

VILLAGE OF MOREAUVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

The Honorable Beryl Holmes, Mayor
and Members of the Board of Aldermen
Village of Moreauville, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Moreauville, Louisiana, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 33 and 35 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Moreauville, Louisiana's basic financial statements. The other financial information on pages 38 through 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2019, on our consideration of the Village of Moreauville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Moreauville, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Moreauville, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 27, 2019

BASIC FINANCIAL STATEMENTS

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 123,679	\$ 163,679	\$ 287,358
Due from other governmental units	2,396	-	2,396
Receivables, net	26,314	64,909	91,223
Accrued interest	411	1,585	1,996
Inventory	-	9,160	9,160
Prepaid items	33,490	17,334	50,824
Restricted assets:			
Cash and cash equivalents	-	123,677	123,677
Capital assets:			
Land	6,250	23,655	29,905
Capital assets, net	<u>1,014,162</u>	<u>2,531,931</u>	<u>3,546,093</u>
Total assets	<u>1,206,702</u>	<u>2,935,930</u>	<u>4,142,632</u>
LIABILITIES			
Accounts and other payables	10,377	31,535	41,912
Due to other governmental units	13,564	-	13,564
Customers deposits	-	123,677	123,677
Long-term liabilities:			
Capital lease obligations due within one year	-	34,942	34,942
Bonds payable due within one year	-	15,337	15,337
Capital lease obligations due in more than one year	-	235,940	235,940
Bonds payable due in more than one year	<u>-</u>	<u>38,104</u>	<u>38,104</u>
Total liabilities	<u>23,941</u>	<u>479,535</u>	<u>503,476</u>
NET POSITION			
Net investment in capital assets	1,020,412	2,231,263	3,251,675
Restricted for:			
Public safety and public works	106,961	-	106,961
Unrestricted net position	<u>55,388</u>	<u>225,132</u>	<u>280,520</u>
Total net position	<u>\$ 1,182,761</u>	<u>\$ 2,456,395</u>	<u>\$ 3,639,156</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government -							
Finance and administrative	\$ 173,134	\$ -	\$ -	\$ -	\$ (173,134)	\$ -	\$ (173,134)
Public safety:							
Police	235,938	38,771	11,000	-	(186,167)	-	(186,167)
Fire	20,020	-	-	-	(20,020)	-	(20,020)
Recreation	41,046	4,530	-	-	(36,516)	-	(36,516)
Public works	67,985	-	5,349	2,262	(60,374)	-	(60,374)
Total governmental activities	<u>538,123</u>	<u>43,301</u>	<u>16,349</u>	<u>2,262</u>	<u>(476,211)</u>	<u>-</u>	<u>(476,211)</u>
Business-type activities:							
Gas and water	606,160	680,781	-	-	-	74,621	74,621
Sewer	185,063	111,902	-	-	-	(73,161)	(73,161)
Total business-type activities	<u>791,223</u>	<u>792,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,460</u>	<u>1,460</u>
Total	<u>\$ 1,329,346</u>	<u>\$ 835,984</u>	<u>\$ 16,349</u>	<u>\$ 2,262</u>	<u>(476,211)</u>	<u>1,460</u>	<u>(474,751)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					22,300	-	22,300
Sales and use taxes, levied for general purposes					175,167	-	175,167
Franchise taxes					51,714	-	51,714
Licenses and permits					51,538	-	51,538
Interest and investment earnings					203	814	1,017
Miscellaneous					9,727	-	9,727
Gain (loss) on sale of asset					(145)	(1,018)	(1,163)
Transfers					123,314	(123,314)	-
Total general revenues					<u>433,818</u>	<u>(123,518)</u>	<u>310,300</u>
Change in net position					(42,393)	(122,058)	(164,451)
Net position-beginning					<u>1,225,154</u>	<u>2,578,453</u>	<u>3,803,607</u>
Net position - ending					<u>\$ 1,182,761</u>	<u>\$ 2,456,395</u>	<u>\$ 3,639,156</u>

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

FUND FINANCIAL STATEMENTS (FFS)

VILLAGE OF MOREAUVILLE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2019

	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 13,567	\$ 91,802	\$ 105,369
Interest-bearing deposits	3,234	15,076	18,310
Receivables:			
Taxes	12,368	13,634	26,002
Due from other governmental agencies	2,396	-	2,396
Accrued interest	222	189	411
Other	312	-	312
Prepaid items	<u>33,490</u>	<u>-</u>	<u>33,490</u>
Total assets	<u>\$ 65,589</u>	<u>\$ 120,701</u>	<u>\$ 186,290</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 10,201	\$ 176	\$ 10,377
Due to other governmental agencies	<u>-</u>	<u>13,564</u>	<u>13,564</u>
Total liabilities	<u>10,201</u>	<u>13,740</u>	<u>23,941</u>
Fund balances:			
Nonspendable	33,490	-	33,490
Restricted for public safety and public works	-	106,961	106,961
Unassigned	<u>21,898</u>	<u>-</u>	<u>21,898</u>
Total fund balances	<u>55,388</u>	<u>106,961</u>	<u>162,349</u>
Total liabilities and fund balances	<u>\$ 65,589</u>	<u>\$ 120,701</u>	<u>\$ 186,290</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

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

Total fund balances for governmental funds	\$ 162,349
Capital assets, net	<u>1,020,412</u>
Net position at June 30, 2019	<u>\$ 1,182,761</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

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

	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Revenues:			
Taxes	\$ 74,014	\$ 175,167	\$ 249,181
Licenses and permits	49,079	-	49,079
Intergovernmental	20,921	-	20,921
Fines and forfeits	38,771	-	38,771
Rental income	4,530	-	4,530
Miscellaneous	9,886	193	10,079
Total revenues	<u>197,201</u>	<u>175,360</u>	<u>372,561</u>
Expenditures:			
Current -			
General government	166,757	2,094	168,851
Public safety:			
Police	226,400	208	226,608
Fire	5,480	14,540	20,020
Recreation	16,156	-	16,156
Public works	27,744	-	27,744
Capital outlay	34,415	-	34,415
Total expenditures	<u>476,952</u>	<u>16,842</u>	<u>493,794</u>
Excess (deficiency) of revenues over expenditures	<u>(279,751)</u>	<u>158,518</u>	<u>(121,233)</u>
Other financing sources (uses):			
Transfers in	251,319	19,666	270,985
Transfers out	-	(147,671)	(147,671)
Total other financing sources (uses)	<u>251,319</u>	<u>(128,005)</u>	<u>123,314</u>
Net changes in fund balances	(28,432)	30,513	2,081
Fund balances, beginning	<u>83,820</u>	<u>76,448</u>	<u>160,268</u>
Fund balances, ending	<u>\$ 55,388</u>	<u>\$ 106,961</u>	<u>\$ 162,349</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

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

Total net changes in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balances		\$	2,081
Capital assets:			
Capital outlay	\$	34,415	
Depreciation expense		<u>(78,744)</u>	(44,329)
Net effect of disposition of capital assets			<u>(145)</u>
Total changes in net position per Statement of Activities		\$	<u>(42,393)</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Net Position
 Proprietary Funds
 June 30, 2019

	Gas and Water Utility	Sewer Utility	Totals
ASSETS			
Current asset:			
Cash and cash equivalents	\$ 155,630	\$ 8,049	\$ 163,679
Receivables:			
Accounts, net	52,497	12,412	64,909
Accrued interest	1,581	4	1,585
Inventory	9,160	-	9,160
Prepaid items	<u>16,189</u>	<u>1,145</u>	<u>17,334</u>
Total current assets	<u>235,057</u>	<u>21,610</u>	<u>256,667</u>
Noncurrent assets:			
Restricted assets -			
Cash and cash equivalents	123,677	-	123,677
Capital assets:			
Land	23,655	-	23,655
Depreciable capital assets, net	<u>829,334</u>	<u>1,702,597</u>	<u>2,531,931</u>
Total noncurrent assets	<u>976,666</u>	<u>1,702,597</u>	<u>2,679,263</u>
Total assets	<u>1,211,723</u>	<u>1,724,207</u>	<u>2,935,930</u>
LIABILITIES			
Current liabilities, payable from current assets:			
Accounts payable	29,132	2,403	31,535
Revenue bonds payable	-	15,337	15,337
Capital lease payable	<u>34,942</u>	<u>-</u>	<u>34,942</u>
Total current liabilities, payable from current assets	<u>64,074</u>	<u>17,740</u>	<u>81,814</u>
Noncurrent liabilities:			
Customers' deposits	123,677	-	123,677
Revenue bonds payable	-	38,104	38,104
Capital lease payable	<u>235,940</u>	<u>-</u>	<u>235,940</u>
Total noncurrent liabilities	<u>359,617</u>	<u>38,104</u>	<u>397,721</u>
Total liabilities	<u>423,691</u>	<u>55,844</u>	<u>479,535</u>
NET POSITION			
Net investment in capital assets	582,107	1,649,156	2,231,263
Unrestricted net position	<u>205,925</u>	<u>19,207</u>	<u>225,132</u>
Total net position	<u>\$ 788,032</u>	<u>\$ 1,668,363</u>	<u>\$ 2,456,395</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Combining Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Funds
For the Year Ended June 30, 2019

	Gas and Water Utility	Sewer Utility	Totals
Operating revenues:			
Charges for services -			
Gas charges	\$ 428,160	\$ -	\$ 428,160
Water service charges	215,505	-	215,505
Sewer service charges	-	107,202	107,202
Loss on sale of assets	(1,018)	-	(1,018)
Installation and other charges	<u>38,134</u>	<u>4,700</u>	<u>42,834</u>
Total operating revenues	<u>680,781</u>	<u>111,902</u>	<u>792,683</u>
Operating expenses:			
Salaries and related benefits	121,656	33,447	155,103
Gas purchased	119,142	-	119,142
Water purchased	116,458	-	116,458
Supplies	57,006	7,664	64,670
Maintenance and repairs	8,409	20,734	29,143
Gas and oil	10,149	2,861	13,010
Utilities and telephone	4,644	23,522	28,166
Depreciation expense	75,608	86,783	162,391
Other operating expenses	<u>84,461</u>	<u>7,742</u>	<u>92,203</u>
Total operating expenses	<u>597,533</u>	<u>182,753</u>	<u>780,286</u>
Operating income (loss)	<u>83,248</u>	<u>(70,851)</u>	<u>12,397</u>
Nonoperating revenues (expenses):			
Interest income	813	1	814
Interest expense	<u>(9,645)</u>	<u>(2,310)</u>	<u>(11,955)</u>
Total nonoperating revenues (expenses)	<u>(8,832)</u>	<u>(2,309)</u>	<u>(11,141)</u>
Income (loss) before transfers	74,416	(73,160)	1,256
Transfers in (out):			
Transfers in	13,331	22,180	35,511
Transfers (out)	<u>(138,862)</u>	<u>(19,963)</u>	<u>(158,825)</u>
Operating transfers in (out)	<u>(125,531)</u>	<u>2,217</u>	<u>(123,314)</u>
Change in net position	(51,115)	(70,943)	(122,058)
Net position, beginning	<u>839,147</u>	<u>1,739,306</u>	<u>2,578,453</u>
Net position, ending	<u>\$ 788,032</u>	<u>\$ 1,668,363</u>	<u>\$ 2,456,395</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2019

	Gas and Water Utility	Sewer Utility	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 676,056	\$ 111,902	\$ 787,958
Payments to suppliers	(404,745)	(60,507)	(465,252)
Payments to employees	<u>(121,656)</u>	<u>(33,447)</u>	<u>(155,103)</u>
Net cash provided by operating activities	<u>149,655</u>	<u>17,948</u>	<u>167,603</u>
Cash flows from noncapital financing activities:			
Transfers (to) from other funds	<u>(125,531)</u>	<u>2,217</u>	<u>(123,314)</u>
Cash flows from capital and related financing activities:			
Interest and fiscal charges paid on revenue bonds and lease	(9,645)	(2,310)	(11,955)
Principal paid on bonds and lease	(33,797)	(14,772)	(48,569)
Proceeds from the sale of property, plant and equipment	300	-	300
Capital purchases	<u>(4,285)</u>	<u>-</u>	<u>(4,285)</u>
Net cash used by capital and related financing activities	<u>(47,427)</u>	<u>(17,082)</u>	<u>(64,509)</u>
Cash flows from investing activities:			
Interest received on interest-bearing deposits	<u>813</u>	<u>1</u>	<u>814</u>
Net increase (decrease) in cash and cash equivalents	(22,490)	3,084	(19,406)
Cash and cash equivalents, beginning of period	<u>55,560</u>	<u>4,965</u>	<u>60,525</u>
Cash and cash equivalents, end of period	<u>\$ 33,070</u>	<u>\$ 8,049</u>	<u>\$ 41,119</u>

(continued)

VILLAGE OF MOREAUVILLE, LOUISIANA

Combining Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2019

	Gas and Water Utility	Sewer Utility	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 83,248	\$ (70,851)	\$ 12,397
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	75,608	86,783	162,391
Loss on sale of assets	(1,018)	-	(1,018)
(Increase) decrease in assets:			
Accounts receivable	(9,903)	-	(9,903)
Increase (decrease) in liabilities:			
Accounts payable	(4,476)	2,016	(2,460)
Customer deposits	<u>4,160</u>	<u>-</u>	<u>4,160</u>
Net cash provided by operating activities	<u>\$ 147,619</u>	<u>\$ 17,948</u>	<u>\$ 165,567</u>
Reconciliation of cash and cash equivalents per statement of cash flows to statement of net position:			
Cash and cash equivalents, beginning of period -			
Cash and cash equivalents - unrestricted	\$ 182,280	\$ 4,965	\$ 187,245
Cash and cash equivalents- restricted	119,517	-	119,517
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(246,237)</u>	<u>-</u>	<u>(246,237)</u>
Total cash and cash equivalents, beginning of period	<u>55,560</u>	<u>4,965</u>	<u>60,525</u>
Cash and cash equivalents, end of period -			
Cash and cash equivalents - unrestricted	155,630	8,049	163,679
Cash and cash equivalents - restricted	123,677	-	123,677
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(246,237)</u>	<u>-</u>	<u>(246,237)</u>
Total cash and cash equivalents, end of period	<u>33,070</u>	<u>8,049</u>	<u>41,119</u>
Net increase (decrease)	<u>\$ (22,490)</u>	<u>\$ 3,084</u>	<u>\$ (19,406)</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

Fund Financial Statements

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

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

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

The major funds of the Village are described below:

Governmental Funds –

General Fund

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

Special Revenue Fund

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

Proprietary Funds –

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

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Gas and Water Utility Fund and the Sewer Utility Fund comprise the Village's Enterprise Funds.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

Program revenues

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

Allocation of indirect expenses

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identifiable by function and is included in the direct expense of each function. Interest on long-term debt related to business activities, is reported in the statement of activities as direct expenses in the functions of Gas and Water and Sewer in the amount of \$9,645 and \$2,310, respectively.

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

Cash, cash equivalents and interest-bearing deposits

For purposes of the statement of net position, cash and cash equivalents include all demand accounts, savings accounts, certificates of deposits, and interest-bearing deposits of the Village.

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise fees. Business-type activities report

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

customers' utility service receivables as their major receivables. Uncollectible amounts due from customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the receivable is uncollectible. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading billing and the end of the month, are recorded at year-end. The total allowance for doubtful accounts reported at June 30, 2019 is \$1,332.

Interfund receivables and payables

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

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

Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

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

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

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

Long-term debt

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

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

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

Compensated Absences

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenue until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred outflows of resources or deferred inflows of resources at June 30, 2019.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

Equity Classifications

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

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

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

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

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

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

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

Ad Valorem Revenues

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

Expenditures/Expenses

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

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

Governmental Funds - By Character

Proprietary Funds - By Operating and Nonoperating

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

Interfund Transfers

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

F. Revenue Restrictions

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

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

G. Use of Estimates

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

(2) Dedication of Proceeds and Flow of Funds – Sales and Use Taxes

Proceeds of the 1% sales and use tax are dedicated to the following purposes:

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

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(3) Cash and Interest-Bearing Deposits

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

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered, or the Village will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The Village does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances of \$416,995 (bank balances) were fully secured by federal deposit insurance at June 30, 2019.

(4) Restricted Assets - Proprietary Fund Type

Restricted assets in the amount of \$123,677 consisted of customer deposit funds.

(5) Capital Assets

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,250	\$ -	\$ -	\$ 6,250
Other capital assets:				
Infrastructure	560,251	-	-	560,251
Buildings	713,356	-	1,481	711,875
Equipment, furniture and fixtures	191,548	34,415	2,175	223,788
Totals	<u>1,471,405</u>	<u>34,415</u>	<u>3,656</u>	<u>1,502,164</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation:				
Infrastructure	61,685	34,785	-	96,470
Buildings	209,563	18,475	1,481	226,557
Equipment, furniture and fixtures	135,271	25,484	2,030	158,725
Total accumulated depreciation	<u>406,519</u>	<u>78,744</u>	<u>3,511</u>	<u>481,752</u>
Governmental activities, capital assets, net	<u>\$ 1,064,886</u>	<u>\$ (44,329)</u>	<u>\$ 145</u>	<u>\$ 1,020,412</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 4,283
Police	9,330
Recreation	24,890
Streets	40,241
Total depreciation expense	<u>\$ 78,744</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 22,614	\$ -	\$ -	\$ 22,614
Right of ways	1,041	-	-	1,041
Other capital assets:				
Gas and water system	2,312,065	-	46,443	2,265,622
Sewer system	4,022,915	-	-	4,022,915
Machinery and equipment	235,235	4,285	13,130	226,390
Totals	<u>6,593,870</u>	<u>4,285</u>	<u>59,573</u>	<u>6,538,582</u>
Less accumulated depreciation:				
Gas and water system	1,484,450	59,434	45,125	1,498,759
Sewer system	2,217,191	72,040	-	2,289,231
Machinery and equipment	177,219	30,917	13,130	195,006
Total accumulated depreciation	<u>3,878,860</u>	<u>162,391</u>	<u>58,255</u>	<u>3,982,996</u>
Business-type activities, capital assets, net	<u>\$ 2,715,010</u>	<u>\$ (158,106)</u>	<u>\$ 1,318</u>	<u>\$ 2,555,586</u>

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

Gas and water	\$ 75,608
Sewer	86,783
Total depreciation expense	<u>\$ 162,391</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(6) Changes in Long-Term Liabilities

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

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>	<u>Due in One Year</u>
Business-Type Activities					
Revenue bonds	\$ 68,213	\$ -	\$ 14,772	\$ 53,441	\$15,337
Capital lease	304,679	-	33,797	270,882	34,942
Total	<u>\$ 372,892</u>	<u>\$ -</u>	<u>\$ 48,569</u>	<u>\$ 324,323</u>	<u>\$50,279</u>

Debts outstanding at June 30, 2019 were comprised of the following:

\$105,000 of Utilities Revenue Bonds, Series 2015, dated October 1, 2015, due in monthly installments of \$1,423 through October 2022; interest at 3.756 percent, secured by enterprise fund revenues.	\$ 53,441
\$366,948 Lease Purchase Agreement, dated April 11, 2016, due in monthly installments of \$3,620 through June 2026; interest at 3.334%, secured by water and gas meters.	<u>270,882</u>
Total bond and lease payable	<u>\$ 324,323</u>

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Business-type Activities		
	Principal payments	Interest payments	Total
2020	\$ 15,337	\$ 1,745	\$ 17,082
2021	15,923	1,159	17,082
2022	16,531	550	17,081
2023	<u>5,650</u>	<u>44</u>	<u>5,694</u>
Total	<u>\$ 53,441</u>	<u>\$ 3,498</u>	<u>\$ 56,939</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

Capital lease is due as follows:

Year ending June 30,	Business-type Activities		
	Principal payments	Interest payments	Total
2020	\$ 34,942	\$ 8,500	\$ 43,442
2021	36,124	7,318	43,442
2022	37,347	6,095	43,442
2023	38,612	4,730	43,342
2024	39,919	3,523	43,442
2025-2026	<u>83,938</u>	<u>2,946</u>	<u>86,884</u>
Total	<u>\$ 270,882</u>	<u>\$ 33,112</u>	<u>\$ 303,994</u>

Leased assets being depreciated consisted of water and gas meters with an original cost of \$386,121 and accumulated depreciation of \$38,612 as of June 30, 2019. Depreciation expense on equipment under capital lease was \$15,445.

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

A detail of compensation, and other payments paid to Timmy Lemoine (Mayor 07/01/2018 – 12/31/2018) are as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 4,200
Travel	290
Reimbursements	<u>695</u>
Total	<u>\$ 5,185</u>

A detail of compensation, and other payments paid to Beryl Holmes (Mayor 01/01/2019 – 06/30/2019) are as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 4,550
Travel	90
Reimbursements	<u>328</u>
Total	<u>\$ 4,968</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(8) Compensation of Village Officials

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

<u>Elected Official</u>	<u>Office</u>	<u>Term</u>	<u>Salary</u>	<u>Term Expiration</u>
Kenneth Farbre, Jr.	Alderman	4 years	\$ 1,800	December 31, 2018
Shannon Sampson	Alderman	4 years	1,950	December 31, 2022
Felix Benjamin	Alderman	4 years	3,750	December 31, 2022
Oscar Goody, Jr.	Alderman	4 years	<u>3,750</u>	December 31, 2022
			<u>\$ 11,250</u>	

(9) On-Behalf Payments

The State of Louisiana paid the Village's policemen \$11,000 of supplemental pay during the year ended June 30, 2019. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(10) Interfund Transactions

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General fund	\$ 251,319	\$ -
Sales tax fund	<u>19,666</u>	<u>147,671</u>
Total governmental funds	270,985	147,671
Enterprise funds:		
Gas and water utility fund	13,331	138,862
Sewer utility fund	<u>22,180</u>	<u>19,963</u>
Total enterprise funds	<u>35,511</u>	<u>158,825</u>
Total	<u>\$ 306,496</u>	<u>\$ 306,496</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(11) Litigation and Claims

At June 30, 2019, the Village is a defendant in pending litigation. While damages are alleged, the outcome of this litigation cannot be predicted with certainty. An uninsured judgement has been awarded against the Village; however, appropriations to pay this judgement have not been authorized by the Board of Aldermen.

(12) Risk Management

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

(13) New Accounting Pronouncements

In June 2017 the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The statement increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows and outflows of resources based on the payment provisions of the lease. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provision of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2019. The effect of implementation on the Village's financial statements has not been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 75,500	\$ 75,500	\$ 74,014	\$ (1,486)
Licenses and permits	41,500	41,500	49,079	7,579
Intergovernmental	8,800	8,800	20,921	12,121
Fines and forfeits	40,000	40,000	38,771	(1,229)
Rental Income	5,000	5,000	4,530	(470)
Miscellaneous	7,300	7,300	9,886	2,586
Total revenues	<u>178,100</u>	<u>178,100</u>	<u>197,201</u>	<u>19,101</u>
Expenditures:				
General government -				
Finance and administrative	229,450	229,450	166,757	62,693
Public safety -				
Police	177,300	177,300	226,400	(49,100)
Fire	6,000	6,000	5,480	520
Public works -				
Streets and sidewalks	34,500	34,500	27,744	6,756
Recreation	20,500	20,500	16,156	4,344
Capital outlay	231,000	231,000	34,415	196,585
Total expenditures	<u>698,750</u>	<u>698,750</u>	<u>476,952</u>	<u>221,798</u>
Deficiency of revenues over expenditures	<u>(520,650)</u>	<u>(520,650)</u>	<u>(279,751)</u>	<u>240,899</u>
Other financing sources:				
Operating transfers in	<u>185,000</u>	<u>185,000</u>	<u>251,319</u>	<u>66,319</u>
Net change in fund balance	(335,650)	(335,650)	(28,432)	307,218
Fund balance, beginning	<u>83,820</u>	<u>83,820</u>	<u>83,820</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (251,830)</u>	<u>\$ (251,830)</u>	<u>\$ 55,388</u>	<u>\$ 307,218</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes -				
Sales	\$ 185,000	\$ 185,000	\$ 175,167	\$ (9,833)
Other	-	-	193	193
Total revenues	<u>185,000</u>	<u>185,000</u>	<u>175,360</u>	<u>(9,640)</u>
Expenditures:				
General government	-	-	2,094	(2,094)
Public safety -				
Police	-	-	208	(208)
Fire	-	-	14,540	(14,540)
Total expenditures	<u>-</u>	<u>-</u>	<u>16,842</u>	<u>(16,842)</u>
Excess of revenues over expenditures	<u>185,000</u>	<u>185,000</u>	<u>158,518</u>	<u>(26,482)</u>
Other financing sources (uses):				
Transfers in	-	-	19,666	(19,666)
Transfers (out)	-	-	(147,671)	(167,337)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(128,005)</u>	<u>(167,337)</u>
Net change in fund balance	185,000	185,000	30,513	(193,819)
Fund balance, beginning	<u>76,448</u>	<u>76,448</u>	<u>76,448</u>	<u>-</u>
Fund balance, ending	<u>\$ 261,448</u>	<u>\$ 261,448</u>	<u>\$ 106,961</u>	<u>\$ (193,819)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Required Supplementary Information
For the Year Ended June 30, 2019

(1) Budget and Budgetary Accounting

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

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

(2) Excess of Expenditures Over Appropriations

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

OTHER SUPPLEMENTARY INFORMATION

OTHER INFORMATION

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Taxes:				
Ad valorem	\$ 22,000	\$ 22,000	\$ 22,300	\$ 300
Franchise -				
Electric	43,000	43,000	42,143	(857)
Telephone	2,500	2,500	1,356	(1,144)
Cable TV	8,000	8,000	8,215	215
Total taxes	<u>75,500</u>	<u>75,500</u>	<u>74,014</u>	<u>(1,486)</u>
Licenses and permits:				
Insurance licenses	25,000	25,000	31,314	6,314
Occupational licenses	15,000	15,000	16,130	1,130
Building permits	1,500	1,500	1,635	135
Total licenses and permits	<u>41,500</u>	<u>41,500</u>	<u>49,079</u>	<u>7,579</u>
Intergovernmental:				
State of Louisiana -				
State grants	600	600	2,262	1,662
Beer taxes	3,000	3,000	2,459	(541)
Supplemental pay	-	-	11,000	11,000
Department of Transportation -				
Grass cutting	5,200	5,200	5,200	-
Total intergovernmental	<u>8,800</u>	<u>8,800</u>	<u>20,921</u>	<u>12,121</u>
Fines and forfeits:				
Fines and court costs	40,000	40,000	38,771	(1,229)
Recreation:				
Rental income	5,000	5,000	4,530	(470)
Miscellaneous:				
Interest	500	500	10	(490)
Casino funds	500	500	2,001	1,501
Street light income	5,000	5,000	5,349	349
Farm festival	800	800	205	(595)
Other sources	500	500	2,321	1,821
Total miscellaneous	<u>7,300</u>	<u>7,300</u>	<u>9,886</u>	<u>2,586</u>
Total revenues	<u>\$ 178,100</u>	<u>\$ 178,100</u>	<u>\$ 197,201</u>	<u>\$ 19,101</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
General government:				
Administration:				
Salaries	\$ 126,550	\$ 126,550	\$ 99,191	\$ 27,359
Payroll taxes	14,000	14,000	6,955	7,045
Insurance	15,000	15,000	11,047	3,953
Legal and professional fees	12,000	12,000	4,629	7,371
Benefits	25,000	25,000	6,910	18,090
Other	36,900	36,900	38,025	(1,125)
Total general government	<u>229,450</u>	<u>229,450</u>	<u>166,757</u>	<u>62,693</u>
Public safety -				
Police:				
Salaries	106,000	106,000	145,158	(39,158)
Payroll taxes	-	-	12,166	(12,166)
Automobile expense	18,000	18,000	9,620	8,380
Insurance	16,000	16,000	22,674	(6,674)
Benefits	-	-	1,756	(1,756)
Supplies and equipment	4,000	4,000	1,544	2,456
Other	33,300	33,300	33,482	(182)
Total police	<u>177,300</u>	<u>177,300</u>	<u>226,400</u>	<u>(49,100)</u>
Fire:				
Insurance	<u>6,000</u>	<u>6,000</u>	<u>5,480</u>	<u>520</u>
Recreation -				
Tennis courts and park:				
Materials and supplies	<u>6,500</u>	<u>6,500</u>	<u>5,092</u>	<u>1,408</u>
Community center:				
Insurance	8,000	8,000	1,000	7,000
Other	<u>6,000</u>	<u>6,000</u>	<u>10,064</u>	<u>(4,064)</u>
Total community center	<u>14,000</u>	<u>14,000</u>	<u>11,064</u>	<u>2,936</u>
Total recreation	<u>20,500</u>	<u>20,500</u>	<u>16,156</u>	<u>4,344</u>

(continued)

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Streets and sidewalks -				
Street lights and power	25,000	25,000	24,529	471
Maintenance	9,000	9,000	2,776	6,224
Animal control	500	500	439	61
Total streets and sidewalks	<u>34,500</u>	<u>34,500</u>	<u>27,744</u>	<u>6,756</u>
Capital outlay:				
Police department	35,000	35,000	34,415	585
Streets and sidewalks	196,000	196,000	-	196,000
Total capital outlay	<u>231,000</u>	<u>231,000</u>	<u>34,415</u>	<u>196,585</u>
 Total expenditures	 <u>\$ 698,750</u>	 <u>\$ 698,750</u>	 <u>\$ 476,952</u>	 <u>\$ 221,798</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
Years Ended June 30, 2019 and 2018

Records maintained by the Village indicated the following number of customers were being serviced during the month of June, 2019 and 2018:

<u>Department</u>	<u>2019</u>	<u>2018</u>
Water and Gas:		
Commercial	36	36
Residential	<u>1,456</u>	<u>1,431</u>
Total	<u>1,492</u>	<u>1,467</u>
Sewerage:		
Commercial	10	10
Residential	<u>461</u>	<u>453</u>
Total	<u>471</u>	<u>463</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Insurance In Force
June 30, 2019

Description of Coverage	Asset Covered	Amount of Coverage	Insurance Company	Policy Number	Expiration Date
Workers' Compensation	Employees	100,000 each accident, 100,000 each employee 500,000 policy limit	1st Insurance	155500-S	4/1/2020
Property Policy	Community Center	350,000/50,000	1st Insurance	791-00-10-27-0003	4/1/2020
	City Hall	350,000/50,000		791-00-10-27-0003	4/1/2020
	125,000 G Water Tower	350,000			
	50,000 G Water Tower	150,000			
	Building at Towers	50,000			
	Building at Sewer Plant	100,000			
General Liability	N/A	500,000 occurrence 1,000,000 General Aggregate	1st Insurance	791-00-10-27-0003	4/1/2020
Physical Damage	Vehicles	500,000	1st Insurance	791-00-10-27-0003	4/1/2020
Inland Marine	Contractor's Equipment	140,287	1st Insurance	791-00-10-27-0003	4/1/2020
	Water & Gas Meters	376,949			
Bond Insurance	Various Employees	50,000	CNA Surety	601-18198437	3/3/2021

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund - Utility Fund

Comparative Schedule of Revenues and Expenses
Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Gas sales	\$ 428,160	\$ 426,521
Water sales	215,505	208,479
Sewerage sales	107,202	107,922
Loss on sale of assets	(1,018)	-
Installation and other charges	42,834	29,376
Total operating revenues	792,683	772,298
Operating expenses:		
Gas purchased	119,142	113,126
Water purchased	116,458	110,603
Salaries and related benefits	155,103	152,593
Depreciation	162,391	171,808
Maintenance and repairs	29,143	38,914
Supplies	64,670	72,208
Insurance	37,393	23,103
Truck and tractor expenses	5,833	6,018
Office expense	10,457	9,879
Legal and professional	24,084	5,685
Utilities and telephone	28,166	29,049
Testing and sludge removal	5,196	16,539
Gas and oil	13,010	13,494
Miscellaneous	9,240	5,307
Total operating expenses	780,286	768,326
Net operating income	\$ 12,397	\$ 3,972

VILLAGE OF MOREAUVILLE, LOUISIANA
 Enterprise Fund
 Utility Fund

Utility Rate Schedule
 June 30, 2019

Records maintained by the Village indicated utility rates as follows:

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

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Accounts Receivable Aging Schedule
June 30, 2019

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

<u>Department</u>	<u>2019</u>
Water and Sewerage:	
Current	\$ 45,860
30 to 60 days	17,717
61 to 90 days	-
Over 90 days	<u>1,332</u>
Total	<u>\$ 64,909</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Beryl Holmes, Mayor
and Members of the Board of Aldermen
Village of Moreauville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Village of Moreauville, Louisiana as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Moreauville, Louisiana's basic financial statements and have issued our report thereon dated December 27, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2019-001 and 2019-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2019-003 and 2019-004.

Village of Moreauville, Louisiana's Response to Findings

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

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 27, 2019

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2019

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

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

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

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of fully segregating accounting functions and determined that it would not be cost effective to fully segregate these functions. We evaluated our processes, and to the extent practicable with our current staffing level, have reassigned duties and functions and have created compensating controls. While this may not be sufficient to eliminate this finding, we feel that we have taken appropriate steps to reduce the financial statement risk caused by inadequate segregation of accounting functions.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2019

2019-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2007

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

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

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receives annual training related to their job duties. Additionally, we carefully review the financial statements, related notes and all proposed journal entries. All questions are adequately answered by our auditors which allows us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

B. Compliance

2019-003 Budget noncompliance

Fiscal year finding initially occurred: 2018

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

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2019

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

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

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

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

2019-004 Budget Preparation

Fiscal year finding initially occurred: 2019

CONDITION: The Village budgeted expenditures in the General Fund that were in excess of current and estimated funds available at June 30, 2019.

CRITERIA: Louisiana State Statute RS 39:1305E Budget Preparation.

CAUSE: The cause of the condition is the result of failure to properly budget expenditures in relation to available resources used in the operations of the Village.

EFFECT: The Village may spend in excess of their available resources which could potentially affect the future cash flows of the entity and its ability to maintain its current operations.

RECOMMENDATION: Management should review its current policies and procedures over Budget preparation to ensure that the Village is budgeting expenditures within its current means and available resources.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will assess their current policies and procedures over the preparation of their budget and implement additional controls to prepare, review and amend the General Fund budget to ensure compliance with Louisiana State Statute RS 39:1305E.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2019

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2018-001 Inadequate Segregation of Functions

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

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

CURRENT STATUS: Unresolved. See item 2019-001.

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

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

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

CURRENT STATUS: Unresolved. See item 2019-002.

B. Compliance

2018-003 Budget noncompliance

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

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

CURRENT STATUS: Unresolved. See item 2019-003.

Village of Moreauville
Moreauville, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2018 through June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/ Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/ verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all system and software patches/ updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

- 4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
- a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Traced the actual deposit per the bank statement to the general ledger.

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

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.

- d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:
 - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

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

Other

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

Findings:

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

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

Written Policies:

Village of Moreauville does not have written policies and procedures addressing Disaster Recovery/ Business Continuity.

Board:

The Village of Moreauville's meeting minutes do not refer to or include budget to actual comparisons for the General or Sales Tax Fund.

The Village of Moreauville's meeting minutes do not refer to or include monthly financial statements for the major proprietary funds.

Collections:

Employees who are responsible for cash collections also share cash drawers.

An employee is responsible for collecting cash, posting to the subsidiary ledger, reconciling cash collections and preparing the deposit slip.

The Village of Moreauville does not issue sequentially pre-number receipts.

Disbursements:

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

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

Credit/ Debit/ Fuel Cards:

There was no evidence that the monthly statements were reviewed and approved by someone other than the cardholder.

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

For one transaction tested, written documentation of the business/ public purpose was not present.

Ethics:

One of the five employees tested did not complete the one hour of ethics training.

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

Other:

The entity did not have posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management's Response:

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

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

This report is intended solely for the information and use of Village of Moreauville and is not intended to be and should not be used by anyone other than this specified party. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 27, 2019