund balance above a certain minimum level.

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

The Village reduces committed amounts, followed by assigned amounts, and then unassigned amounts when expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The Village considers restricted amounts to have been spent when expenditure has been incurred for purposes for which both restricted and unrestricted fund balance is available.

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2018, the Village has cash totaling \$71,277.

**Custodial credit risk – deposits:** These deposits are stated at cost, which approximates market. Under state law, the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2018, the Village has \$147,203 in collected bank balances (including balances of certificates of deposits). The cash and investments are secured from risk by \$147,203 of pledged securities.

Even though pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

**3. INVESTMENTS**

At December 31, 2018, the Village had \$69,514, in certificates of deposits whose maturities are in excess of 90 days. The certificates of deposit are secured from risk by federal deposit insurance and pledged securities. See additional information at Note 2.

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2018, for the primary government is as follows:

	Balance <u>January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2018</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 6,150	-	-	6,150
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>6,150</u>	<u>-</u>	<u>-</u>	<u>6,150</u>
Capital assets being depreciated				
Buildings	287,179	-	-	287,179
Land improvements other than buildings	13,226	-	-	13,226
Equipment	<u>422,316</u>	<u>-</u>	<u>-</u>	<u>422,316</u>
Total capital assets being depreciated	<u>722,721</u>	<u>-</u>	<u>-</u>	<u>722,721</u>
Less accumulated depreciation for				
Buildings	106,621	6,384	-	113,005
Land improvements other than buildings	9,646	661	-	10,307
Equipment	<u>316,064</u>	<u>4,370</u>	<u>-</u>	<u>320,434</u>
Total accumulated depreciation	<u>432,331</u>	<u>11,415</u>	<u>-</u>	<u>443,746</u>
Total capital assets, being depreciated, net	<u>290,390</u>	<u>(11,415)</u>	<u>-</u>	<u>278,975</u>
Governmental activities capital assets, net	<u>\$ 296,540</u>	<u>(11,415)</u>	<u>-</u>	<u>285,125</u>
Business-type activities				
Capital assets being depreciated				
Land Improvements other than buildings	\$1,021,035	-	-	1,021,035
Equipment	<u>5,414</u>	<u>-</u>	<u>-</u>	<u>5,414</u>
Total capital assets being depreciated	<u>1,026,449</u>	<u>-</u>	<u>-</u>	<u>1,026,449</u>
Less accumulated depreciation for				
Land improvements other than buildings	513,555	24,761	-	538,316
Equipment	<u>5,169</u>	<u>98</u>	<u>-</u>	<u>5,267</u>
Total accumulated depreciation	<u>518,724</u>	<u>24,859</u>	<u>-</u>	<u>543,583</u>
Total capital assets, being depreciated, net	<u>507,725</u>	<u>(24,859)</u>	<u>-</u>	<u>482,866</u>
Business-type capital assets, net	<u>\$ 507,725</u>	<u>(24,859)</u>	<u>-</u>	<u>482,866</u>

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

Depreciation expense was charged as direct expense of the primary government as follows:

Governmental activities		Business-type activities	
General government	\$ 7,045	Water	\$ <u>24,859</u>
Public safety	<u>4,370</u>		
Total	\$ <u>11,415</u>	Total	\$ <u>24,859</u>

**5. ON-BEHALF PAYMENTS**

During the fiscal year ended December 31, 2018, the Village's police chief receives supplemental pay from the State of Louisiana. In accordance with Governmental Accounting Standards Board (GASB) No. 24, the Village has recorded revenues and expenditures for these payments in the General fund. Revenues under this arrangement totaled \$6,000 for the year ended December 31, 2018 and the related expenditure for public safety – police.

**6. PENSION PLANS**

The Village does not participate in any pension or retirement plans

**7. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 30, 2019. This date represents the date the financial statements were available to be issued.

**8. PRIOR PERIOD ADJUSTMENTS**

The government-wide financial statements includes a prior period adjustment to correct the cash balance in prior year due to a net entry made to the Water fund.

A separate prior period adjustment was made to recognize a correction to wages payable not reported in the prior year for the General fund and Proprietary fund. The financials were restated as follows:

Fund Balance:

	<u>General Fund:</u>
Fund balance, as previously reported	\$ 57,214
Prior period adjustment:	
Correct accrual of wages payable	<u>(1,200)</u>
Fund balance, as restated	\$ <u>56,014</u>

VILLAGE OF HEFLIN, LOUISIANA  
Heflin, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2018

	<u>Governmental:</u>	<u>Business-type:</u>
Net Position, as previously reported	\$ 353,754	\$ 603,727
Correct accrual of wages payable	(1,200)	(1,075)
Correction of prior year cash	<u>-</u>	<u>(12,333)</u>
Net position, restated	\$ <u>352,554</u>	\$ <u>590,319</u>

**9. RECLASSIFICATION**

In the prior year, investments were shown as a cash equivalent. As of December 31, 2018, investments were shown separately for governmental fund statements (Statement of Net Position and Balance Sheet) and proprietary fund statements (Statement of Net Position and Statement of Cash Flows).

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HEFLIN, LOUISIANA  
Heflin, Louisiana

Governmental Fund Types  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Cash Basis</u>	<u>Final Budget Over(Under)</u>
<b>Revenues</b>				
Utility and franchise taxes	\$ 38,000	\$ 38,000	\$ 34,706	\$ (3,294)
Civic center rentals	1,500	1,500	2,325	825
Water dept ins. and accounting	12,600	12,600	-	(12,600)
Police fines	15,000	15,000	22,423	7,423
Interest income	-	-	29	29
Other	530	530	5,645	5,115
<b>Total revenues</b>	<u>67,630</u>	<u>67,630</u>	<u>65,128</u>	<u>(2,502)</u>
<b>Expenditures</b>				
General government:				
Utilities	11,700	11,700	17,805	(6,105)
Salaries and related expenses	9,700	9,700	5,323	4,377
Legal and accounting	2,600	2,600	4,375	(1,775)
Insurance	7,000	7,000	6,344	656
Supplies	1,800	1,800	55	1,745
Repairs and maintenance	10,930	10,930	6,872	4,058
Capital Improvements	6,000	6,000	-	6,000
Miscellaneous	6,300	6,300	4,137	2,163
Public safety:				
Police salary and related expenses	3,600	3,600	3,600	-
Police expense	8,000	8,000	11,167	(3,167)
<b>Total expenditures</b>	<u>67,630</u>	<u>67,630</u>	<u>59,678</u>	<u>7,952</u>
Excess of revenues over expenditures	-	-	5,450	5,450
Fund balance at beginning of year	<u>65,313</u>	<u>65,313</u>	<u>57,301</u>	<u>(8,012)</u>
Fund balance at end of year	<u>\$ 65,313</u>	<u>\$ 65,313</u>	<u>\$ 62,751</u>	<u>\$ (2,562)</u>

SUPPLEMENTARY SCHEDULES

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Schedule of Compensation Paid Board Members  
As of and for the year ended December 31, 2018

The following served on the Board without compensation or other benefits:

Todd Leake	Mayor
Hallie DeMoss	Alderman
Ralph James	Alderman
Matt Austin	Alderman

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Schedule of Compensation, Benefits and Other  
Payments to Agency Head  
As of and for the year ended December 31, 2018

Agency Head: Todd Leake, Mayor

Total salary and other benefits                    \$     -

## OTHER INFORMATION

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Summary Schedule of Prior Year Findings  
As of and for the year ended December 31, 2018

There were no findings required to be reported in the prior year.

**VILLAGE OF HEFLIN, LOUISIANA**  
Heflin, Louisiana

Schedule of Current Year Findings  
As of and for the year ended December 31, 2018

There were no findings required to be reported for the year 2018.