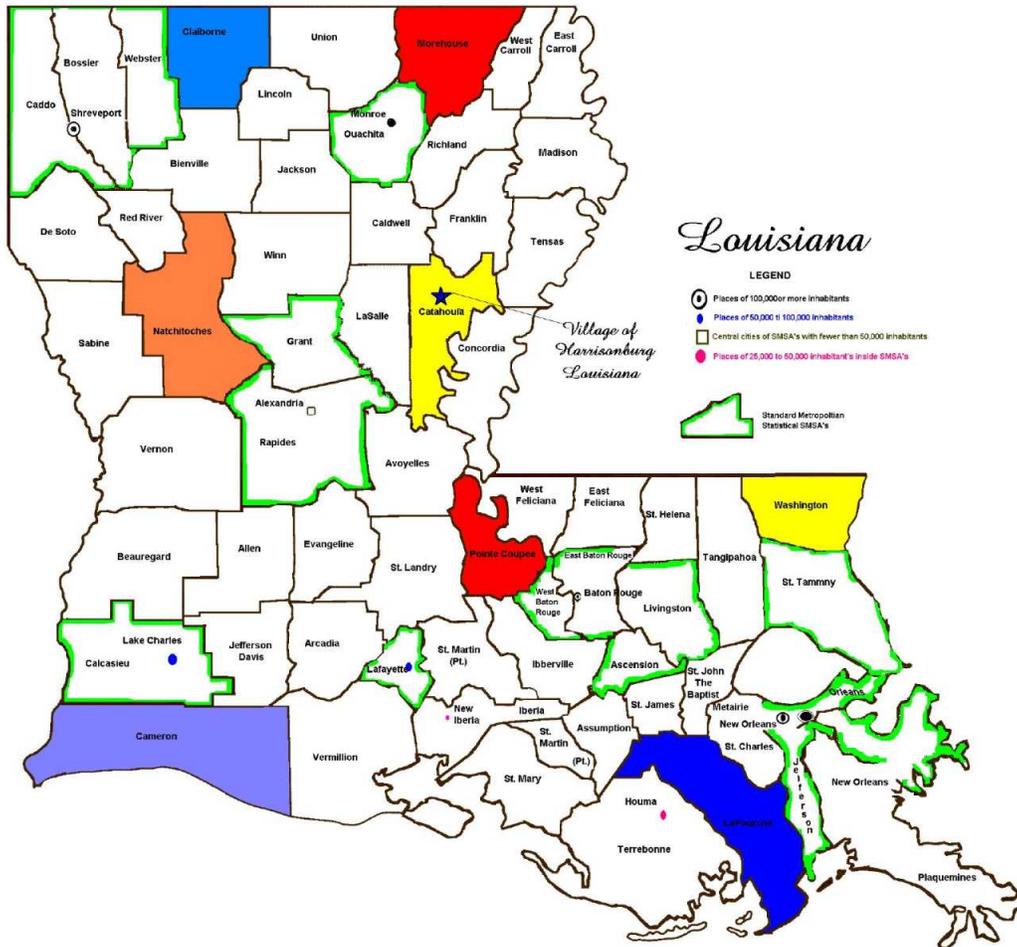


VILLAGE OF HARRISONBURG, LOUISIANA

Annual Financial Statements

JUNE 30, 2018

VILLAGE OF HARRISONBURG HARRISONBURG, LOUISIANA



 The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

Village of Harrisonburg, Louisiana
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Society of Louisiana
Certified Public Accountants

Association of
Certified Fraud Examiners

INDEPENDENT AUDITOR'S REPORT

The Honorable Michael Tubre, Mayor
& Members of the Village Council
Harrisonburg, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Village of Harrisonburg, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Harrisonburg'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 the aggregate remaining fund

information of the Village of Harrisonburg, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Harrisonburg's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of the Village of Harrisonburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Harrisonburg's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
December 6, 2018

Village of Harrisonburg

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Harrisonburg, Louisiana 71340

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Harrisonburg's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$492,957 (*net position*). This is a \$39,795 decrease from last year.
- The Village had total revenue of \$155,614. This is a \$2,613 decrease from last year's revenues, mainly due to a decrease in capital grants in the amount of \$22,000.
- The Village had total expenditures of \$266,740, which is a \$88,164 increase from last year.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2,152,114 (*net position*). This is a \$58,422 increase from last year.
- The Village had total revenue of \$911,113. This is a \$183,824 increase from last year, mainly due to an increase in capital contributions in the amount of \$140,787.
- The Village had total expenses of \$740,388. This is a \$73,624 decrease from last year, mainly due to a decrease in utility purchases cost in the amount of \$258,003.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using capital contributions and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

Governmental Funds

Comparative Statement of Net Position as of June 30, 2018:

	2017	2018	% Change
Assets			
Cash & Investments	\$ 49,348	\$ 60,334	22.3
Receivables (Net)	8,460	16,017	89.3
Capital Assets, Net of Accumulated Depreciation	477,574	458,102	-4.1
Total Assets	<u>535,382</u>	<u>534,453</u>	-0.2
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	2,630	19,996	660.3
Notes Payable – Current Portion	-0-	7,091	100.0
Notes Payable – Non-Current	-0-	14,409	100.0
Total Liabilities	<u>2,630</u>	<u>41,496</u>	839.4
Net Position			
Net Investment in Capital Assets	477,574	436,602	-8.6
Unrestricted	55,178	56,355	2.1
Total Net Position	<u>\$ 532,752</u>	<u>\$ 492,957</u>	-7.5

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2018:

	2017	2018	% Change
Revenues			
Fees & Charges	\$ 42,973	\$ 58,234	35.5
Taxes	66,677	46,184	-30.7
Fines	15,475	18,250	17.9
Intergovernmental-Capital Grants	22,000	-0-	-100.0
Other Revenue	11,102	10,176	-8.3
Loan Proceeds	-0-	22,770	100.0
Total Revenues	<u>158,227</u>	<u>155,614</u>	-1.7
Expenditures			
General Government	87,244	54,258	-37.8
Police	14,020	134,881	862.1
Fire	5,233	7,115	36.0
Sanitation	42,658	46,313	8.6
Debt Service	-0-	1,403	100.0
Capital Outlay	29,421	22,770	-22.6
Total Expenditures	<u>178,576</u>	<u>266,740</u>	49.4
Excess (Deficiency) of Revenues Over Under Expenditures	<u>(20,349)</u>	<u>(111,126)</u>	446.1
Other Financing Sources (Uses)			
Transfers In/(Out)	2,386	112,303	4,606.8
Total Other Financing Sources (Uses)	<u>2,386</u>	<u>112,303</u>	4,606.8
Net Change in Fund Balance	(17,963)	1,177	106.6
Fund Balances - Beginning	73,141	55,178	-24.6
Fund Balances - Ending	<u>\$ 55,178</u>	<u>\$ 56,355</u>	2.1

MD&A

Enterprise Funds

Comparative Statement of Net Position as of June 30, 2018:

Assets	2017	2018	% Change
Cash & Cash Equivalents	\$ 18,251	\$ 45,546	149.6
Receivables (Net)	46,815	136,464	191.5
Restricted Assets	42,467	41,055	-3.3
Capital Assets, Net of Accumulated Depreciation	2,365,708	2,446,391	3.4
Total Assets	2,473,241	2,669,456	7.9
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	25,299	169,812	571.2
Due to Other Funds	4,409	2,752	-37.6
Current Bonds & Interest Payable	23,146	16,655	-28.0
Bonds Payable	326,695	328,123	0.4
Total Liabilities	379,549	517,342	36.3
Net Position			
Net Investment in Capital Assets	2,015,867	2,101,613	4.3
Restricted	17,632	24,175	37.1
Unrestricted	60,193	26,326	-56.3
Total Net Position	\$ 2,093,692	\$ 2,152,114	2.8

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2018.

Operating Revenues	2017	2018	% Change
Water Sales	\$ 129,404	\$ 138,915	7.4
Sewer Charges	107,183	107,624	0.4
Gas Sales	431,022	464,054	7.7
Total Operating Revenues	667,609	710,593	6.4
Operating Expenses			
Operations/Maintenance	-0-	292,223	100.0
Utility Purchases	392,577	134,574	-65.7
Administration/Personnel	282,997	180,366	-36.3
Depreciation	122,055	119,784	-1.9
Total Operating Expenses	797,629	726,947	-8.9
Operating Income (Loss)	(130,020)	(16,354)	-87.4
Nonoperating Revenues (Expenses)			
Interest Income	-0-	53	100.0
Interest Expense	(16,383)	(13,441)	-18.0
Total Nonoperating Revenues (Expenses)	(16,383)	(13,388)	-18.3
Income Before Contributions & Transfers	(146,403)	(29,742)	-79.7
Transfers In/(Out)	(2,386)	(112,303)	4,606.8
Capital Contributions	59,680	200,467	235.9
Change in Net Position	(89,109)	58,422	165.6
Total Net Position - Beginning	2,182,801	2,093,692	-4.1
Total Net Position - Ending	\$ 2,093,692	\$ 2,152,114	2.8

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2018, the Village had \$458,102 invested in capital assets, including the following:

Capital Assets at Year-End		
	2017	2018
Land (Not Depreciated)	\$ 12,000	\$ 12,000
Capital Assets	999,218	1,021,988
Accumulated Depreciation	(533,644)	(575,886)
Total	\$ 477,574	\$ 458,102

Capital Assets – Enterprise Funds

At June 30, 2018, the Village had \$2,446,391 invested in capital assets, including the following:

Capital Assets at Year-End		
	2017	2018
Land (Not Depreciated)	\$ 10,485	\$ 10,485
Gas System	1,833,423	1,833,423
Water System	1,094,577	1,295,044
Sewer System	1,912,762	1,912,762
Accumulated Depreciation	(2,485,539)	(2,605,323)
Total	\$ 2,365,708	\$ 2,446,391

CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Michael Tubre at the Village Hall, phone number (318) 744-5794.

Basic Financial Statements

Village of Harrisonburg, Louisiana
Statement of Net Position
June 30, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets			
Cash & Cash Equivalents	\$ 60,334	\$ 45,546	\$ 105,880
Receivables (Net of Allowances)	16,017	136,464	152,481
Restricted Assets	-0-	41,055	41,055
Capital Assets (Net of Accumulated Depreciation)	458,102	2,446,391	2,904,493
Total Assets	534,453	2,669,456	3,203,909
Current Liabilities			
Accounts, Salaries, & Other Payables	19,996	169,812	189,808
Due to Other Funds	-0-	2,752	2,752
Current Portion of Notes Payable	7,091	-0-	7,091
Current Bonds & Interest (Payable from Restricted Assets)	-0-	16,655	16,655
Total Current Liabilities	27,087	189,219	216,306
Non Current Liabilities			
Revenue Bonds & Notes Payable	14,409	328,123	342,532
Total Non Current Liabilities	14,409	328,123	342,532
Total Liabilities	41,496	517,342	558,838
Net Position			
Net Investment in Capital Assets	436,602	2,101,613	2,538,215
Restricted	-0-	24,175	24,175
Unrestricted	56,355	26,326	82,681
Total Net Position	\$ 492,957	\$ 2,152,114	\$ 2,645,071

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Activities
For the Year Ended June 30, 2018

	PROGRAM REVENUES				NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Capital Contributions	Net (Expenses) Revenue	Governmental Activities	Business Type Activities	Total
Governmental Activities							
General Government	\$ (63,087)	\$ 15,549	\$ -0-	\$ (47,538)	\$ (47,538)		\$ (47,538)
Public Safety:							
Fire	(8,255)	5,925	-0-	(2,330)	(2,330)		(2,330)
Police	(159,846)	-0-	-0-	(159,846)	(159,846)		(159,846)
Sanitation	(53,621)	36,760	-0-	(16,861)	(16,861)		(16,861)
Interest on Long-Term Debt	(133)	-0-	-0-	(133)	(133)		(133)
Total Governmental Activities	(284,942)	58,234	-0-	(226,708)	(226,708)		(226,708)
Business Type Activities							
Sewer, Water, & Gas	(726,947)	710,593	200,467	184,113		\$ 184,113	\$ 184,113
Interest on Long-Term Debt	(13,441)	-0-	-0-	(13,441)		(13,441)	(13,441)
Total Business Type Activities	(740,388)	710,593	200,467	170,672		170,672	170,672
Total Primary Government	\$ (1,025,330)	\$ 768,827	\$ 200,467	\$ (56,036)			(56,036)
			General Revenues				
			Taxes		46,184	-0-	46,184
			Fines		18,250	-0-	18,250
			Other		10,176	53	10,229
			Transfers In (Out)		112,303	(112,303)	-0-
			Total General Revenues		186,913	(112,250)	74,663
			Change in Net Position		(39,795)	58,422	18,627
			Net Position - Beginning		532,752	2,093,692	2,626,444
			Net Position - Ending		\$ 492,957	\$ 2,152,114	\$ 2,645,071

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Balance Sheet, Governmental Funds
June 30, 2018

		<u>GENERAL</u>
Assets		
Cash & Cash Equivalents	\$	60,334
Receivables (Net of Allowances for Uncollectables)		16,017
Total Assets		<u>76,351</u>
 Liabilities		
Accounts, Salaries, & Other Payables		19,996
Total Liabilities		<u>19,996</u>
 Fund Balance		
Unassigned		56,355
Total Fund Balance		<u>56,355</u>
 Total Liabilities & Fund Balance	\$	<u>76,351</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2018

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$ 56,355
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.	458,102
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	
Notes Payable	<u>(21,500)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 492,957</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	GENERAL
Revenues	
Fees & Charges	\$ 58,234
Taxes	46,184
Fines	18,250
Intergovernmental – Capital Grants	-0-
Other Revenue	10,176
Loan Proceeds	22,770
Total Revenues	155,614
 Expenditures	
General Government	54,258
Public Safety:	
Fire	7,115
Police	134,881
Sanitation	46,313
Debt Service	1,403
Capital Outlay	22,770
Total Expenditures	266,740
 Excess (Deficiency) of Revenues Over Under Expenditures	(111,126)
 Other Financing Sources (Uses)	
Transfers In/(Out)	112,303
Total Other Financing Sources (Uses)	112,303
 Net Change in Fund Balance	1,177
 Fund Balances - Beginning	55,178
Fund Balances - Ending	\$ 56,355

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2018

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

Net Change in Fund Balances, Total Governmental Funds, Statement E		\$	1,177
<p>Governmental Funds report capital outlays as expenditure. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	<p>Capital Purchases 22,770 Depr. Expense (42,242)</p>		<p>(19,472)</p>
<p>The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	<p>Debt Issued (22,770) Principal Paid 1,270</p>		<p>(21,500)</p>
Changes in Net Position of Governmental Activities, Statement B		\$	<u>(39,795)</u>

The accompanying notes are an integral part of this statement

Village of Harrisonburg, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2018

	Enterprise Funds
Current Assets	
Cash & Cash Equivalents	\$ 45,546
Receivables (Net of Allowances for Uncollectibles)	136,464
Total Current Assets	182,010
Non-Current Assets	
Restricted Cash	41,055
Capital Assets (Net of Accumulated Depreciation)	2,446,391
Total Non-Current Assets	2,487,446
Total Assets	2,669,456
Current Liabilities	
Accounts, Salaries, & Other Payables	169,812
Due to Other Funds	2,752
Total Current Liabilities	172,564
Current Liabilities Payable From Restricted Assets	
Current Bonds & Interest Payable	16,655
Total Current Liabilities Payable From Restricted Assets	16,655
Total Current Liabilities	189,219
Non-Current Liabilities	
Revenue Bonds & Notes Payable	328,123
Total Non-Current Liabilities	328,123
Total Liabilities	517,342
Net Position	
Net Investment in Capital Assets	2,101,613
Restricted	24,175
Unrestricted	26,326
Total Net Position	\$ 2,152,114

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds
Operating Revenues	
Charges for Services:	
Water Sales	\$ 138,915
Sewer Charges	107,624
Gas Sales	464,054
Total Operating Revenues	710,593
Operating Expenses	
Operations/Maintenance	292,223
Utility Purchases	134,574
Administration/Personnel	180,366
Depreciation	119,784
Total Operating Expenses	726,947
Operating Income (Loss)	(16,354)
Nonoperating Revenues (Expenses)	
Interest Income	53
Interest Expense	(13,441)
Total Nonoperating Revenues (Expenses)	(13,388)
Income Before Contributions & Transfers	(29,742)
Transfers In/(Out)	(112,303)
Capital Contributions	200,467
Change in Net Position	58,422
Total Net Position - Beginning	2,093,692
Total Net Position - Ending	\$ 2,152,114

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2018

	ENTERPRISE FUNDS
Cash Flows From Operating Activities	
Receipts From Customers & Users	\$ 718,776
Payments to Suppliers	(282,284)
Payments to Employees	(182,023)
Net Cash Provided (Used) by Operating Activities	254,469
Cash Flows From NonCapital Financing Activities	
Transfers to Other Funds	(112,303)
Net Cash Provided (Used) by NonCapital Financing Activities	(112,303)
Cash Flows From Capital & Related Financing Activities	
Principal on Capital Debt	(5,359)
Interest Paid on Capital Debt	(13,145)
Capital Grants	102,635
(Acquisition)Deletion of Capital Assets	(200,467)
Net Cash Provided (Used) by Capital & Related Financing Activities	(116,336)
Cash Flows From Investing Activities	
Interest and Dividends Received	53
Net Cash Provided (Used) by Investing Activities	53
Net Increase (Decrease) in Cash & Cash Equivalents	25,883
Cash & Cash Equivalents, Beginning of Year	60,718
Cash & Cash Equivalents, End of Year	86,601
Reconciliation to Balance Sheet	
Cash and Cash Equivalents	45,546
Restricted Cash	41,055
Total Cash and Cash Equivalents	86,601
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(16,354)
Depreciation Expense	119,784
(Increase) Decrease in Accounts Receivable	8,183
Increase (Decrease) in Accounts Payables	144,513
Increase (Decrease) in Due to Other Funds	(1,657)
Total Adjustments	270,823
Net Cash Provided (Used) by Operating Activities	\$ 254,469

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Fiduciary Net Position
June 30, 2018

	PAYROLL AGENCY FUND
	<u> </u>
Assets	
Cash & Cash Equivalents	\$ 347
Due From Other Funds	<u>2,752</u>
Total Assets	<u>3,099</u>
Liabilities	
Accrued Payroll & Taxes	<u>3,099</u>
Total Liabilities	<u>3,099</u>
Net Position	
Held in Trust For	<u>\$ -0-</u>

The accompanying notes are an integral part of this statement.

**Notes To The Basic
Financial Statements**

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The accounting and reporting policies of the Village of Harrisonburg conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

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

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

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

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred,

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Capital contributions and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

- Water Fund
- Sewer Fund
- Gas Fund

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Invested in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their 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.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “invested in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

D. CASH & CASH EQUIVALENTS

The Village’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality’s investments policy allow the municipality to invest in collateralized certificate of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. RECEIVABLES & PAYABLES

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

F. AD VALOREM TAXES

Property taxes are levied on a calendar year basis and become due by January 1 of each year. The following shows the amount of authorized and levied ad valorem taxes on property with assessed valuations totaling \$1,426,705.

General purposes	7.24 mills
 Total taxes levied	 \$10,330

G. RESTRICTED ASSETS

Restricted assets include cash and cash investments in the proprietary funds which are restricted.

Restricted assets were applicable to the following at June 30, 2018:

	Sewer	Water	Gas	Total
Customer Deposits	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Sewer Revenue Reserve	12,137	-0-	-0-	12,137
Bond Reserve Account	-0-	5,238	-0-	5,238
Depreciation Reserve Account	10,320	5,148	-0-	15,468
Revenue Sinking	-0-	7,987	-0-	7,987
DRA Grant Account	225	-0-	-0-	225
Total	\$ 22,682	\$ 18,373	\$ -0-	\$ 41,055

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

H. 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 the historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village of Harrisonburg maintains a threshold level of \$1,500 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.

For the year ended June 30, 2018, no interest costs were capitalized for construction of fixed assets.

Gas, Water, & Sewer Systems	40 years
Vehicles and Equipment	5-10 years
Parking Lot	20 years

I. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

K. FUND EQUITY

In the fund equity statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plan that are subject to change.

L. USE OF ESTIMATES

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

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

2. CASH, CASH EQUIVALENTS, & INVESTMENTS – (C.D.’S IN EXCESS OF 90 DAYS)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity’s name.

Deposits

It is the Village’s policy for deposits (demand checking accounts, savings accounts, and certificate of deposits) to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village’s deposits are categorized to give an indication of the level of risk assumed by the Village at year end. The categories are described as follows:

- ***Category 1*** Insured or collateralized with securities held by the Village or by its agent in the Village’s name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Village’s name.
- ***Category 3*** – Uncollateralized.

	Southern Heritage	Catahoula LaSalle	Concordia Bank	Total
Bank Balances	\$ 111,229	\$ 14,674	\$ 13,668	\$ 139,571
<i>Secured As Follows</i>				
FDIC (<i>Category 1</i>)	111,229	14,674	13,668	139,571
Securities (<i>Category 2</i>)	-0-	-0-	-0-	-0-
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-	-0-
Total	\$ 111,229	\$ 14,674	\$ 13,668	\$ 139,571

All deposits were fully secured as of June 30, 2018.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

3. RECEIVABLES

The receivables of \$54,649 at June 30, 2018, are as follows:

	General Fund	Enterprise Funds	Total
Accounts Receivable	\$ 16,017	\$ 40,533	\$ 56,550
Allowances for Bad Debt	-0-	(1,901)	(1,901)
Total	\$ 16,017	\$ 38,632	\$ 54,649

Uncollectable amounts due for 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 uncollectables of the receivable.

4. CAPITAL ASSETS

Proprietary Fund

A summary of enterprise fund plant and equipment at June 30, 2018, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Gas System*	\$ 1,843,423	\$ -0-	\$ -0-	\$ 1,843,423
Water System*	1,095,062	200,467	-0-	1,295,529
Sewer System	1,912,762	-0-	-0-	1,912,762
Total	4,851,247	200,467	-0-	5,051,714
Less: Accumulated Depreciation	(2,485,539)	(119,784)	-0-	(2,605,323)
Net	\$ 2,365,708	\$ 80,683	\$ -0-	\$ 2,446,391

*Land in the amount of \$10,000 in the Gas System is not being depreciated.

*Land in the amount of \$485 in the Water System is not being depreciated.

General Fund

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets*	\$ 1,011,218	\$ 22,770	\$ -0-	\$ 1,033,988
Accumulated Depreciation	(533,644)	(42,242)	-0-	(575,886)
Net Fixed Position	\$ 477,574	\$ (19,472)	\$ -0-	\$ 458,102

*Land in the amount of \$12,000 is included in the fixed assets and is not being depreciated.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

5. CHANGES IN LONG-TERM DEBT

The following is a summary of revenue bond transactions and general obligation debt transactions of the Village of Harrisonburg for the year ended June 30, 2018.

	Water Revenue Bonds	Sewer Revenue Bonds	Governmental	Total
Bonds & Notes Payable - Beginning	\$ 27,588	\$ 321,253	\$ -0-	\$ 348,841
Additions	-0-	-0-	22,770	22,770
Principal Retirements	-0-	(5,359)	(1,270)	(6,629)
Total	\$ 27,588	\$ 315,894	\$ 21,500	\$ 364,982

Bonds payable and capital leases at June 30, 2018, are comprised of the following issues:

Revenue Bonds and Capital Leases

Police - \$22,770 (Capital Lease)	\$ 21,500
\$200,000 of 2008 Sewer Revenue Bonds due annually in installments of \$10,868.62 starting 10/21/09 and ending 10/21/48; interest at 4.5%.	179,941
\$156,000 of 2008 Sewer Revenue Bonds due annually in installments of \$7,447.33 starting 10/21/09 and ending 10/21/48; interest at 3.625%.	135,953
\$202,600 of 1980 Water Revenue Bonds due annually in installments of \$1,000 to \$10,600 through July 22, 2020; interest at 5 percent due annually.	27,588
Total	\$ 364,982

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments, are as follows:

Year Ending June 30,	Total
2019	38,263
2020	37,763
2021	36,360
2022	18,316
2023	18,316
2024-2028	91,580
2029-2033	91,580
2034-2038	91,580
2039-2043	91,580
2044-2048	91,580
2049-2053	18,316
Total	\$ 625,234

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

6. FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUND REVENUE

As of June 30, 2018, the Village of Harrisonburg has one issue of water revenue bonds and three issues of sewer revenue bonds outstanding. The flow of funds and restrictions on use are governed by the bond indentures and the note resolution, the terms of which are summarized as follows:

- (a) For the payment of all expenses of operation and maintenance of each system.
- (b) For the maintenance of a bond or note redemption account, by transferring sufficient amounts to pay all principal and interest falling due in the ensuing twelve months.
- (c) For the maintenance of a reserve account, by making designated payments as follows:

Water Fund - There should be deposited five percent (5%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$12,930.

Sewer Fund - There should be deposited ten percent (10%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$26,500.

- (d) For the maintenance of a contingency and depreciation account, by making designated payments as follows:

Water Fund - There should be deposited fifty dollars (\$50.00) per month commencing with the month following completion of the improvements to the system.

Sewer Fund - There should be deposited one hundred fifty-three dollars (\$153.00) per month commencing with the month following completion of the improvements to the system.

The Village records restrictions to indicate that a portion of its net assets/fund balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

Restricted - Revenue Bonds

This amount represents monies restricted as required by the revenue bond indentures.

At June 30, 2018, the Enterprise Fund Net Position were restricted for the purposed noted above as follows:

Bond Sinking Fund	\$	7,987
Revenue Bond Reserve Fund		17,375
Depreciation and Contingencies Fund		15,468
Accrued Interest		-0-
Current Bonds Payable		(16,655)
Total	\$	<u>24,175</u>

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

7. LITIGATION

The Village of Harrisonburg is involved in no litigation at June 30, 2018, which is not covered by the Village's applicable insurance policies or is considered to be significant to the Village's financial statements.

8. ELECTED OFFICIAL'S SALARIES

<u>Name</u>	<u>Term</u>	<u>Title</u>	<u>Annualized Salary</u>
Michael Tubre 757 Bushley St Harrisonburg, LA 71340 (318) 744-5613	2008 - Present	Mayor	\$ 6,000
Judy Cotten PO Box 408 Harrisonburg, LA 71340 (318) 557-8256	2015 - Present	Alderman	\$ 4,800
Greg Terry PO Box 262 Harrisonburg, LA 71340 (318) 744-5547	2008 - Present	Alderman	\$ 4,800
Lisa Sikes 754 Bushley Street Harrisonburg, LA 71340 (318) 715-0613	2015 - Present	Alderman	\$ 4,800
Lyndell Atkins PO Box 443 Harrisonburg, LA 71340 (318) 403-8647	2012 - Present	Chief of Police	\$ 39,135

9. PENSION PLAN

The Village provides benefits for all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The entity contributes 3% of the employee's effective compensation. The Village's contributions for each employee (and interest allocated to the employee account) vest at 3% annually for each year of participation.

The Village's total payroll for the fiscal year ending June 30, 2018, was \$285,565. The Village's contributions were calculated using the base salary amount of \$39,135. Contributions to the plan were \$2,348 for the year ended June 30, 2018, of which \$1,174 was paid by the Village and \$1,174 was paid by employees.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

10. DUE FROM (TO) OTHER FUNDS

	Due From Other Funds	Due To Other Funds
Enterprise Fund	\$ -0-	\$ (2,752)
Agency Fund	2,752	-0-
Total	\$ 2,752	\$ (2,752)

Due From/To are the result of accrued payroll and related expenses.

11. TRANSFERS BETWEEN FUNDS

	Governmental Funds	Enterprise Funds
Transfers In (Out)	\$ 112,303	\$ (112,303)

Transfers were made for operational purposes.

12. PAYROLL AGENCY FUND TRANSACTIONS

	Payroll Agency Fund
Additions	\$ 296,100
Deductions	(296,100)
Change in Net Position	-0-
Net Position – Beginning	-0-
Net Position – Ending	\$ -0-

13. UTILITY RELOCATION ASSISTANCE FUNDING (URAF)

Chapter 3 § 301(c) of the Louisiana Administrative Code states that “URAF funding is neither a loan nor a grant and there is no interest charged on this money. However, the utility must repay this money eventually, or it will not be allowed to locate its facilities within highway right-of-way”.

This transaction, occurring in the 2015 fiscal year, was recorded as a capital grant and capitalized as fixed assets (Utility Relocation) in the enterprise fund in 2015.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

14. WATER, SEWER, & GAS RATES

<u>Water: (365 Customers)</u>	<u>Minimum Charge</u>	<u>Next</u>
Commercial	\$ 15.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
Residential	\$ 12.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
Schools	\$ 50.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
Housing Authority	\$ 81.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
<u>Sewer: (171 Customers)</u>		
Residential	\$ 13.50 for 1 st 2,000 gals. water used	\$.0015 per gallon water used thereafter
School	\$ 50.00 for 1 st 2,000 gals. water used	\$.002 per gallon water used thereafter
Housing Authority	\$ 50.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
<u>Gas: (566 Customers)</u>	<u>Flexible</u>	
Residential	\$ 21.00 for 1 st 2,000 used	
Residential	\$ 20.00 for 1 st 2,000 used	
School	\$ 21.00 for 1 st 2,000 used	
Housing Authority	\$150.00 for 1 st 2,000 used	

15. SCHEDULE OF INSURANCE

<u>Type</u>	<u>Agent</u>	<u>Amount</u>	<u>Date Expired</u>
General Liability	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2018
Law Enforcement Officer – Government Crime Policy	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2018
Errors & Omissions	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2018
Auto Liability	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2018

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

16. EXCESS EXPENDITURES OVER APPROPRIATION

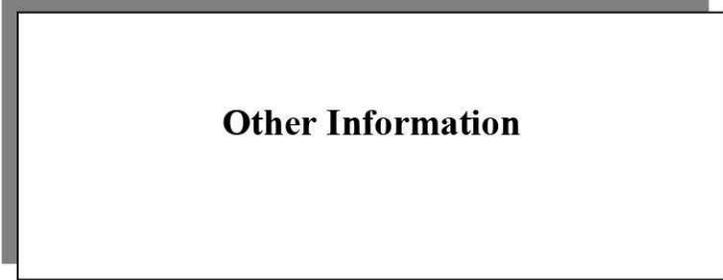
The Village over spent it's budget by \$100,240 or 60% because expenditures for the General Fund paid by the Enterprise Fund were not budgeted.

Required Supplemental Information

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended June 30, 2018

	Budget Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees & Charges	\$ 65,000	\$ 53,000	\$ 90,380	\$ 37,380
Taxes	50,000	35,000	21,322	(13,678)
Fines	16,000	18,000	18,250	250
Capital Contributions	25,000	-0-	-0-	-0-
Other Revenue	41,000	10,500	25,662	15,162
Total Revenues	197,000	116,500	155,614	39,114
Expenditures				
General Government	110,000	96,500	54,258	42,242
Public Safety	15,000	10,000	134,881	(124,881)
Fire	5,000	10,000	7,115	2,885
Sanitation	42,000	38,000	46,313	(8,313)
Debt Service	-0-	-0-	1,403	(1,403)
Capital Outlay	25,000	12,000	22,770	(10,770)
Total Expenditures	197,000	166,500	266,740	(100,240)
Excess (Deficiency) of Revenues Over Under Expenditures	-0-	(50,000)	(111,126)	(61,126)
Other Financing Sources (Uses)				
Transfers In/(Out)	-0-	-0-	112,303	112,303
Total Other Financing Sources (Uses)	-0-	-0-	112,303	112,303
Net Change in Fund Balance	\$ -0-	\$ (50,000)	1,177	\$ 51,177
Fund Balances - Beginning			55,178	
Fund Balances - Ending			\$ 56,355	

See independent auditor's report.



Other Information

**Village of Harrisonburg, Louisiana
 Schedule of Compensation Benefits and Other Payments
 to Agency Head or Chief Executive Officer
 For the Year Ended June 30, 2018**

Honorable Michael Tubre, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 6,000
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

Other Reports

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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 Michael Tubre, Mayor
& Members of the Village Council
Harrisonburg, 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 the aggregate remaining fund information of the Village of Harrisonburg, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Harrisonburg's basic financial statements, and have issued our report thereon dated December 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Harrisonburg'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 Harrisonburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Harrisonburg'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that

were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (**2018-1 Old Outstanding Checks & Deposits, 2018-2 Small Size of Entity, 2018-4 Utility Cut-off Policy, 2018-7 Approval of Disbursements at Monthly Meetings**).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Harrisonburg'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 statement 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 findings and questioned costs as items: **2018-3 Bond Reserve Accounts Required by Bond Covenants, 2018-5 Timely Filing Sales Tax Returns, 2018-6 Budget Variance**.

Village of Harrisonburg's Response to Findings

The Village of Harrisonburg's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Village of Harrisonburg'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana
December 6, 2018

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2018**

We have audited the basic financial statements of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2018, and have issued our report thereon dated December 6, 2018. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2018, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2018**

Section II - Financial Statement Findings

2018-1 Old Outstanding Checks & Deposits (Internal Control)

Condition: The Village has \$9,075 in outstanding checks and \$4,529 in deposits that are more than six months old.

Criteria: Not clearing old outstanding checks and deposits on a regular basis can result in the issuance of financial statements that overstates or understates cash.

Cause of Condition: Not correcting the bank reconciliation.

Effect of Condition: Misstatement of cash in the financial statements.

Recommendation: The old outstanding checks and deposits should be researched and cleared from the bank reconciliation.

Client Response and Corrective Action: The Village will have their clerk make the necessary adjustments and reconciliation will be reviewed by a member of management.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2019

2018-2 Small Size of Entity (Internal Control)

Condition: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2018**

Section II - Financial Statement Findings (continued.....)

Client Response and Corrective Action: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Contact Person: Michael Tubre

Anticipated Completion Date: N/A

2018-3 Bond Reserve Accounts Required by Bond Covenants (Compliance)

Condition: The Village did not maintain its bond reserve accounts as required by its bond indentures.

Criteria: The Village of Harrisonburg has two issues of water revenue bonds and three issues of sewer revenue bonds outstanding. The flow of funds and restrictions on use are governed by the bond indentures, the terms of which are summarized as follows:

- (a) For the payment of all expenses of operation and maintenance of each system.
- (b) For the maintenance of a bond or note redemption account, by transferring sufficient amounts to pay all principal and interest falling due in the ensuing twelve months.
- (c) For the maintenance of a reserve account, by making designated payments as follows:

Water Fund - There should be deposited five percent (5%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$12,930.

Sewer Fund - There should be deposited ten percent (10%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$26,500.

- (d) For the maintenance of a contingency and depreciation account, by making designated payments as follows:

Water Fund - There should be deposited fifty dollars (\$50.00) per month commencing with the month following completion of the improvements to the system.

Sewer Fund - There should be deposited one hundred fifty-three dollars (\$153.00) per month commencing with the month following completion of the improvements to the system.

Cause of Condition: Not depositing money into the reserve accounts

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2018**

Section II - Financial Statement Findings (continued.....)

Effect of Condition: Noncompliance with bond indentures.

Recommendation: The Village should maintain its reserve accounts in accordance with bond indenture requirements.

Client Response and Corrective Acton: We discussed this with the Mayor, Council and Village Clerk and they agreed to begin maintaining the Bond reserve accounts.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2019

2018-4 Utility Cut-off Policy (Internal Control)

Condition: As of November 27, 2018, the Village of Harrisonburg had 62 Utility customers, including employees of the Village, receiving utility services in violation of the utility cut-off policy. These customers owed a total \$25,267.

Criteria: The utility cut-off policy requires the Village to terminate services to customers who have not paid by the 27th day of the month following the month the bills were mailed.

Cause of Condition: Not following cutoff policy.

Effect of Condition: Large outstanding collection of utilities.

Recommendation: We recommend that the Village comply with its utility cut-off policy in the future and cut off water and gas services to customers who do not pay within the time limit stated in the policy.

Client Response and Corrective Acton: Management will comply with its utility cut-off policy in the future and cut off water and gas services to customers who do not pay within the time limit stated in the policy.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2019

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2018**

Section II - Financial Statement Findings (continued.....)

2018-5 Timely Filing Sales Tax Returns (Compliance)

Condition: The Village filed several months' sales tax returns late.

Criteria: Sales tax returns are required to be filed by the 20th day of the following month.

Cause of Condition: Not enough cash to pay sales taxes.

Effect of Condition: Payment of interest and penalties.

Recommendation: Sales tax returns should be filed and paid timely.

Client Response and Corrective Acton: Future sales tax returns will be filed and paid timely.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2019

2018-6 Budget Variance (Compliance)

Condition: The Village had an unfavorable expenditure variance of \$100,240 or 60% in its general fund budget for the year ended June 30, 2018 because expenditures for the general fund paid by the enterprise funds were not budgeted.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: Expenditures for the general fund paid by the enterprise funds were not budgeted.

Potential Effect of Condition: Violation of the Budget Act.

Recommendation: The budget should be amended when there is an unfavorable variance of more than 5%.

Client Response and Corrective Action: The budget will be amended when there is an unfavorable variance of more than 5%.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2019

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2018**

Section II - Financial Statement Findings (continued.....)

2018-7 Approval of Disbursements at Monthly Meetings (Internal Control)

Condition: The minutes of monthly meetings do not document approval of disbursements.

Criteria: Good internal controls require that disbursements of the Village be approved by mayor and council at monthly meetings and such approval documented in the minutes of meetings.

Cause of Condition: Not documenting approval of disbursements at monthly meetings.

Potential Effect of Condition: Significant internal control deficiency.

Recommendation: The disbursements of the Village should be approved by the mayor and council at monthly meetings and such approval documented in the minutes of meetings.

Client Response and Corrective Action: The disbursements of the Village will be approved by the mayor and council at monthly meetings and such approval documented in the minutes of meetings.

Contact Person: Michael Tubre

Anticipated Completion Date: June 20, 2019

Section III – Federal Awards Findings and Questioned Costs

Not applicable.

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MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No comments to report.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2018**

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Village of Harrisonburg, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2017.

Prior Year Findings

2017-1 Small Size of Entity (Unresolved)

Condition: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response and Corrective Action: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

2017-2 Policies and Procedures Manual (Resolved)

Condition: The entity does not have a written policies and procedures manual that addresses budgeting, purchasing, disbursements, receipts, contracting, credit cards/fuel cards, travel and expense reimbursements, ethics or debt service.

Criteria: Good internal controls require that an entity have a written policies and procedures manual that addresses budgeting, purchasing, disbursements, receipts, contracting, credit card/fuel cards, travel and expense reimbursement, ethics and debit service.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2018**

MANAGEMENT’S SUMMARY OF PRIOR YEAR FINDINGS

Cause of Condition: Not having written policies and procedures.

Effect of Condition: Significant internal control deficiency.

Recommendation: The Village should prepare a written policies and procedures manual that addresses budgeting, purchasing, disbursements, receipts, contracting, credit cards/fuel cards, travel and expense reimbursement, ethics and debt service.

Client Response and Corrective Action: The Village is in the process of preparing a written policies and procedures manual that addresses budgeting, purchasing, disbursements, receipts, contracting, credit cards/fuel cards, travel and expense reimbursement, ethics and debt service.

2017-3 Approval of Disbursements at Monthly Meetings (Unresolved)

Condition: The minutes of monthly meetings do not document approval of disbursements.

Criteria: Good internal controls require that disbursements of the Village be approved by mayor and council at monthly meetings and such approval documented in the minutes of meetings.

Cause of Condition: Not documenting approval of disbursements at monthly meetings.

Effect of Condition: Significant internal control deficiency.

Recommendation: The disbursements of the Village should be approved by the mayor and council at monthly meetings and such approval documented in the minutes of meetings.

Client Response and Corrective Acton: The disbursements of the Village will be approved by the mayor and council at monthly meetings and such approval documented in the minutes of meetings.

2017-4 Personnel Files (Resolved)

Condition: The Village does not have personnel files on employees documenting approval of pay rates and employee leave.

Criteria: Good internal controls require that pay rates and employee leave be approved by the mayor or council member.

Cause of Condition: Lack of documentation in personnel files.

Effect of Condition: Significant internal control deficiency.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2018**

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Recommendation: The Village should have personnel files on all employees with documented approval of pay rates and employee leave.

Client Response and Corrective Acton: The Village will establish personnel files that document approval of pay rates and employee leave.

2017-5 Payroll Tax Deposits (Resolved)

Condition: The Village is in arrears paying payroll taxes in the amount of \$13,549 as of June 30, 2017.

Criteria: Payroll taxes are to be remitted timely to avoid penalties and interest charges.

Cause of Condition: Payroll taxes were entered into the Village's computer but were not correctly processed.

Effect of Condition: IRS & Department of Revenue penalties and interest.

Recommendation: The payments should be made to the tax services.

Client Response and Corrective Acton: The payments will be made to the tax services.

2017-6 Utility Cut-off Policy (Unresolved)

Condition: As of June 30, 2017, the Village of Harrisonburg had 81 Utility customers including employees of the Village receiving utility services in violation of the utility cut-off policy. These customers owed a total of \$27,590.

Criteria: The utility cut-off policy requires the Village to terminate services to customers who have not paid by the 27th of the month following the month the bills were mailed.

Cause of Condition: Not following cut-off policy.

Effect of Condition: Large outstanding collection of utilities.

Recommendation: We recommend that the Village comply with its utility cut-off policy in the future and cut off water and gas to customers who do not pay within the time limit stated in the policy.

Client Response and Corrective Acton: Management will comply with its utility cut-off policy in the future and cut off water and gas services to customers who do not pay within the time limit stated in the policy.

VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2018

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

2017-M-1 Utility Rate Study (Resolved)

Condition: The Village had a negative cash flow from operations in the previous two fiscal years.

Criteria: Negative cash flows in utility funds will cause a financial hardship on the utility funds and other operations of the Village.

Cause of Condition: Revenue inadequate to meet expenses.

Effect of Condition: Poor financial condition of the Village.

Recommendation: The Village should have a rate study performed on the water, sewer, and gas funds.

Client Response and Corrective Action: The Village performed a rate study on its utility.

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AGREED-UPON PROCEDURES REPORT

Village of Harrisonburg Louisiana

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of July 1, 2017- June 30, 2018

Village of Harrisonburg
Harrisonburg, Louisiana

To the Village of Harrisonburg and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Harrisonburg and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - 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**, including receiving, recording, and preparing deposits
 - 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, and (5) monitoring card usage
 - 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. Note: Ethics requirements are not applicable to nonprofits.
 - j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Observation: We obtained the entity's policy and procedure manual and observed that it addressed all of the above items.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending

for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

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

Observation: We read the minutes of meetings and observed the following:

- A) **The council meets with a quorum at least monthly.**
- B) **The council is presented with monthly financials, but not budget-to-actual comparisons.**

Exception: Budget-to-actual comparisons are not presented at monthly meetings.

Management's Response: Management will attempt to change its software to implement this procedure.

- C) **The entity did not have an unrestricted fund balance in the prior year.**

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

Observation: We obtained a listing of bank accounts and management's representation that the list is complete. We selected the main operating account, occupational license/sales tax account, hard surfacing account, payroll account and the DRA grant account. We selected the month of January 2018 for each account and observed the following:

- A) **Bank reconciliations do not include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);**

Exception: Bank reconciliations do not include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).

Management's Response: Future bank reconciliations will include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).

B) Bank reconciliations do not include 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).

Exception: Bank reconciliations do not include 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);

Management's Response: Future bank reconciliations will include 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).

C) Management does not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Exception: Management does not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management's Response: Management will research and clear outstanding items that are more than 12 months from the closing date.

Collections

4. Obtain 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 select 5 deposit sites (or all deposit sites if less than 5).

Observation: Management represented the entity had one deposit site, the town hall.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect 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 observe 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.

Observation:

- A) **Employees that are responsible for cash collections do share cash drawers/registers.**

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

Management's Response: The entity does not have the personnel to implement this procedure.

- B) **Each employee responsible for collecting cash is also responsible for preparing/making bank deposits.**

Exception: Each employee responsible for collecting cash is also responsible for preparing/making bank deposits.

Management's Response: The entity does not have the personnel to implement this procedure.

- C) **Each employee responsible for collecting cash is also 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.**

Exception: Each employee responsible for collecting cash is 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.

Management's Response: The entity does not have the personnel to implement this procedure.

- 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 also responsible for collecting cash, unless another employee verifies the reconciliation.**

Exception: 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 also responsible for collecting cash, unless another employee verifies the reconciliation.

Management's Response: The entity does not have the personnel to implement this procedure.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Observation: Inquiry of management found that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select 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.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe 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) Trace the actual deposit per the bank statement to the general ledger.

Observation: We randomly selected 2 deposits from each of the accounts selected and tested them as follows:

- A) Receipts are sequentially pre-numbered.
- B) We traced the sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- C) We traced the deposit slip total to the actual deposit per the bank statement.
- D) The deposit was not made within one business day of receipt.

Exception: The deposit was not made within one business day of receipt.

Management's Response: Collections are often so small that it is not practical to make daily deposits.

- E) We traced the deposit per bank statement to the general ledger.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Observation: We obtained a listing of locations that process payments for the fiscal period (the town hall) and management's representation that the listing is complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe 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.

Observation: We obtained the policies and procedures manual and observed the following:

- A) **At least two employees are not involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.**

Exception: At least two employees are not involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Management's Response: The entity does not have the personnel to implement these procedures. The council approves all purchases at monthly council meetings.

- B) **At least two employees are not involved in processing and approving payments to vendors.**

Exception: At least two employees are not involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Management's Response: The entity does not have the personnel to implement these procedures. The council approves all purchases at monthly council meetings.

- C) **The employee responsible for processing payments is not prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.**

Exception: The employee responsible for processing payments is not prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Management's Response: The entity does not have the personnel to implement these procedures. The council approves all purchases at monthly council meetings.

- D) **Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is also responsible for processing payments.**

Exception: Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is also responsible for processing payments.

Management's Response: The entity does not have the personnel to implement these procedures. The council approves all purchases at monthly council meetings.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Observation: We randomly selected 5 disbursements and observed the following:

- A) **The disbursement matched the related invoice/billing statement.**
- B) **The disbursement documentation did not include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.**

Exception: The disbursement documentation did not include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management's Response: All disbursements are approved at monthly council meetings.

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

11. Obtain 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. Obtain management's representation that the listing is complete.

Observation: We obtained a listing of cards and management's representation that the list is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe 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) Observe that finance charges and late fees were not assessed on the selected statements.

Observation: We selected the month of July 2017 and observed:

A) There was no 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.

Exception: There was no 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.

Management's Response: Expenditures are approved at monthly council meetings.

B) There were no finance charges or late fees on the statement.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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. Obtain 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 select 5 reimbursements, obtain 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, agree 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, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observation: We randomly selected 5 reimbursements and found:

- A) Per diem rates are below the reimbursement rates established either by the State of Louisiana or the U.S. General Services Administration.**
- B) Reimbursed actual costs are supported by an invoice that identifies precisely what was purchased.**
- C) The reimbursement was supported by documentation of the business purpose.**
- D) Each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.**

Contracts

15. Obtain 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe 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) Observe 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), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Observation: These procedures were performed in the prior year with no exceptions. These procedures will be performed in the next fiscal year.

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Observation: We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We 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 select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe 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) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observation: For the 5 selected employees (one was a council person), we observed that:

A) All selected employees/officials did not have documented daily attendance and leave (e.g., vacation, sick, compensatory).

Exception: All selected employees/officials did not have documented daily attendance and leave (e.g., vacation, sick, compensatory).

Management's Response: The entity will begin keeping the recommended records.

B) Supervisors approved payment of the period's payroll.

C) The entity did not have any cumulative leave records.

Exception: The entity did not have any cumulative leave records.

Management's Response: The entity will begin keeping leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Observation: We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. One employee was paid vacation time. There were no cumulative leave records on the employee.

Exception: There were no cumulative leave records on the employee.

Management's Response: The entity will begin keeping the recommended records.

19. Obtain 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.

Observation: Management represented 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, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Observation: None of the entity's employees had documentation of ethics compliance.

Exception: None of the entity's employees had documentation of ethics compliance.

Management's Response: The entity will document employees' future ethics compliance.

- b) Observe 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.

Observation: The entity had no documentation that demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exception: The entity had no documentation that demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Management's Response: The entity will begin keeping the recommended documentation.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Observation: These procedures were applied in the past fiscal year and no exceptions were found. These procedures will be applied in the next fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Observation: These procedures were applied in the past fiscal year and no exceptions were found. These procedures will be applied in the next fiscal year.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Observation: These procedures were applied in the past fiscal year and no exceptions were found. These procedures will be applied in the next fiscal year.

24. Observe 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.

Observation: These procedures were applied in the past fiscal year and no exceptions were found. These procedures will be applied in the next fiscal year.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

The Vercher Group

Jena, Louisiana
December 6, 2018