

VILLAGE OF COLLINSTON, LOUISIANA

*Financial Report
For the Year Ended December 31, 2019*



VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Mayor and Board of Aldermen
Village of Collinston
Collinston, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Collinston, Louisiana (the Village), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



To the Mayor and Board of Aldermen
Village of Collinston
Collinston, Louisiana

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information, and, accordingly, do not express an opinion on such information.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.

Other Information

The accompanying schedule of compensation to aldermen and schedule of compensation, benefits, reimbursements, and other payments to agency head on pages 24 and 25, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report date July 23, 2021, on the results of our agreed-upon procedures.

Maxwell CPA, LLC

Monroe, Louisiana
July 23, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

<u>ASSETS</u>	Governmental Activities	Business-Type Activities	Total
Cash	\$ 18,397	\$ 6,954	\$ 25,351
Accounts Receivable	14,299	12,095	26,394
Restricted Cash	-	81,923	81,923
Internal Balances	30,845	(30,845)	-
Capital Assets:			
Land	3,650	5,500	9,150
Capital Assets, Net of Depreciation	69,334	951,186	1,020,520
<u>TOTAL ASSETS</u>	<u>136,525</u>	<u>1,026,813</u>	<u>1,163,338</u>
<u>LIABILITIES</u>			
Payroll Accruals and Withholdings	17,748	30,116	47,864
Customer Deposits Payable	-	20,611	20,611
Noncurrent Liabilities			
Due Within One Year	-	9,191	9,191
Due in More Than One Year	-	288,314	288,314
<u>TOTAL LIABILITIES</u>	<u>17,748</u>	<u>348,232</u>	<u>365,980</u>
<u>NET POSITION</u>			
Invested in Capital Assets	72,984	659,181	732,165
Unrestricted	45,793	19,400	65,193
<u>TOTAL NET POSITION</u>	<u>\$ 118,777</u>	<u>\$ 678,581</u>	<u>\$ 797,358</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs			
<u>Primary Government:</u>			
Government Activities			
General Government	\$ 93,178	\$ -	\$ -
Public Safety	35,735	60,443	-
Public Works	5,725	-	-
Total Government Activities	134,638	60,443	-
 <u>Business-Type Activities:</u>			
Water and Sewer	221,944	125,406	-
 <u>Total Primary Government</u>	\$ 356,582	\$ 185,849	\$ -

General Revenues:

Property Taxes
Franchise Taxes
Sales Taxes
Licenses and Permits
Interest Income
Other Revenues
Total General Revenues

Changes in Net Position

Net Position - Beginning (Restated)

Net Position - Ending

Net (Expense) Revenue and Changes in
Net Position of Primary Government

Governmental Activities	Business-Type Activities	Totals
\$ (93,178)	\$ -	\$ (93,178)
24,708	-	24,708
(5,725)	-	(5,725)
<u>(74,195)</u>	-	<u>(74,195)</u>
-	<u>(96,538)</u>	<u>(96,538)</u>
(74,195)	(96,538)	(170,733)
10,701	-	10,701
4,382	-	4,382
21,688	-	21,688
14,473	-	14,473
135	55	190
14,870	-	14,870
<u>66,249</u>	<u>55</u>	<u>66,304</u>
(7,946)	(96,483)	(104,429)
<u>126,723</u>	<u>775,064</u>	<u>901,787</u>
<u>\$ 118,777</u>	<u>\$ 678,581</u>	<u>\$ 797,358</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS - GENERAL FUND
DECEMBER 31, 2019

ASSETS

Cash and Cash Equivalents	\$ 18,397
Receivables	14,299
Due From Other Funds	30,845
Total Assets	<u>63,541</u>

LIABILITIES

Accounts Payable	\$ -
Payroll Accruals and Withholdings	17,748
Total Liabilities	<u>17,748</u>

FUND BALANCES

Unassigned	<u>45,793</u>
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<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 63,541</u>
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VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total Governmental Fund Balances	\$ 45,793
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*Amounts reported for governmental activities
in the statement of net position are different
because:*

Capital assets used in governmental activities
are not financial resources and therefore are not
reported in the funds, net of depreciation.

72,984

Net Position of Governmental Activities

\$ 118,777

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUNDS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Revenues

Taxes:

Franchise Tax	\$ 4,382
Ad Valorem Tax	10,701
Sales Tax	21,688
Licenses and Permits	14,473
Fines and Forfeitures	60,443
Use of Money and Property	8,196
Other Revenues	6,810
Total Revenues	<u>126,693</u>

Expenditures

General Government	92,432
Public Safety	31,267
Total Expenditures	<u>123,699</u>

Net Change in Fund Balance 2,994

Fund Balances - Beginning (Restated) 42,799

FUND BALANCES - ENDING **\$ 45,793**

VILLAGE OF COLLINSTON
COLLINSTON, 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 DECEMBER 31, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	2,994
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*Amounts reported for governmental activities
in the statement of activities are 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	-		
Depreciation Expense	<u>(10,940)</u>	<u>(10,940)</u>	
 Change in Net Position of Governmental Activities		 <u>\$ (7,946)</u>	

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
DECEMBER 31, 2019

ASSETS

Current Assets

Cash and Cash Equivalents	\$	6,954
Receivables, net of allowance		12,095
Total Current Assets		19,049

Restricted Assets

Cash and Cash Equivalents		81,923
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Capital Assets

Land		5,500
Depreciable		2,859,761
Total Capital Assets		2,865,261
Accumulated Depreciation		(1,908,575)
Net Capital Assets		956,686

TOTAL ASSETS

\$ 1,057,658

LIABILITIES

Current Liabilities

Salaries and Related Payables	\$	30,116
Due To Other Funds		30,845
Customer Deposits Payable		20,611
Revenue Bonds Payable - Current		9,191
Total Current Liabilities		90,763

Noncurrent Liabilities

Revenue Bonds Payable		288,314
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TOTAL LIABILITIES

379,077

NET POSITION

Net Investment in Capital Assets		659,181
Unrestricted (Deficit)		19,400
<u>TOTAL NET POSITION</u>		\$ 678,581

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Operating Revenues

Charges for Services:	
Water Fees	\$ 97,974
Sewer Fees	27,388
Other Revenues	44
Total Operating Revenues	125,406

Operating Expenses

Advertising	44
Contract Labor	43,258
Depreciation	91,249
Dues and Subscriptions	954
Fuel	999
Insurance	223
Other Expenses	464
Repairs and Maintenance	5,710
Salaries and Wages	31,336
Payroll Taxes	2,397
Supplies	18,180
Utilities	13,527
Total Operating Expenses	208,341

Operating Income (Loss) (82,935)

Nonoperating Income (Expense)

Interest Income	55
Interest Expense	(13,603)
Total Nonoperating Income (Expense)	(13,548)

Change in Net Position (96,483)

Net Position - Beginning 775,064

NET POSITION - ENDING \$ 678,581

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 124,974
Payments to Suppliers	(83,359)
Payments to Employees for Services and Benefits	(27,152)
Net Cash Provided by Operating Activities	14,463
<u>Cash Flows from Noncapital Financing Activities</u>	
Increase in Customer Deposits	50
Decrease in Due To Other Funds	(50)
Net Cash Flows from Noncapital Financing Activities	-
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Paid on Debt	(13,603)
Interest Paid on Debt	(9,521)
Net Cash Flows from Capital and Related Financing Activities	(23,124)
<u>Cash Flows from Investing Activities</u>	
Interest Received	55
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	(8,606)
<u>Cash and Cash Equivalents, Beginning of the Year</u>	97,483
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$ 88,877
<u>Shown on the Accompanying Statement of Net Position as:</u>	
Cash	\$ 6,954
Restricted Assets - Cash	81,923
Total Cash	\$ 88,877
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Operating Loss	\$ (82,935)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities	
Depreciation Expense	91,249
Increase in Accounts Receivable	(432)
Increase in Payroll Accruals and Withholdings	6,581
Total Adjustments	97,398
<u>Net Cash Provided by Operating Activities</u>	\$ 14,463

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies

The Village of Collinston, Louisiana (the Village), operates under a Mayor-Board of Alderman Form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor (at large) and three council members (by districts) who are each compensated. The Village is located in Northeast Louisiana, its population is approximately 375. The Village employs a clerk, utility superintendent, a police chief and one full-time and one part-time officer. As of December 31, 2019, the Village services approximately 210 utility customers and maintains approximately three miles of streets.

The Village provides general government, public safety (police), public works (streets, water and sanitation), and public improvements services.

GASB Statement No. 14, *The Reporting Entity*, as amended by GASB No. 39, *Determining Whether Certain Organizations Are Component Units* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, as it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the municipality to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the criteria, the Village has determined that Sewer District No. 1 of Village of Collinston, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles (GAAP), these financial statements present the primary government (the Village) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality.

Considered also in the determination of component units of the reporting entity were Eighth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana. It was determined that this governmental entity is not component unit for the Village's reporting entity.

The more significant of the Village's accounting policies are described below:

A. Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

B. Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

D. Fund Type and Major Fund

The Village reports the following major governmental fund:

General Fund - the general fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The Village reports the following major proprietary fund, the Water and Sewer Enterprise Fund

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village's enterprise operations and its governmental operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. However, there were no payments-in-lieu of taxes for the ended December 31, 2019.

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

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

principal ongoing operations. The Water and Sewer Fund is principal operating revenues are water and sewer usage fees. Operating expenses for enterprises funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. Fund Balance Type Definitions

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Village of Collinston classifies governmental fund balances as follows:

1. Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions, or enabling legislation.
3. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Fund balance may be committed by the Board of Aldermen.
4. Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Aldermen intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
5. Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

F. Receivables and Payables

Activity between funds outstanding at the end of the fiscal year, including lending and borrowing arrangements, is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of an allowance for uncollectibles, when material.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October, are actually billed to the taxpayers in November and are due and payable on or before December 31 of the same year. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish. For the year ended December 31, 2019, taxes of 7.96 mills were levied on property with assessed valuations totaling \$1,344,353.

G. Budgets

The Village of Collinston (Mayor and Board of Aldermen) adopt an annual budget for the General Fund prior to December 31. The annual budget is prepared in accordance with the basis of accounting utilized by the funds. The Village's clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. The budgetary comparison schedule, included as supplementary information in the accompanying financial statements, includes the original and amended budgeted amounts. All annual appropriations lapse at fiscal year-end.

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village of Collinston may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Some of the cash and cash equivalents are restricted. Cash deposits are reported at carrying amount which reasonably approximates fair value.

I. Investments

Under state law, the Village may invest in United States bonds, notes or certificates. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

J. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

K. Elimination and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities' column.

L. Inventories

Inventories are accounted for using the consumption method, where expenditures are recognized as the inventory is used. All purchased inventory items are valued at cost using the first-in/first-out method.

M. Capital Assets

Capital Assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold for equipment is \$2,500. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight-line depreciation is used based on the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Streets	20 Years
Buildings and Building Improvements	20-25 Years
Machinery and equipment	5-10 Years
Water and Sewer System	10-25 Years

N. Compensated Absences

Allowable annual vacation and sick leave is prescribed by municipal ordinance and based on length of continuous employment by the Village. Compensatory time is also granted to supervisory personnel in lieu of overtime pay and should be used by the end of the fiscal year. Payment for unused compensatory time requires approval of the Mayor and Board of Aldermen.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

The Village's recognition and measurement criteria for compensated absences are as follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

O. Compensated Absences

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who are expected to become eligible in the future to receive such payments.

Compensated absences are paid from the fund responsible for the employee's compensation.

No liability existed as of December 31, 2019, for accrued compensated absences resulting from unused vacation time at the end of the year and no liability was recorded for non-vesting accumulating rights to receive sick pay benefits.

P. Restricted Net Position

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

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

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

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

Q. Fund Equity

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consist of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Positions – Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or law or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

R. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payable as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

S. Use of Estimates

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

Note 2 - Cash and Cash Equivalents

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits may not be returned to it. The Village's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 2 - Cash and Cash Equivalents (continued)

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 bank has failed to pay deposited funds upon demand.

At December 31, 2019, the Village has cash and cash equivalents (book balances) totaling \$107,274, as follows:

Cash and Cash Equivalents:	
Demand Deposits	\$ 20,351
Time Deposits	5,000
Total	25,351
Cash and Cash Equivalents - Restricted:	
Demand Deposits	81,923
Total	\$ 107,274

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 the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 2019, the Village had \$117,301 in deposits (collected bank balances). These deposits were secured from risk by federal deposit insurance.

Note 3 - Receivables

The following is a summary of receivables at December 31, 2019:

	General	Water/ Sewer
Taxes:		
Ad Valorem	\$ 10,153	\$ -
Sales	3,064	-
Franchise	1,082	-
Accounts	-	19,567
Subtotal	14,299	19,567
Allowance for Doubtful Accounts	-	(7,472)
Total	\$ 14,299	\$ 12,095

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 4 - Capital Assets

A schedule of changes in capital assets for the year ended December 31, 2019, follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,650	\$ -	\$ -	\$ 3,650
Capital Assets Being Depreciated:				
Streets	143,958	-	-	143,958
Buildings	82,712	-	-	82,712
Building Improvements	30,097	-	-	30,097
Machinery and Equipment	107,614	-	-	107,614
Total Capital Assets Being Depreciated	364,381	-	-	364,381
Less Accumulated Depreciation for:				
Streets	76,683	5,725	-	82,408
Buildings	82,712	-	-	82,712
Building Improvements	26,032	747	-	26,779
Machinery and Equipment	98,680	4,468	-	103,148
Total Accumulated Depreciation	284,107	10,940	-	295,047
Total Capital Assets Being Depreciated	80,274	(10,940)	-	69,334
Governmental Activities, Capital Assets, Net	<u>\$ 83,924</u>	<u>\$(10,940)</u>	<u>\$ -</u>	<u>\$ 72,984</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,500	\$ -	\$ -	\$ 5,500
Capital Assets Being Depreciated:				
Water and Sewer Systems	2,787,946	-	-	2,787,946
Machinery and Equipment	71,815	-	-	71,815
Total Capital Assets Being Depreciated	2,859,761	-	-	2,859,761
Less Accumulated Depreciation for:				
Water and Sewer Systems	1,754,860	87,943	-	1,842,803
Machinery and Equipment	62,466	3,306	-	65,772
Total Accumulated Depreciation	1,817,326	91,249	-	1,908,575
Total Capital Assets Being Depreciated	1,042,435	(91,249)	-	951,186
Business-Type Activities, Capital Assets, Net	<u>\$1,047,935</u>	<u>\$(91,249)</u>	<u>\$ -</u>	<u>\$ 956,686</u>

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 4 - Capital Assets (continued)

Depreciation expense of the governmental activities of \$10,940 is included in the following functions in the statement of activities for 2019:

General Government	\$ 747
Public Safety	4,468
Public Works	<u>5,725</u>
	<u>\$ 10,940</u>

Note 5 - Long-Term Obligations

The Village issues bonds where the Village pledges income derived from the acquired or constructed asset to pay debt service.

Bonds payable as of December 31, 2019, are comprised of the following issues:

\$411,000 Water Revenue Bonds, Series 2000 dated September 27, 2000, payable in monthly installments of \$1,866 beginning October 27, 2001, and ending October 27, 2040, including interest at 4.5%. The Water and Sewer Fund services this debt.

Long-term activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-Type Activities:				
Water Revenues Bonds,				
Series 2000 - \$411,000 Bonds	\$ 307,026	\$ -	\$ 9,521	\$ 297,505

Annual debt service requirements to maturity for bonds are as follows:

	<u>\$411,000 Water Revenue Bonds, Series 2000</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 9,191	\$ 13,200
2021	9,614	12,777
2022	10,056	12,335
2023	10,517	11,874
2024	11,001	11,390
2025-2029	63,065	48,891
2030-2034	78,944	33,012
2035-2039	98,821	13,135
2040	<u>6,296</u>	<u>54</u>
Totals	<u>\$ 297,505</u>	<u>\$ 156,668</u>

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 6 - Contingencies

The Village operates water and sewer treatment plants. These operations pose a high risk for environmental liabilities. The Village is required to have EPA permits for wastewater. The Village relies on the EPA for periodic testing and inspections to help identify environmental liabilities or contingencies.

There was no litigation pending as of December 31, 2019.

Note 7 - Risk Management

The Village is exposed to various risks of loss relating to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Note 8 - Prior Period Adjustment

A prior period adjustment was made to recognize property taxes in the year they are levied instead of the subsequent year to be consistent with the Village's budgetary process. The effect is to increase fund balance by \$7,419 on the fund financial statements and net position by \$3,729 on the government-wide financial statements. This increase is for 2018 property taxes not recognized in the prior year and to recognize property taxes levied in 2019 as revenue during the year ended December 31, 2019.

Note 9 - Subsequent Events

Management has evaluated subsequent events through July 23, 2021, the date on which the financial statements were available to be released.

**REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE**

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Taxes:				
Ad Valorem	\$ 10,702	\$ 10,500	\$ 10,701	\$ 201
Sales and Use	25,000	30,000	21,688	(8,312)
Franchise Taxes	3,000	3,000	4,382	1,382
Other Taxes, Penalties and Interest	600	600	-	(600)
Licenses and Permits	22,992	22,992	14,473	(8,519)
Intergovernmental Revenues	-			-
Other State Funds	15,000	15,000	-	(15,000)
Fines and Forfeitures	45,000	35,000	60,443	25,443
Use of Money and Property	7,576	7,476	8,196	720
Other Revenues	4,000	4,000	6,810	2,810
Total Revenues	<u>133,870</u>	<u>128,568</u>	<u>126,693</u>	<u>(1,875)</u>
<u>Expenditures</u>				
General Government	93,930	114,673	92,432	22,241
Public Safety	27,150	27,150	31,267	(4,117)
Capital Outlay	-	-	-	-
Transfers Out	4,863	4,863	-	4,863
Total Expenditures	<u>125,943</u>	<u>146,686</u>	<u>123,699</u>	<u>22,987</u>
<u>Net Change in Fund Balance</u>	<u>7,927</u>	<u>(18,118)</u>	<u>2,994</u>	<u>21,112</u>
<u>Fund Balance at Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>42,799</u>	<u>42,799</u>
<u>Fund Balance at End of Year</u>	<u>\$ 7,927</u>	<u>\$ (18,118)</u>	<u>\$ 45,793</u>	<u>\$ 63,911</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2019

Budget Information

The Village uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is normally presented to the board of aldermen in June each year. The budget is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There was one budget amendment during the year ended December 31, 2019.

The budget comparison statements included in the accompanying financial statements reflect the original proposed budget. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

SUPPLEMENTAL INFORMATION

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
SCHEDULE OF COMPENSATION TO BOARD OF ALDERMEN
FOR THE YEAR ENDING DECEMBER 31, 2019

Dorothy Bradshaw	\$ 2,400
Betty Jones	2,000
Renee Pates	2,400
Brenda Fenceroy	<u>200</u>
TOTAL	\$ 7,000

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, REIMBURSEMENTS
AND OTHER PAYMENTS TO OR ON BEHALF OF AGENCY HEAD
FOR THE YEAR ENDING DECEMBER 31, 2019

Christopher Carter, Mayor

Salary	\$	3,600
Benefits:		
Social Security		223
Medicare		52
Total	\$	<u>3,875</u>

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

The following matters were noted while performing review procedures and the agreed-upon procedures reported on above.

2019-01 Funding Requirements of Loan Resolution

Criteria

The loan agreements with United States Department of Agriculture require that certain amounts be set aside in specific bank accounts each year to be used only for repairing or improving the water and sewer systems or to make loan repayments.

Condition

There was insufficient documentation to determine what the reserve and sinking fund requirements were. However, the Village has a sinking fund, a reserve fund, and a depreciation fund with balances of \$19,309, \$21,997, and \$1,867, respectively.

Cause

Funds were limited for many years and management was unsure of the required amounts. Management has attempted to obtain copies of the requirements from USDA but has been unsuccessful.

Effect

The Village may be in violation with the requirements of loan resolutions.

Recommendation

I recommend that management continue to attempt to locate copies of the debt agreements and other documents. The Village should also timely make the required monthly deposits and fund the deficit.

Management's Response and Planned Corrective Action

The Village will continue to try to resolve the matter.

2019-02 Report Submitted Late

Criteria

Louisiana Revised Statute 24:513 required that the Village's annual reports be submitted to the Legislative Auditor within six months of year end.

Condition

The Village's 2019 Review and Attestation Report were not submitted by June 30, 2020.

Cause

The Village was unable to give the accountant the data required to complete the review and the agreed-upon procedures.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019 (continued)

2019-02 Report Submitted Late (continued)

Effect

The Village is in violation of state law regarding submitting its annual report. Entities who are late are placed on a noncompliance list and cannot receive state funds until their report is submitted.

Recommendation

I recommend that the Village:

1. Post all adjusting entries.
2. Verify that the trial balances match the audited balances after adjustment.
3. Utilize the accounting software's payroll software service to ensure that payroll is accurate and properly posted and proper reports are readily available.
4. Ensure that accounting records and requested data are complete and submitted to the accountant as early as possible. Ideally, the Village should be ready for audit or review within sixty days or year end.

Management's Response and Planned Corrective Action

The Village will implement the above recommendations.

2019-03 Payroll Tax Returns and Payments Filed Late

Criteria

Federal regulations and state law require timely filing of returns and payments.

Condition

Multiple returns were filed late for 2019. As of December 31, 2019, the Village had outstanding balances for federal and state payroll tax liabilities totaling approximately \$40,000.

Cause

The cause is unknown.

Effect

The Village is incurring penalties and interest on payroll taxes and is not in compliance with federal and state law.

Recommendation

I recommend that the Clerk design and implement policies and procedures to ensure that filing and payments are timely.

Management's Response and Planned Corrective Action

We will implement the accountant's recommendation.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019 (continued)

2019-04 Net Operating Loss in Proprietary Fund

Criteria

The Village should fix and maintain rates and collect charges for all services and facilities to be rendered by the water and sewer system sufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the system.

Condition

If the results of operations are the same in 2020 as they were in 2019, the Village will have deficits as follows:

	Enterprise
	(Unrestricted)
Balance, December 31, 2019	\$ 18,968
Assumption-Operations 2020	(96,915)
Balance, December 31, 2020	\$ (77,947)

Cause

The current rate structure is insufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the water and sewer system.

Effect

The Village continues to incur operating losses and struggles to pay bills as they come due, including maintenance to the water and sewer systems.

Recommendation

The Village should consider increasing rates that will be sufficient to provide for the reasonable and necessary expenses of operating and maintaining the system. Also, the Village should monitor the Proprietary Fund's budget to minimize the risk of operating expenses exceeding revenues generated by the system.

Management's Response and Planned Corrective Action

We have recently raised water rates by \$5 and will continue to evaluate our financial condition and work on eliminating the operating deficits.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

2018-001 Inadequate Segregation of Duties

Condition Found

The 2009 report included a finding that required reserves and sinking funds were underfunded. I was unable to obtain sufficient documentation to determine what the requirements were. The Village has obtained the requirements for one of the loans and appears to have met the requirements. There are still no documents for the second loan. However, the Village has a sinking fund, a reserve fund, and a depreciation fund with balances of \$19,309, \$21,997, and \$1,867, respectively.

Effect

The Village may be in violation with the requirements of loan resolutions.

Recommendation to Prevent Future Occurrences

We recommend that management continue to attempt to locate copies of the debt agreements and other documents. The Village should also timely make the required monthly deposits and fund the deficit.

Current Status

The finding was repeated as finding 2019-01.

2018-002 Report Submitted Late

Condition Found

The Village's 2017 and 2018 review and attestation reports were not submitted by June 30, 2018 and June 30, 2019, respectively.

Effect

The Village is in violation of state law regarding submitting its annual report. Entities who are late are placed on a noncompliance list and cannot receive state funds until their report is submitted.

Recommendation to Prevent Future Occurrences

We recommend that the Village:

1. Post all adjusting entries.
2. Verify that the trial balances match the audited balances after adjustment.
3. Utilize the accounting software's payroll software service to ensure that payroll is accurate and properly posted and proper reports are readily available.
4. Ensure that accounting records and requested data are complete and submitted to the accountant as early as possible. Ideally, the Village should be ready for audit or review within sixty days or year end.

Current Status

The finding was repeated as finding 2019-02.

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019 (continued)

2018-003 Payroll Posting Errors

Condition Found

Errors were made in posting payroll tax expenses, payroll tax liabilities and transfers between funds to make payments on the liabilities.

Effect

There were material misstatements in several liability and expense accounts and interfund balances were incorrect. The errors required the accounting firm to spend time analyzing and adjusting the payroll accounts.

Recommendation to Prevent Future Occurrences

We recommend that the Clerk obtain training and/or outsource payroll processing to ensure accurate processing and posting.

Current Status

This finding was cleared.

2018-004 Payroll Tax Returns and Payments Filed Late

Condition Found

Multiple returns were filed late for 2017 and 2018. As of December 31, 2018, the Village had outstanding balances for federal and state payroll tax liabilities as far back as 2016 totaling approximately \$40,000. I could find no 2018 payments for Federal Payroll Taxes.

Effect

The Village is incurring penalties and interest on payroll taxes and is not in compliance with federal and state law.

Recommendation to Prevent Future Occurrences

We recommend that the Clerk design and implement policies and procedures to ensure that filing and payments are timely.

Current Status

The finding was repeated as finding 2019-03.

2018-005 Financial Condition

Condition Found

If the results of operations are the same in 2019 and 2020 as they were in 2018, the Village will have deficits as follows:

	General	Enterprise (Unrestricted)
Balance, December 31, 2018	\$ 35,380	\$ 34,156
Assumption-Operations 2019	(20,484)	(82,191)
Assumption-Operations 2020	(20,484)	(82,191)
Balance, December 31, 2020	\$ (5,588)	\$ (130,226)

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019 (continued)

2018-005 Financial Condition (continued)

Effect

The Village is struggling to pay bills as they come due and to maintain its water and sewer systems.

Recommendation to Prevent Future Occurrences

We recommend that management and the Board continue to explore options to increase revenues and/or decrease expenditures/expenses. Water and sewer rates must be sufficient to operate, maintain, repair, and update the systems. Management should contact the Louisiana Rural Water Association for assistance in evaluating water and sewer rates and to register for available system management training.

Current Status

The finding was repeated as finding 2019-04.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Aldermen
Village of Collinston
Collinston, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Village of Collinston (the Village) and the Louisiana Legislative Auditor, on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. 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 parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated 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:

Public Bid Law

- 1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code) or R.S.38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.**

The Village had no expenditures for materials and supplies exceeding \$30,000 and no expenditures exceeding \$250,000 for public works.

Code of Ethics for Public Officials and Public Employees

- 2. Obtain a list of the immediate family members of each board member as defined by RS 42:1101-1124 (the ethics law).**

Management provided me with the requested information.



3. Obtain a list of all employees paid during the fiscal year.

Management provided me with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

None of the employees included on the list of employees provided by management in agreed-upon procedure #3 appeared on the list provided by management in agreed-upon procedure #2 as immediate family members.

5. Obtain a list of all disbursements made during the year, and a list of outside business interest of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original and amended budgets.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute's book, and report whether there are any exceptions.

The budget was adopted by ordinance and approved before the end of the prior fiscal year in compliance with the Local Government Budget Act (R.S. 39:1305.D).

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. The actual revenues and expenditures of the Village were within 5% of the budgeted amounts.

Accounting and Reporting

9. Obtain the list of all disbursements made during the year. Randomly select six disbursements and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a. **Report whether the six disbursements agree to the amount and payee in the supporting documentation.**

I examined supporting documentation and I noted five of six disbursements agreed to amount and payee. Management did not provide documentation for one disbursement.

- b. **Report whether the six disbursements were coded to the correct fund and general ledger account.**

All of the disbursements were properly coded in the general ledger.

- c. **Report whether the six disbursements were approved in accordance with management's policies and procedures.**

Five out of six disbursements were approved in accordance with management's policies and procedures. I was not given documentation for one out of six disbursements.

Meetings

10. **Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.**

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of Town Hall. The Village complied with this requirement.

Debt

11. **Obtain bank deposit slips for the fiscal year and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.**

I scanned copies of all bank deposit slips for the fiscal year and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. **Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.**

I scanned payroll disbursements and read the council meeting minutes of the Village for the year. I found no payments or approval for payments to employees that would constitute bonuses, advances, or gifts.

Village of Collinston, Louisiana
July 23, 2021

State Audit Law

- 13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.**

The Village's report was not submitted by the due date of June 30, 2020.

- 14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).**

Management represented that the Village did not enter into any contracts that utilized state funds or that were subject to the public bid law, while not in compliance with R.S. 24:513 (the audit law).

Prior-Year Comments

- 15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.**

The prior year report included findings which are discussed in the schedule of findings.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Maxwell CPA, LLC
Monroe, Louisiana
July 23, 2021

Village of Collinston
P.O. Box 148
Collinston, La. 71229

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

7/23/21 (Date Transmitted)

Maxwell CPA (CPA Firm Name)

8649 Hwy 165 N, STE 2 (CPA Firm Address)

Monroe, La. 71203 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of 12/31/2019 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No [] N/A []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No [] N/A []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No [] N/A []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No [] N/A []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No [] N/A []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No N/A []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No [] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No [] N/A []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No [] N/A []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No [] N/A []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No [] N/A []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No [] N/A []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No [] N/A []

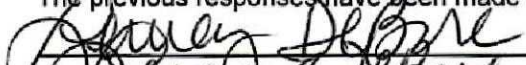

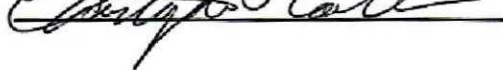
We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No [] N/A []

The previous responses have been made to the best of our belief and knowledge.

	Secretary	<u>7/23/21</u>	Date
	Treasurer	<u>7/23/21</u>	Date
	President	<u>7/23/21</u>	Date