

Village of Mooringsport, Louisiana
Financial Statements with Auditors' Report
As of and for the Year Ended June 30, 2019

Village of Mooringsport, Louisiana
Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1 – 3
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Fund	6
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	9
Proprietary Funds:	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Fund Net Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 – 25
Required Supplementary Information:	
Budget Comparison Schedule	26
Other Supplementary Information:	
Schedule of Compensation Paid to Council Members and Mayor	27
Schedule of Compensation, Benefits, and Other Payments to Agency Head	28
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	29 – 30
Schedules for Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	31
Schedule of Current Year Audit Findings	32 – 33

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Independent Auditors' Report

The Honorable Mayor, William C. Coffman
and the Village Council
Village of Mooringsport
Mooringsport, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 26 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mooringsport's basic financial statements. The other supplementary information schedules listed in the table of contents and shown on pages 27 – 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information 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 31, 2019, on our consideration of the Village of Mooringsport, Louisiana'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Mooringsport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Mooringsport's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cook & Morehart". The signature is written in black ink and includes a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
December 31, 2019

Village of Mooringsport
Mooringsport, Louisiana
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 88,529	\$ 25,078	\$ 113,607
Investments	92,746		92,746
Receivables	11,251	32,018	43,269
Internal balances	6,766	(6,766)	
Restricted cash:			
Customer deposits		20,047	20,047
Debt service		5,004	5,004
Restricted investments - customer deposits		25,093	25,093
Capital assets not being depreciated	59,269	5,307	64,576
Depreciable capital assets, net	225,215	805,094	1,030,309
Total Assets	<u>483,776</u>	<u>910,875</u>	<u>1,394,651</u>
Liabilities			
Accounts payable and accrued expenses	6,124	3,927	10,051
Payable from restricted assets:			
Customer deposits		45,140	45,140
Revenue bonds payable - due within one year		5,004	5,004
Total liabilities	<u>6,124</u>	<u>54,071</u>	<u>60,195</u>
Net Position			
Net investment in capital assets	284,484	805,397	1,089,881
Restricted for debt service		5,004	5,004
Unrestricted	193,168	46,403	239,571
Total net position	<u>\$ 477,652</u>	<u>\$ 856,804</u>	<u>\$ 1,334,456</u>

The accompanying notes are an integral part of this statement.

Village of Mooringsport
Mooringsport, Louisiana
Statement of Activities
For the Year Ended June 30, 2019

	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Functions/Programs:						
Governmental activities:						
General government	\$ 183,580	\$	\$	\$ (183,580)	\$	\$ (183,580)
Public safety	41,093	47,527		6,434		6,434
Total governmental activities	<u>224,673</u>	<u>47,527</u>		<u>(177,146)</u>		<u>(177,146)</u>
Business-type activities						
Water and Sewer	362,631	308,113	21,000		(33,518)	(33,518)
Total business-type activities	<u>362,631</u>	<u>308,113</u>	<u>21,000</u>		<u>(33,518)</u>	<u>(33,518)</u>
Total government	<u>\$ 587,304</u>	<u>\$ 355,640</u>	<u>\$ 21,000</u>	<u>\$ (177,146)</u>	<u>\$ (33,518)</u>	<u>\$ (210,664)</u>
General revenues:						
Ad Valorem taxes				19,908		19,908
Sales tax				43,674		43,674
Franchise taxes				37,678		37,678
Licenses and permits				30,070		30,070
Investment earnings				2,190	893	3,083
Other miscellaneous				21,705		21,705
Transfers				(8,000)	8,000	
Total general revenues				<u>147,225</u>	<u>8,893</u>	<u>156,118</u>
Changes in net position				(29,921)	(24,625)	(54,546)
Net position, beginning				507,573	881,429	1,389,002
Net position, ending				<u>\$ 477,652</u>	<u>\$ 856,804</u>	<u>\$ 1,334,456</u>

The accompanying notes are an integral part of this statement.

Village of Mooringsport
Mooringsport, Louisiana
Balance Sheet
Governmental Fund
June 30, 2019

Assets	<u>General</u>
Cash	\$ 88,529
Investments	92,746
Receivables	11,251
Due from other funds	<u>6,766</u>
Total Assets	<u>\$ 199,292</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable and accrued expenses	<u>\$ 6,124</u>
Total Liabilities	<u>6,124</u>
Fund balance:	
Assigned for cemetery	59,184
Unassigned	<u>133,984</u>
Total Fund Balance	<u>193,168</u>
Total Liabilities and Fund Balances	<u>\$ 199,292</u>

The accompanying notes are an integral part of this statement.

Village of Mooringsport
Mooringsport, Louisiana
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2019

Fund Balance - Governmental Fund	\$	193,168
Amounts reported for government activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		<u>284,484</u>
Net Position of Governmental Activities	\$	<u>477,652</u>

The accompanying notes are an integral part of this statement.

Village of Mooringsport
Mooringsport, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2019

Revenues:	<u>General</u>
Taxes	
Sales tax	\$ 43,674
Franchise tax	37,678
Ad Valorem	19,908
Licenses and permits	30,070
Fines and forfeitures	47,527
Investment earnings	2,190
Other revenues	<u>21,705</u>
Total revenues	<u>202,752</u>
Expenditures:	
Current	
General government	165,944
Public safety	<u>31,832</u>
Total expenditures	<u>197,776</u>
Revenues over (under) expenditures	4,976
Other financing sources (uses):	
Transfer to water and sewer fund	<u>(8,000)</u>
Net change in fund balance	(3,024)
Fund balance, beginning of year	<u>196,192</u>
Fund balance, end of year	<u>\$ 193,168</u>

The accompanying notes are an integral part of this statement.

Village of Mooringsport
Mooringsport, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in the Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balance - governmental fund \$ (3,024)

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

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation \$(26,897) exceeds capital outlays \$0 in the current period.

(26,897)

Change in Net Position of Governmental Activities

\$ (29,921)

The accompanying notes are an integral part of this statement.

Village of Mooringsport
Mooringsport, Louisiana
Statement of Net Position
Proprietary Fund
June 30, 2019

		Business-Type Activities Enterprise Fund
		Water and Sewer Fund
Assets		
Current assets		
Cash	\$	25,078
Restricted cash - customer deposits		20,047
Restricted investments - customer deposits		25,093
Receivables		32,018
Total current assets		102,236
Noncurrent assets		
Restricted cash - debt service		5,004
Capital assets not being depreciated		5,307
Depreciable capital assets, net		805,094
Total noncurrent assets		815,405
Total assets		917,641
Liabilities		
Current liabilities		
Accounts payable and accrued expenses		3,927
Due to other funds		6,766
Payable from restricted assets:		
Customer deposits		45,140
Revenue bonds payable		5,004
Total liabilities		60,837
Net position		
Net investment in capital assets		805,397
Restricted for debt service		5,004
Unrestricted		46,403
Total net position	\$	856,804

The accompanying notes are an integral part of this statement.

Village of Mooringsport
Mooringsport, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities Enterprise Fund
	Water and Sewer Fund
Operating Revenues	
Charges for services	\$ 306,366
Other	1,747
Total operating revenues	308,113
Operating Expenses	
Personal services	124,901
Water purchases	94,880
Office expense	6,560
Professional fees	10,272
Utilities	9,000
Insurance	14,179
Repair and maintenance	35,281
Depreciation	66,815
Total operating expenses	361,888
Operating income (loss)	(53,775)
Non-Operating Revenues (Expenses)	
Interest income	893
Interest expense	(743)
Total non-operating revenues (expenses)	150
Net income (loss) before contributions and transfers	(53,625)
Capital contributions	21,000
Transfer in from general fund	8,000
Change in net position	(24,625)
Total net position, beginning of year	881,429
Total net position, end of year	\$ 856,804

The accompanying notes are an integral part of this statement.

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

	Business-Type Activities Enterprise Fund <u>Water and Sewer Fund</u>
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 313,330
Payments to suppliers	(178,740)
Payments to employees	(121,645)
Net cash provided by operating activities	<u>12,945</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on capital debt	(16,473)
Interest paid on capital debt	(743)
Capital contributions	21,000
Purchases of fixed assets	(23,944)
Net cash (used) in capital and related financing activities	<u>(20,160)</u>
Cash Flows from Noncapital Financing Activities	
Transfer from general fund	8,000
Net cash provided by investing activities	<u>8,000</u>
Cash Flows from Investing Activities	
Purchase of investments	(824)
Interest income	893
Net cash provided by investing activities	<u>69</u>
Net increase in cash	854
Cash, beginning of year	<u>49,275</u>
Cash, end of year	<u>\$ 50,129</u>
Cash is reflected on the statement of net position as follows:	
Cash	\$ 25,078
Restricted cash - customer deposits	20,047
Restricted cash - debt service	5,004
	<u>\$ 50,129</u>
Reconciliation of Operating Income(loss) to Net Cash Provided (used) by Operating Activities:	
Operating income (loss)	\$ (53,775)
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided (used) by Operating Activities:	
Depreciation expense	66,815
(Increase) decrease in accounts receivable	2,387
Increase (decrease) in accounts payable	(4,882)
Increase (decrease) customer deposits	2,400
Net cash provided by operating activities	<u>\$ 12,945</u>

The accompanying notes are an integral part of this statement.

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019

Introduction

The Village of Mooringsport, Louisiana (The Village) was incorporated in 1934, under the provisions of the Lawrason Act. The Village is located in the Parish of Caddo.

Elected officials of the Village of Mooringsport are a mayor, five (5) councilmen, and a chief of police, who are elected every four years. The affairs of the Village are conducted and managed by the mayor and the councilmen.

During the year ended June 30, 2015, the Mayor and Board of Alderman of the Town of Mooringsport sent a resolution to the State of Louisiana, Executive Department, requesting a change in classification of Mooringsport from a Town to a Village in accordance with R.S. 33:342 (A). The Governor of the State of Louisiana, through Proclamation No. 100 BJ 2015 dated June 30, 2015 changed the classification of Mooringsport from a Town to a Village.

(1) Summary of Significant Accounting Policies

The Village of Mooringsport's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village of Mooringsport are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Village of Mooringsport is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Village of Mooringsport), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Village of Mooringsport are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB established criteria for determining which component units should be considered part of the Village of Mooringsport for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The Village of Mooringsport's basic financial statements include both government-wide (reporting the funds maintained by the Village of Mooringsport as a whole) and fund financial statements (reporting the Village of Mooringsport's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's general fund is classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Village of Mooringsport's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village of Mooringsport's functions. The functions are also supported by general government revenues (sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

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 the proprietary fund's principal ongoing operations of providing water and sewer services.

The net costs (by function) are normally covered by general revenue (sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Village of Mooringsport as an entity and the change in the Village of Mooringsport's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Village of Mooringsport are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Village of Mooringsport:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Village of Mooringsport:
 - a. General fund is the general operating fund of the Village of Mooringsport. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Enterprise Fund – accounts for the provision of water and sewer services of the Village.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Cash, Cash Equivalents, and Investments

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

Investments are limited by R.S. 33:2955 and the Village's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

F. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

Buildings and improvements	10–40 years
Land improvements	10–30 years
Infrastructure	25–50 years
Furniture and equipment	5–15 years
Vehicles	5–15 years
Other equipment	5–10 years
Water and sewer systems	5–40 years

GASB requires the Village to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

G. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Revenues from ad valorem taxes are budgeted in the year billed. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Village is entitled to the funds.

H. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

I. Sales Taxes

The Village receives a one (1) percent sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated to construction, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewer disposal works, recreational facilities, public parks, public buildings and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department including the purchase of equipment thereof, or for any one or more of said purpose, title to which improvements shall be in the public.

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

J. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

K. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Bad Debts

The Village uses the direct charge-off method of accounting for water and sewer system receivables. Although this method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

N. Capitalized Interest

The Village capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

O. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

P. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the Village Council (the Village's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Mayor, an appointed body or official the Village Council has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.
5. Unassigned fund balance are the residual classification for the Village's general fund and include all spendable amounts not contained in the other classifications.

The Village's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

Q. Postretirement Benefits

The Village provides no postretirement benefits to its employees.

R. Compensated Absences

The Village provides for leave for its full time employees, but does not allow any carry forward of that time not used during the year.

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

S. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Village has no transactions that meet the definition of deferred inflows of resources.

T. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Budgets

The Village follows the following budget practices:

Formal budgetary accounting is employed as a management control. Village of Mooringsport prepares and adopts a budget each year for its general and utility funds in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All budget appropriations lapse at year end. There was one budget amendment during the year ended June 30, 2019.

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

(3) Cash, Cash Equivalents, and Investments

At June 30, 2019, the Village has cash, cash equivalents, and investments (book balances), totaling \$256,497, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2019 (book balances) totaled \$138,658, of which \$25,051 is shown as a restricted asset. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At June 30, 2019, the Village had investments totaling \$117,839, of which \$25,093 is shown as a restricted asset.

Certificates of deposit	\$ <u>117,839</u>
-------------------------	-------------------

The certificates of deposit have initial maturities greater than 90 days and are carried at cost, which approximates market. The investments are presented in the financial statements utilizing level 2 measurements.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2019, 100% of the Village's bank balances were secured by FDIC insurance.

(4) Receivables

Receivables at June 30, 2019 are as follows:

Governmental activities:	
Sales and use taxes	\$ 3,492
Licenses and permits	435
Franchise	7,174
Other	150
	<u>11,251</u>
Business-type activities:	
Water and sewer charges	32,018
	<u>32,018</u>
	<u>\$ 43,269</u>

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

(5) Restricted Assets - Enterprise Fund

Certain resources are set a side for specific purposes and are classified as restricted assets on the balance sheet because their use is limited. Restricted assets as of June 30, 2019 are as follows:

Water and Sewer Fund

Customer meter deposits	\$ 45,140
Debt services	5,004
	\$ 50,144

(6) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 59,269	\$	\$	\$ 59,269
Total capital assets, not being depreciated	59,269			59,269
Capital assets, being depreciated				
Buildings and other improvements	353,706			353,706
Machinery and equipment	134,461			134,461
Total capital assets being depreciated	488,167			488,167
Less accumulated depreciation for:				
Buildings and other improvements	(166,981)	(9,625)		(176,606)
Machinery and equipment	(69,074)	(17,272)		(86,346)
Total accumulated depreciation	(236,055)	(26,897)		(262,952)
Total capital assets being depreciated, net	252,112	(26,897)		225,215
Governmental activities capital assets, net	\$ 311,381	\$ (26,897)	\$	\$ 284,484

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 5,307	\$	\$	\$ 5,307
Total capital assets, not being depreciated	<u>5,307</u>			<u>5,307</u>
Capital assets, being depreciated				
Distribution system	2,590,976	23,944		2,614,920
Machinery and equipment	40,366			40,366
Total capital assets, being depreciated	<u>2,631,342</u>	<u>23,944</u>		<u>2,655,286</u>
Less accumulated depreciation for:				
Distribution system	(1,758,215)	(61,716)		(1,819,931)
Machinery and equipment	(25,162)	(5,099)		(30,261)
Total accumulated depreciation	<u>(1,783,377)</u>	<u>(66,815)</u>		<u>(1,850,192)</u>
Total capital assets being depreciated, net	<u>847,965</u>	<u>(42,871)</u>		<u>805,094</u>
Business-type activities capital assets, net	<u>\$ 853,272</u>	<u>\$ (42,871)</u>	<u>\$</u>	<u>\$ 810,401</u>

Depreciation expense for the year ended June 30, 2019 was charged as follows:

Governmental activities:

General	\$ 17,636
Public safety	9,261
Total	<u>\$ 26,897</u>

Business-Type activities

Water and sewer	\$ 66,815
Total	<u>\$ 66,815</u>

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

(7) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type Activities:					
Utility Revenue Bonds	\$ 21,478	\$	\$ (16,474)	\$ 5,004	\$ 5,004

Utility Revenue Bonds –

\$68,000 revenue bonds dated February, 2011; due in annual payments ranging from \$7,000 - \$10,000 which includes principal and interest; interest rate of 4.25%; final payment made July, 2019.

\$ 5,004

The Utility Revenue Bonds constitute special obligations of the Village solely secured by a lien on and pledge of the net revenues of the water and sewer system.

Debt service requirements at June 30, 2019, were as follows:

Business-Type Activities - Utility Revenue Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2019	<u>\$ 5,004</u>	<u>\$ 103</u>

(8) Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village attempts to minimize risk from significant losses through the purchase of insurance.

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

(9) Subsequent Events

Subsequent events have been evaluated through December 31, 2019, the date the financial statements were available to be issued.

(10) Levied Taxes

The Village levies taxes on real and business personal property located within its boundaries. The Parish Tax Assessor assesses the property values and prepares the Village's property tax roll. The Village bills and collects its own property taxes. Ad valorem taxes are levied and billed to the taxpayers in December, and are payable upon receipt of notice. Ad valorem taxes attach as an enforceable lien on property as of December 31, of each year. Taxes of 10.65 mills were levied and were dedicated for general operating purposes.

(11) Interfund Activity

At June 30, 2019 the enterprise fund owed the general fund \$6,766.

Village of Mooringsport
Mooringsport, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP) and Actual
General Fund
For the Year Ended June 30, 2019

Revenues	Budgeted Amount		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Sales tax	\$ 40,000	\$ 42,996	\$ 43,674	\$ 678
Franchise tax	45,000	37,404	37,678	274
Ad valorem tax	21,000	19,920	19,908	(12)
License and permits	13,700	16,296	30,070	13,774
Fines and forfeitures	35,000	40,500	47,527	7,027
Investment earnings	93	405	2,190	1,785
Miscellaneous	24,350	22,185	21,705	(480)
Total revenues	179,143	179,706	202,752	23,046
Expenditures				
Current				
General government	108,443	122,236	165,944	(43,708)
Public safety	47,500	32,412	31,832	580
Total expenditures	155,943	154,648	197,776	(43,128)
Revenues over (under) expenditures	23,200	25,058	4,976	(20,082)
Other financing sources (uses):				
Transfer to water and sewer			(8,000)	(8,000)
Net change in fund balance	23,200	25,058	(3,024)	(28,082)
Fund balance, beginning of year	196,192	196,192	196,192	
Fund balance, end of year	<u>\$ 219,392</u>	<u>\$ 221,250</u>	<u>\$ 193,168</u>	<u>\$ (28,082)</u>

Village of Mooringsport
Mooringsport, Louisiana
Schedule of Compensation Paid to Council Members and Mayor
For the Year Ended June 30, 2019

Mayor:

Ann H. Dearing (until December 31, 2018)	\$ 1,500
William C. Coffman (effective January 1, 2019)	1,250

Council:

Vera Bodin	300
George Moore	550
Jane Player	100
Patricia Williams	300
Terry L. Dodd	300
Cynthia Clark	250
Joni Lindsey	250
Dennis D. Welch, II	<u>150</u>
Total	<u>\$ 4,950</u>

Village of Mooringsport
 Mooringsport, Louisiana
 Schedule of Compensation, Benefits, and Other Payments to Agency Head
 For the Year Ended June 30, 2019

Agency Head: Ann H. Dearing, Major (until December 31, 2018)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 1,500
Reimbursements - travel	858

Agency Head: William C. Coffman, Mayor (effective January 1, 2019)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 1,250

COOK & MOREHART

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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

Independent Auditors' Report

The Honorable Mayor, William C. Coffman
and the Village Council
Village of Mooringsport
Mooringsport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Village of Mooringsport, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Mooringsport's basic financial statements, and have issued our report thereon dated December 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Mooringsport'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 Mooringsport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Mooringsport'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 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 the 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of current year audit findings as item 2019-1, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Mooringsport'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year audit findings as item 2019-2.

Village of Mooringsport's Response to Findings

Village of Mooringsport's response to the findings identified in our audit is described in the accompanying Schedule of Current Year Audit Findings. Village of Mooringsport'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.



Cook & Morehart
Certified Public Accountants
December 31, 2019

Mooringsport, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2019

Prior Year Finding – Review Report for Year Ended June 30, 2018

2018–1 Material Weakness – Segregation of Duties for Deposits and Collections

Criteria:	Internal controls should be in place to adequately account the Village's deposits and collections, including proper segregation of duties.
Condition:	The Village Clerk or assistant are the only employees that collect payments from customers and make the deposits.
Cause:	The Village administrative office has only two employees, the Village Clerk and assistant clerk, for the collection of payments to the Village. Due to the size of the Village and economic limitations, proper segregation of duties is limited.
Effect:	Due to the lack of segregation of duties, errors and /or irregularities could occur and not be detected.
Recommendation:	It may not be cost effective or practical to correct the finding due to the economic limitations of the Village.
Current Status:	Repeat finding for audit for year ended June 30, 2019.

Village of Mooringsport
Mooringsport, Louisiana
Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2019

Current Year Findings

2019-1 Material Weakness – Segregation of Duties for Deposits and Collections

Criteria: Internal controls should be in place to adequately account the Village's deposits and collections, including proper segregation of duties.

Condition: The Village Clerk or assistant are the only employees that collect payments from customers and make the deposits.

Cause: The Village administrative office has only two employees, the Village Clerk and assistant clerk, for the collection of payments to the Village. Due to the size of the Village and economic limitations, proper segregation of duties is limited.

Effect: Due to the lack of segregation of duties, errors and /or irregularities could occur and not be detected.

Recommendation: It may not be cost effective or practical to correct the finding due to the economic limitations of the Village.

Management Response: The Village of Mooringsport is a small village with limited funds. Due to the size of our village and the work load involved it is not feasible to hire more employees to run our business office.

Name of Contact Person: William C. Coffman, Mayor

2019-2 Finding – Budget

Criteria: The Local Government Budget Act requires the annual budgets be amended when actual plus projected expenditures or revenues exceed budgeted amounts by more than 5%. The Local Government Budget Act also requires the budget to be adopted 15 days prior to beginning of the budget year.

Condition: Actual expenditures and other financing uses for the General Fund exceeded budgeted expenditures by more than 5%. The original budget for the General Fund, for the year ended June 30, 2019, was not adopted until July 12, 2018.

Cause: The Village did not consider all expenditures when amending the budget for the year ended June 30, 2019. Also, the Village did not prepare the budget for original adoption timely.

Effect: The Village was not in compliance with the Local Government Budget Act.

(Continued)

Village of Mooringsport
Mooringsport, Louisiana
Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2019
(Continued)

Recommendation: We recommend a proper monitoring of budget to actual comparisons throughout the year and that budgets be appropriately amended when actual plus projected expenditures and other financing uses exceed budgeted amounts by more than 5%. The Village should schedule the original adoption of the budget to allow for compliance with the Local Government Budget Act.

Management Response: The Village will monitor its budgets in the future and amend as needed in order to comply with the Local Government Budget Act. The Village adopted the budget for the year ended June 30, 2020 in accordance with the dates required by the Local Government Budget Act.

Name of Contact Person: William C. Coffman, Mayor

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Village Council
Village of Mooringsport
Mooringsport, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Village of Mooringsport (Village), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 3 (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Village of Mooringsport's (Village) 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. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
 - 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 Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) Continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Village provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The council met with a quorum at least monthly.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Exception: The minutes of the Village did not reference a review of monthly budget-to-actual comparisons.

Management's Response: The Village will include a reference of a review of monthly financial reports, including budget-to-actual comparisons, in the future.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The general fund did not have a negative ending unassigned fund balance.

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:

Management provided the requested information, along with management's representation that the listing is complete.

- 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);

Bank reconciliations, on the accounts tested, were prepared within two months of the related closing date.

- 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

Exception: There was no evidence that a member of management reviewed and approved the bank reconciliations for the accounts selected for testing.

Management's Response: The Village will implement those appropriate controls to ensure that bank reconciliations are approved by a member of management in the future.

- 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.

Exception: There was no evidence that a member of management researched reconciling items that were outstanding for more than 12 months from the closing date.

Management's Response: The Village will implement appropriate controls for reviewing/reconciling items that are outstanding for more than 12 months from the closing date.

Collections (excluding EFTs)

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).

Management provided the requested information, along with management's representation that the listing is complete.

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:

Management provided the requested information, along with management's representation that the listing is complete.

- a. Employees that are responsible for cash collections do not share cash drawers/registers.

Exception: Employees responsible for cash collections share the same cash drawers.

Management's Response: The Village has only 2 workers in the Village office that are responsible for cash collections. Due to the limited funds available it may not be cost effective to have separate cash drawers.

- 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.

Exception: One of the employees responsible for collections (the Town Clerk) is also responsible for preparing deposits and sometimes taking deposits to the bank. The Town Clerk also is responsible for reconciling collection documentation to the deposit.

Management's Response: Due to the size of the Village and available resources it may not be cost effective to segregate all duties.

- 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.

One of the employees responsible for collecting cash is also responsible for posting collection entries to the general ledger, but the Village's contract accountant reconciles ledger postings.

- 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.

The Village's contract accountant reconciles cash collections to the general ledger and is not responsible for collecting cash.

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

All employees who have access to cash are covered by a bond 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.

For the deposits selected for testing, there the following exceptions were noted for the procedures listed above:

Exception: Two of the eight deposits selected for testing were not made within one business day of receipt.

Management's Response: It is the Village's policy to make deposits on a daily basis.

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).

Management provided the requested information, along with 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.

Segregation of duties exists as noted above, except for as noted below:

Exception: The employee responsible for processing payments receives the signed checks for mailing and also can modify vendor files.

Management's Response: Due to the size of the Village and available resources it may not be cost effective to segregate all duties.

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.

For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties except as follows:

Exception: The employee responsible for processing payments receives the signed checks for mailing and also can modify vendor files.

Management's Response: Due to the size of the Village and available resources it may not be cost effective to segregate all duties.

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.

Management provided the requested information, along with management's representation that the listing 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 (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Monthly statements selected for testing were reviewed and approved in writing by someone other than the authorized card holder.

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

No finance charges or late fees were noted on the statements tested.

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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Transactions selected for testing were supported by an original itemized receipt that identified precisely what was purchased, contained written documentation of the business purpose, and documentation of the individuals participating in meals, as applicable, except as noted below:

Exception: Of the statements selected for testing, there was no business purpose documented on two (2) of the five (5) receipts.

Management's Response: It is the Village's policy to document the business purpose for each charge.

Travel and Expense Reimbursement

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:

Management provided the requested information, along with management's representation that the listing is complete.

- 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).

Not Applicable

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

For the items tested, the reimbursement was supported by original itemized receipts that identified 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).

For the items tested, the reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

For the items tested, the 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. 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:

Management provided the requested information, along with management's representation that the listing is complete.

- 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.

Not applicable

- 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).

For the items tested, the contract was approved by the Village Council.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Not Applicable

- 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.

For the items tested no exceptions noted.

Payroll and Personnel

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.

Management provided the requested information, along with management's representation that the listing is complete.

Exception: For the five employees selected for testing, the employees pay rates are not approved in writing.

Management's Response: The Village will ensure all employee pay rates are approved in writing and retained in each employee's personnel file.

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.)

Employees selected for testing documented their daily attendance and leave.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

For the transactions selected for testing, supervisory review of attendance and leave was noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

For the transactions selected for testing, no leave was taken or accrued.

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.

No termination payments were made during the examination period.

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.

The Village provided representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and the associated forms have been filed, by required deadlines.

Ethics (excluding nonprofits)

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.

Exception: For the five (5) employees selected for testing, two (2) did not have documentation that demonstrated the employees completed one hour of ethics training.

Management's Response: The Village will require all employees to complete one hour of ethics training.

- 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.

Exception: For the five employees selected for testing, the Village could not provide documentation that each employee selected for testing had read the Village's ethics policy during the fiscal period.

Management's Response: The Village will implement controls requiring that all Village employees read the Village's ethic's policy on an annual basis and maintain signature verification.

Debt Service (excluding nonprofits)

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.

Not applicable no debit issued during fiscal period

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Management provided the listing, along with management's representation that the listing is complete

For the items selected for testing no exceptions were noted.

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.

Management represented that there were no misappropriations of public funds and assets during the fiscal period.

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.

The Village had posted on its premises the required notice. The Village does not have a website.

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.



Cook & Morehart
Certified Public Accountants
December 31, 2019