

VILLAGE OF REEVES, LOUISIANA
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
Year Ended June 30, 2019

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VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis

Within this section of the Village of Reeves, Louisiana's (Village) annual financial report, the Village's management is pleased to provide this narrative discussion and analysis of the financial activities of the Village for the fiscal year ended June 30, 2019. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Village's assets exceeded its liabilities by \$2,292,211 (net position) for the fiscal year reported.
- Total revenues of \$550,674 were less than total expenditures of \$563,761, which resulted in a current year deficit of \$13,087, compared to a prior year deficit of \$15,180.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$1,917,559 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net position of \$374,652 represents the portion available to maintain the Village's continuing obligations to citizens and creditors.
- The Village's governmental funds reported total ending fund balance of \$371,744 this year. This compares to the prior year ending fund balance of \$301,882 reflecting an increase of \$69,862 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$321,744 or 71% of total General Fund expenditures and 61% of total General Fund revenues.
- Overall, the Village had a slight decrease in financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Village's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Village also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Village's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village as a whole is improving or deteriorating. Evaluation of the overall health of the Village would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of Village infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and public safety. Business-type activities include the sewer system.

The government-wide financial statements are presented on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Village has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented on pages 20 through 24 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Village charges customers a fee. The one Village proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Village organization for sewer utilities. The basic enterprise fund financial statements are presented on pages 25 through 27 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Village's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the Village's adopted and final revised budget. Required supplemental information can be found on page 39 and 40 of this report.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net position at fiscal year-end is \$2,292,211. The following table provides a summary of the Village's net position:

	Governmental Activities		Business-type Activities		Total		Percentage Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Assets:								
Current assets and other assets	\$ 388,367	\$ 319,557	\$ 3,526	\$ 5,378	\$ 391,893	\$ 324,935	17%	14%
Capital assets	<u>1,522,177</u>	<u>1,587,107</u>	<u>395,382</u>	<u>414,322</u>	<u>1,917,559</u>	<u>2,001,429</u>	<u>83</u>	<u>86</u>
Total assets	<u>1,910,544</u>	<u>1,906,664</u>	<u>398,908</u>	<u>419,700</u>	<u>2,309,452</u>	<u>2,326,364</u>	<u>100%</u>	<u>100%</u>
Deferred outflows of resources	-	-	-	-	-	-	0%	0%
Liabilities:								
Current liabilities	16,623	17,675	618	3,391	17,241	21,066	<u>100%</u>	<u>100%</u>
Deferred inflows of resources	-	-	-	-	-	-	0%	0%
Net position:								
Net investment in capital assets	1,522,177	1,587,107	395,382	414,322	1,917,559	2,001,429	84%	87%
Unrestricted	<u>371,744</u>	<u>301,882</u>	<u>2,908</u>	<u>1,987</u>	<u>374,652</u>	<u>303,869</u>	<u>16</u>	<u>13</u>
Total net position	<u>\$ 1,893,921</u>	<u>\$ 1,888,989</u>	<u>\$ 398,290</u>	<u>\$ 416,309</u>	<u>\$ 2,292,211</u>	<u>\$ 2,305,298</u>	<u>100%</u>	<u>100%</u>

The Village continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 23.3 to 1 (18 to 1 for 2018) and 5.8 to 1 (1.5 to 1 for 2018) for business type activities. For the Village overall, the current ratio is 22.8 to 1 (15 to 1 for 2018). These ratios are strong.

The Village reported positive balances in net position for both governmental and business-type activities. Net position increased \$4,932 (\$5,167 increase for 2018) for governmental activities and decreased \$18,019 (\$20,347 decrease for 2018) for business-type activities.

Note that approximately 84% (84% for 2018) of the governmental activities' net position is tied up in capital. The Village uses these capital assets to provide services to its citizens. However, with business type activities, the Village has spent approximately 99% (99% for 2018) of its net position on capital. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 84% (87% for 2018) of the Village's total net position is included in capital assets.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

The following table provides a summary of the Village's changes in net position:

	Governmental Activities		Business-Type Activities		Total		Percentage Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues:								
Program:								
Charges for services/ fines	\$ 409,152	\$ 435,679	\$ 26,839	\$ 26,054	\$ 435,991	\$ 461,733	79%	85%
Operating grants	14,380	4,380	-	-	14,380	4,380	3	1
General:								
Taxes	98,476	74,458	-	-	98,476	74,458	18	14
Interest	63	87	-	-	63	87	-	-
Other	1,764	1,342	-	-	1,764	1,342	-	-
Total Revenues	523,835	515,946	26,839	26,054	550,674	542,000	100%	100%
Program expenses:								
General government	276,041	256,622	-	-	276,041	256,622	49%	46%
Public safety:								
Police	242,862	254,157	-	-	242,862	254,157	43	46
Sewer	-	-	44,858	46,401	44,858	46,401	8	8
Total Expenses	518,903	510,779	44,858	46,401	563,761	557,180	100%	100%
Excess (deficiency)	4,932	5,167	(18,019)	(20,347)	(13,087)	(15,180)		
Transfers	-	-	-	-	-	-		
Change in net position	4,932	5,167	(18,019)	(20,347)	(13,087)	(15,180)		
Beginning net position	1,888,989	1,883,882	416,309	436,656	2,305,298	2,320,478		
Ending net position	<u>\$ 1,893,921</u>	<u>\$ 1,888,989</u>	<u>\$ 398,290</u>	<u>\$ 416,309</u>	<u>\$ 2,292,211</u>	<u>\$ 2,305,298</u>		

GOVERNMENTAL REVENUES

The Village is heavily reliant on fines and taxes to support governmental operations. Fines equal 79% (85% for 2018) of the revenues for governmental activities, excluding capital grants. Taxes equal 18% (14% for 2018) of the revenues for governmental activities, excluding capital grants. Also note that program revenues of charges for services cover 83% (84% for 2018) of governmental operating expenses.

GOVERNMENTAL FUNCTIONAL EXPENSES

General government expenses comprise 49% (46% for 2018) of the Village's total expenses and 53% (53% for 2018) of the total governmental expenses.

This table presents the cost of each of the Village's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Village's taxpayers by each of these functions.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

Governmental Activities

	Total Cost of Services		Net Cost (Profit) of Services	
	2019	2018	2019	2018
General government	\$ 276,041	\$ 256,622	\$ (261,661)	\$ (252,242)
Public safety:				
Police	<u>242,862</u>	<u>254,157</u>	<u>166,290</u>	<u>181,522</u>
Total	<u>\$ 518,903</u>	<u>\$ 510,779</u>	<u>\$ (95,371)</u>	<u>\$ (70,720)</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

For the utility fund the operating revenues and expenses were relatively the same as 2018. Within the total business type activities of the Village, these activities reported a \$18,019 loss compared to a loss of \$20,347 for the prior year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$371,744 (\$301,882 for 2018), of which \$50,000 is assigned for capital outlay (\$50,000 for 2018), and \$321,744 is unassigned (\$251,882 for 2018) indicating availability for continuing Village service requirements.

The total ending fund balances of governmental funds show an increase of \$69,862 (\$77,568 increase for 2018).

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Village's primary operating fund and the only source of day-to-day service delivery. The General Fund is the only governmental fund and is, therefore, the only major fund.

THE PROPRIETARY FUND

The proprietary fund statements share the same focus as the government-wide statements, both reporting short-term information about financial status.

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

BUDGETARY HIGHLIGHTS

The revenue side of the original budget for the General Fund was increased by \$424,090 and the expenditure side increased \$391,290, this year from last year's final budget. The primary change relates to intergovernmental revenues and capital outlay.

The revenue side of the original budget for the General Fund was decreased by \$496,800 this year. The primary change in the budget relates to intergovernmental and fines revenues. The expenditure side of the original budget of the general fund decreased \$360,000 mainly due to capital outlay.

The actual revenues were less than the final budget by \$11,365 or 2.2%, mainly due to fines, and the actual expenditures were less than the final budget by \$100,227 or 13%, mainly due to police reports and capital outlay.

The budget was amended once during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Village's net investment in capital assets, for governmental and business-type activities as of June 30, 2019, was \$1,522,177 and \$395,382 respectively. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-depreciable asset:						
Land	\$ 47,641	\$ 47,641	\$ -	\$ -	\$ 47,641	\$ 47,641
Construction in progress	-	-	-	-	-	-
Depreciable assets:						
Buildings	296,728	296,728	731,271	731,271	1,027,999	1,027,999
Furniture & equipment	561,065	545,973	72,533	72,533	633,598	618,506
Infrastructure	<u>1,439,039</u>	<u>1,439,039</u>	<u>-</u>	<u>-</u>	<u>1,439,039</u>	<u>1,439,039</u>
Total depreciable assets	2,296,832	2,281,740	803,804	803,804	3,100,636	3,085,544
Less accumulated depreciation	<u>822,296</u>	<u>742,274</u>	<u>408,422</u>	<u>389,482</u>	<u>1,230,718</u>	<u>1,131,756</u>
Book value-depreciable assets	<u>\$ 1,474,536</u>	<u>\$ 1,539,466</u>	<u>\$ 395,382</u>	<u>\$ 414,322</u>	<u>\$ 1,869,918</u>	<u>\$ 1,953,788</u>
Percentage depreciated	<u>36%</u>	<u>32%</u>	<u>41%</u>	<u>48%</u>	<u>40%</u>	<u>37%</u>
Book value-all assets	<u>\$ 1,522,177</u>	<u>\$ 1,587,107</u>	<u>\$ 395,382</u>	<u>\$ 414,322</u>	<u>\$ 1,917,559</u>	<u>\$ 2,001,429</u>

At June 30, 2019, the depreciable capital assets for governmental activities were 36% depreciated

VILLAGE OF REEVES, LOUISIANA

Management's Discussion and Analysis (Continued)

compared to 42% at June 30, 2018. This comparison indicates that the Village is depreciating its assets at a higher rate than they are replacing them.

With the Village's business type activities, 41% of the asset values were depreciated at June 30, 2019 compared to 48% at June 30, 2018.

Additions included a generator.

Long-term debt

At the end of the fiscal year, the Village had no debt outstanding.

ECONOMIC CONDITIONS AFFECTING THE VILLAGE

Since the primary revenue stream for the Village are fines and taxes, the Village's fines and tax revenues are subject to changes in the economy. Since these are considered an "elastic" revenue stream, fines and tax collections are higher in a flourishing economy and are lower in a depressed economy.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Village's Clerk, Kamela Kingrey, P.O. Box 119, Reeves, LA. 70658.

INDEPENDENT AUDITORS' REPORT

August 30, 2019

The Honorable Chris Guillory, Mayor
and the Board of Councilmen
Village of Reeves, 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 Reeves, 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.

Auditors' 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 auditors' 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.

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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 Reeves, Louisiana, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3 through 10 and 39 through 40, respectively 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 the 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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 Reeves's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented on page 42 for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to 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. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer 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 prepared the basic financial statements, or

Village of Reeves, Louisiana
August 30, 2019
Page Three

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 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 August 30, 2019, on our consideration of the Village of Reeves, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Reeves, Louisiana's internal control over financial reporting and compliance.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

VILLAGE OF REEVES, LOUISIANA

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 363,495	\$ 1,307	\$ 364,802
Receivables, net	15,108	2,219	17,327
Prepaid expenses	9,764	-	9,764
Capital assets:			
Land	47,641	-	47,641
Capital assets, net	<u>1,474,536</u>	<u>395,382</u>	<u>1,869,918</u>
Total assets	<u>1,910,544</u>	<u>398,908</u>	<u>2,309,452</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>	 <u>-</u>
LIABILITIES			
Accounts and other accrued payables	16,623	570	17,193
Customer meter deposits	<u>-</u>	<u>48</u>	<u>48</u>
Total liabilities	<u>16,623</u>	<u>618</u>	<u>17,241</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>	 <u>-</u>
NET POSITION			
Net investment in capital assets	1,522,177	395,382	1,917,559
Unrestricted	<u>371,744</u>	<u>2,908</u>	<u>374,652</u>
Total net position	<u>\$ 1,893,921</u>	<u>\$ 398,290</u>	<u>\$ 2,292,211</u>

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

VILLAGE OF REEVES, LOUISIANA

Statement of Activities

Year Ended June 30, 2019

Activities	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Fees, Fines and Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 276,041	\$ -	-	\$ 14,380	\$ (261,661)	\$ -	\$ (261,661)
Police	242,862	409,152	-	-	166,290	-	166,290
Total Governmental Activities	518,903	409,152	-	14,380	(95,371)	-	(95,371)
Business-type activities:							
Sewer	44,858	26,839	-	-	-	(18,019)	(18,019)
Total	\$ 563,761	\$ 435,991	\$ -	\$ 14,380	(95,371)	(18,019)	(113,390)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					6,255	-	6,255
Franchise taxes					13,756	-	13,756
Sales					55,267	-	55,267
Licenses					23,198	-	23,198
Interest					63	-	63
Miscellaneous					1,764	-	1,764
Transfers					-	-	-
Total general revenues					100,303	-	100,303
Change in net position					4,932	(18,019)	(13,087)
Net position - Beginning					1,888,989	416,309	2,305,298
Net position - Ending					\$ 1,893,921	\$ 398,290	\$ 2,292,211

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

FUND FINANCIAL STATEMENTS

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VILLAGE OF REEVES, LOUISIANA

Balance Sheet - Governmental Fund

June 30, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 363,495	\$ 300,709
Receivables:		
Franchise taxes	1,261	1,360
Interest	63	76
Intergovernmental	13,784	5,494
Prepaid insurance	9,764	11,918
Prepaid expenses	-	-
Total Assets	<u>388,367</u>	<u>319,557</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
	<u>\$ 388,367</u>	<u>\$ 319,557</u>
LIABILITIES		
Accounts payable	\$ 11,611	\$ 13,823
Payroll taxes payable	5,012	3,852
Total Liabilities	<u>16,623</u>	<u>17,675</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
FUND BALANCE		
Assigned	50,000	50,000
Unassigned	321,744	251,882
Total Fund Balance	<u>371,744</u>	<u>301,882</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
	<u>\$ 388,367</u>	<u>\$ 319,557</u>

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

VILLAGE OF REEVES, LOUISIANA

Reconciliation of Balance Sheet - Governmental Funds to the
Statement of Net Position

June 30, 2019

Total fund balance for governmental fund at June 30, 2019		\$ 371,744
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 47,641	
Capital assets, net of \$822,296 accumulated depreciation	<u>1,474,536</u>	<u>1,522,177</u>
Total net position of governmental activities at June 30, 2019		<u>\$ 1,893,921</u>

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

VILLAGE OF REEVES, LOUISIANA

Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund

Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
REVENUES		
Property taxes	\$ 6,255	\$ 6,026
Franchise taxes	13,756	14,066
Sales tax	55,267	33,267
Occupational license	23,198	21,099
Interest	63	87
Intergovernmental	14,380	4,380
Fines	409,152	435,679
Miscellaneous	1,764	1,342
Total Revenues	<u>523,835</u>	<u>515,946</u>
EXPENDITURES		
General government		
Advertisements	1,120	630
Bank charges	-	206
Conference/meetings	4,396	4,534
Contract labor	19,428	11,447
Dues	2,062	2,225
Fuel	-	40
Insurance - health	1,373	4,189
Insurance - other	24,717	17,287
Miscellaneous	2,082	4,923
Office supplies	10,552	13,026
Per diem	24,600	24,600
Professional fees	22,790	18,467
Repairs and maintenance	11,330	6,519
Salaries	52,750	53,338
Supplies	10,176	5,537
Taxes	5,815	4,461
Telephone	6,918	8,417
Travel	1,829	248
Utilities - city hall	14,521	15,502
Total General Government	<u>216,459</u>	<u>195,596</u>
Police		
Fuel	16,857	19,214
Insurance - other	8,010	7,897
Repairs and maintenance	5,839	5,037
Reports	56,549	57,688
Salaries	102,841	114,300
Supplies	21,697	17,148
Taxes	7,878	8,744
Training	1,588	1,446
Uniforms/equipment	1,163	-
Total Police	<u>222,422</u>	<u>231,474</u>
Capital outlay	<u>15,092</u>	<u>11,308</u>
Total Expenditures	<u>453,973</u>	<u>438,378</u>

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

Continued

VILLAGE OF REEVES, LOUISIANA

Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund - Continued

Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 69,862	\$ 77,568
OTHER FINANCING SOURCES (USES) Operating Transfers In (Out)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	69,862	77,568
FUND BALANCE, BEGINNING	<u>301,882</u>	<u>224,314</u>
FUND BALANCE, ENDING	<u>\$ 371,744</u>	<u>\$ 301,882</u>

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

VILLAGE OF REEVES, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended June 30, 2019

Total net changes in fund balance at June 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$	69,862
The change in net position reported for governmental activities in the Statement of Activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$	15,092	
Depreciation expense for the year ended June 30, 2019		<u>(80,022)</u>	<u>(64,930)</u>
Total change in net position at June 30, 2019 per Statement of Activities		\$	<u><u>4,932</u></u>

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

VILLAGE OF REEVES, LOUISIANA
Statement of Net Position - Proprietary Funds

June 30, 2019

	2019	2018
Current assets		
Cash	\$ 1,307	\$ 3,225
Receivables	2,219	2,153
Total current assets	3,526	5,378
Fixed assets, net of accumulated depreciation	395,382	414,322
Total assets	398,908	419,700
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 398,908	\$ 419,700
LIABILITIES		
Current liabilities		
Accounts payable	\$ 570	\$ 3,343
Customer meter deposits	48	48
Total current liabilities	618	3,391
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	395,382	414,322
Unrestricted	2,908	1,987
Total net position	398,290	416,309
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 398,908	\$ 419,700

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

VILLAGE OF REEVES, LOUISIANA

Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Fund

Year Ended June 30 2019

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Sewer service charges	\$ 26,839	\$ 26,054
OPERATING EXPENSES		
Conference/meetings	-	50
Depreciation	18,940	18,940
Dues	1,267	315
Fuel surcharge	75	66
Hazmat charge	32	32
Permits	30	545
Repairs and maintenance	16,758	19,267
Samples	2,683	2,229
Utilities	5,073	4,957
Total Operating Expenses	<u>44,858</u>	<u>46,401</u>
INCOME (LOSS) BEFORE NONOPERATING REVENUES (EXPENSES)	(18,019)	(20,347)
NONOPERATING REVENUES (EXPENSES)		
Operating transfers in (out)	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(18,019)	(20,347)
NET POSITION, BEGINNING	<u>416,309</u>	<u>436,656</u>
NET POSITION, ENDING	<u>\$ 398,290</u>	<u>\$ 416,309</u>

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

VILLAGE OF REEVES, LOUISIANA
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 26,773	\$ 26,018
Payments to suppliers	(28,691)	(26,380)
Net cash from operating activities	(1,918)	(362)
 NET INCREASE (DECREASE) IN CASH	 (1,918)	 (362)
 CASH, BEGINNING	 3,225	 3,587
 CASH, ENDING	 \$ 1,307	 \$ 3,225
 Reconciliation of change in net position to cash from operating activities:		
Operating income (loss)	\$ (18,019)	\$ (20,347)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation	18,940	18,940
(Increase) decrease in receivables	(66)	(36)
Increase (decrease) in accounts payable	(2,773)	1,081
Net cash from operating activities	\$ (1,918)	\$ (362)

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

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant of the government's accounting policies are described below.

1. Reporting Entity

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Village of Reeves, Louisiana 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 could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, there are no component units included in the Village's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the Village of Reeves, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Village's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Village, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed on a separate column. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the Village or its total assets, liabilities, revenues, or expenditures of the individual governmental and enterprise fund is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Village reports the following major funds:

The General Fund is the primary operating fund of the Village. It accounts for all financial resources except those that are required to be accounted for in other funds.

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

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

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

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

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

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

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

4. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Council for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. The budget was amended once during the year.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Cash

Cash includes amounts in demand deposits and time deposits 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 and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2019, the Village has \$366,656 in deposits (collected bank balances), of which all is secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank.

6. Accounts Receivable

Uncollectible amounts due for sewer charges and other receivables are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectable. This method does not result in a charge to bad debt that is materially different from the amount that would be charged if the reserve method were used.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for sewer user fees in the Enterprise Fund. The Village's ability to collect the amounts due from the users of the Village's sewer system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

7. Statement of Cash Flows

For the purpose of the Statement of Cash Flows, for the enterprise fund, the Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15-40 years
Furniture and Equipment	5-10 years
Infrastructure, Building and Plant	40 years

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

9. Equity Classification

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of the above mentioned categories.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, committed, assigned or unassigned.

- a. Restricted – Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- b. Committed – Amounts that can be used only for specific purposes determined by a formal action by Board ordinance or resolution.
- c. Assigned – Includes fund balance amounts that are intended to be used for specific purposes based on internal actions. At June 30, 2019, \$50,000 has been assigned for sewer system improvements.
- d. Unassigned – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balance shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

10. Sales Tax

Proceeds of a 1.0% sales and use tax (effective January 1, 2010) levied by the Village of Reeves, Louisiana is not dedicated for any special purpose and may be utilized for any lawful purpose.

11. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Revenues, Expenditures, and Expenses

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

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Village primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Village.

13. Subsequent Events

Management has evaluated subsequent events through August 30, 2019, the date the financial statements were available to be issued.

14. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of charges in the Village's financial position and operations.

NOTE B - PROPERTY TAXES

For the year ended June 30, 2019, taxes for general purposes were levied on property as follows:

<u>Millage</u>	<u>Assessed Valuations</u>	<u>Taxes Levied</u>
4.89	\$ 1,298,630	\$ 6,351

Property tax millage rates are adopted in July of the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by February 28th are subject to property lien.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ 47,641	\$ -	\$ -	\$ 47,641
Construction in progress	-	-	-	-
Buildings	296,728	-	-	296,728
Furniture and Equipment	545,973	15,092	-	561,065
Infrastructure	<u>1,439,039</u>	<u>-</u>	<u>-</u>	<u>1,439,039</u>
Totals at historical cost	2,329,381	15,092	-	2,344,473
Less accumulated depreciation for:				
Buildings	91,236	9,986	-	101,222
Furniture and Equipment	427,647	33,782	-	461,429
Infrastructure	<u>223,391</u>	<u>36,254</u>	<u>-</u>	<u>259,645</u>
Total accumulated depreciation	<u>742,274</u>	<u>80,022</u>	<u>-</u>	<u>822,296</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 1,587,107</u>	<u>\$ (64,930)</u>	<u>\$ -</u>	<u>\$ 1,522,177</u>
Business Type Activities:				
Land	\$ -	\$ -	\$ -	\$ -
Buildings and plant	731,271	-	-	731,271
Equipment	<u>72,533</u>	<u>-</u>	<u>-</u>	<u>72,533</u>
Totals at historical cost	803,804	-	-	803,804
Less accumulated depreciation for:				
Buildings and plant	342,942	14,608	-	357,550
Equipment	<u>46,540</u>	<u>4,332</u>	<u>-</u>	<u>50,872</u>
Total accumulated depreciation	<u>389,482</u>	<u>18,940</u>	<u>-</u>	<u>408,422</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 414,322</u>	<u>\$ (18,940)</u>	<u>\$ -</u>	<u>\$ 395,382</u>
Depreciation expense was charged to governmental activities as follows:				
General and administrative				\$ 61,082
Police				<u>18,940</u>
Total				<u>\$ 80,022</u>

Major addition was a generator.

VILLAGE OF REEVES, LOUISIANA

Notes to Financial Statements

June 30, 2019

NOTE D – COMPENSATION/PER DIEM

Total compensation/per diem paid for the year ended June 30, 2019 consisted of the following:

Former Mayor Scott Walker, term expired December 31, 2018	\$ 6,000
Former Councilwoman Robin Newell, term expires December 31, 2018	2,100
Former Councilwoman Renae Duhon, term expires December 31, 2018	2,100
Mayor Chris Guillory, term expires December 31, 2023	8,100
Councilman Mick Estay, term expires December 31, 2023	2,100
Councilman Glen Ducharme, term expires December 31, 2023	2,100
Councilman Randy Credeur, Sr., term expires December 31, 2023	2,100
	<u>\$ 24,600</u>

NOTE E - 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F – SCHEDULE OF INSURANCE COVERAGE

The schedule of insurance coverage as of June 30, 2019 is as follows:

	Limits	Expiration Date
Automobile liability	\$500,000 bodily injury and physical damage	May 4, 2020
Commercial general liability:		
Premises/Operations	\$500,000 per occurrence-bodily injury and physical damage	May 4, 2020
Products/Completed operation	\$500,000 in the aggregate-bodily injury and physical damage	May 4, 2020
Medical payments	\$1,000 per person \$10,000 per accident	May 4, 2020
Fire legal liability	\$50,000 per occurrence	May 4, 2020
Errors and omissions		May 4, 2020
Commercial property	\$150,000 building \$20,000 contents	December 21, 2019
Worker's Compensation		May 4, 2020

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF REEVES, LOUISIANA

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 5,800	\$ 5,800	\$ 6,255	\$ 455
Franchise taxes	13,000	13,000	13,756	756
Sales tax	35,000	35,000	55,267	20,267
Occupational license	12,000	12,000	23,198	11,198
Interest	100	100	63	(37)
Intergovernmental	374,300	14,300	14,380	80
Fines	456,000	379,200	409,152	29,952
Miscellaneous	-	-	1,764	1,764
Total Revenues	896,200	459,400	523,835	64,435
EXPENDITURES				
General government				
Advertisements	1,000	1,000	1,120	(120)
Bank charges	100	100	-	100
Conference/meetings	2,500	2,500	4,396	(1,896)
Contract labor	15,200	15,200	19,428	(4,228)
Dues	2,000	2,000	2,062	(62)
Insurance - health	35,000	35,000	1,373	33,627
Insurance - other	-	-	24,717	(24,717)
Miscellaneous	2,700	2,700	2,082	618
Office supplies	8,800	8,800	10,552	(1,752)
Per diem	24,600	24,600	24,600	-
Professional fees	21,052	21,052	22,790	(1,738)
Repairs and maintenance	10,000	10,000	11,330	(1,330)
Salaries	55,348	55,348	52,750	2,598
Supplies	15,000	15,000	10,176	4,824
Taxes	15,000	15,000	5,815	9,185
Telephone	10,000	10,000	6,918	3,082
Travel	2,000	2,000	1,829	171
Utilities - city hall	17,000	17,000	14,521	2,479
Total General Government	237,300	237,300	216,459	20,841
Police				
Dues	5,000	5,000	-	5,000
Fuel	35,000	35,000	16,857	18,143
Insurance - other	-	-	8,010	(8,010)
Miscellaneous	-	-	-	-
Professional fees	5,000	5,000	-	5,000
Repairs and maintenance	12,400	12,400	5,839	6,561
Reports	50,000	50,000	56,549	(6,549)
Salaries	100,000	100,000	102,841	(2,841)
Supplies	10,600	10,600	21,697	(11,097)
Taxes	-	-	7,878	(7,878)
Training	2,000	2,000	1,588	412
Travel	2,500	2,500	-	2,500
Telephone	1,000	1,000	-	1,000
Uniforms/equipment	10,000	10,000	1,163	8,837
Utilities	1,600	1,600	-	1,600
Total Police	235,100	235,100	222,422	12,678
Capital outlay	423,800	63,800	15,092	48,708
Total Expenditures	896,200	536,200	453,973	82,227

Continued

VILLAGE OF REEVES, LOUISIANA

Budgetary Comparison Schedule - General Fund - Continued

Year Ended June 30, 2019

	Budget		Actual	Variance
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (76,800)	\$ 69,862	\$ 146,662
OTHER FINANCING SOURCES (USES) Operating Transfers In (Out)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	(76,800)	69,862	146,662
FUND BALANCE, BEGINNING	301,882	301,882	301,882	-
FUND BALANCE, ENDING	<u>\$ 301,882</u>	<u>\$ 225,082</u>	<u>\$ 371,744</u>	<u>\$ 146,662</u>

OTHER INFORMATION

VILLAGE OF REEVES

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended June 30, 2019

Chief Executive Officer: Chris Guillory, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	2,100
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

Chief Executive Officer: Scott Walker, Former Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	6,000
Reimbursements	-
Travel	-
Registration fees	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing Unvouchered expenses	-
Special meals	-

INDEPENDENT AUDITORS' RE/PORT 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

August 30, 2019

The Honorable Chris Guillory, Mayor
and the Board of Councilmen
Village of Reeves, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund of the Village of Reeves, 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 Reeves, Louisiana's basic financial statements, and have issued our report thereon dated August 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Reeves, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Reeves, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village'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, 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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Reeves, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Village of Reeves, Louisiana's Response to Findings

The Village of Reeves, Louisiana's response to the findings identified in our audit is described in the accompanying findings and responses. The Village of Reeves, Louisiana's response was not subjected to the auditing procedures 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dragon, Candace: Shullory

VILLAGE OF REEVES, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2019

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified? ___ yes X no
- Control deficiencies identified that are
not considered to be material weakness(es)? X yes ___ none reported
- Noncompliance material to financial
statements noted? ___ yes X no

II – Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2019-001:

Inadequate Segregation of Duties

Condition: Because of the small size of the Village's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management Response/Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

III – Findings and Questioned Costs for Federal Awards

- N/A

VILLAGE OF REEVES, LOUISIANA

Schedule of Findings and Responses - Continued

Year Ended June 30, 2019

IV – Prior Year Findings

Finding #2018-001: Inadequate Segregation of Duties

Status: This is repeat finding in 2019

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Councilmen
Village of Reeves, LA
Reeves, Louisiana

August 30, 2019

We have performed the procedures included enumerated below, which were agreed to by the Village of Reeves 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 year July 1, 2018 through June 30, 2019. The Village'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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations)
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The Village has a complete written policies and procedures manual.
 - 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.
The Village has a complete written policies and procedures manual.
 - c) *Disbursements*, including processing, reviewing, and approving.
The Village has a complete written policies and procedures manual.
 - d) *Receipt/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).
The Village has a complete written policies and procedures manual.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Village has a complete written policies and procedures manual.

- 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.

The Village has a complete written policies and procedures manual.

- 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 (.e.g., determining the reasonableness of fuel card purchases).

The Village has a complete written policies and procedures manual.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Village has a complete written policies and procedures manual.

- 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.

The Village has a complete written policies and procedures manual.

- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Village has a complete written policies and procedures manual.

- 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 has a complete written policies and procedures manual.

Board or Finance Committee

- 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 minutes reflected that the managing council met monthly in accordance with enabling legislation.

- 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.

The minutes referenced the review and acceptance of financial reports which include monthly budget-to-actual comparisons.

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

The Village did not have a negative fund balance in the general fund in the prior year.

Bank Reconciliations

- 3. Obtain a listing of the entity's 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 each selected 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);

Bank reconciliations were prepared within 2 months of the statement 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

Bank reconciliations did not include evidence that a member of management/board member reviewed each reconciliation.

Management Response: Procedures will be implemented to have the mayor document review of each month's bank reconciliation/statement.

- c) Management has documentation reflecting that is has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

When applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/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).

The listing was provided by management.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select on 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 the 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.

The Village does not maintain a cash drawer.

- 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.

The employee responsible for collecting cash is also responsible for preparing/making bank deposits. No other employee/official is responsible for reconciling collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employee responsible for collecting cash is responsible for posting collection entries to the general ledger. No other employee/official is responsible for reconciling ledger postings documentation to the deposit.

- d) The employee 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 employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash. No other employee verifies the reconciliation.

Management Response: The Village employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The Village does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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

All employees are covered by an 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 no the same day). Obtain supported documentation for each of the deposits and:
 - a) Observe that receipts are sequentially pre-numbered.

The Village uses prenumber receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

All cash collections were accompanied by a receipts or system report and traced to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

All deposits selected cleared the bank account timely and intact.

- 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).

All deposits selected were made within one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

All deposits selected were traced to the general ledger. No exceptions.

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).

The listing was provided by management.

9. For each location selected under #8 above, obtain a list 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.

Purchase orders are not utilized. Purchases can be initiated by any debit card holder.

- b) At least two employees are involved in processing and approving payments to vendors.

One employee is involved in processing and approving payments to vendors. However, dual signatures are required for checks.

- 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.

The employee responsible for processing payments is not prohibited from adding/modifying vendor files. No other employee reviews 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.

The employee responsible for processing payments has signature authority. However, dual signatures are required for checks.

Management Response: The Village employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The Village does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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.

All transactions tested where paid by and matched the original invoice.

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

The invoices were not initialed by anyone other than the employee responsible for cash disbursements and bank account reconciliations.

Management Response: The Village employs only one office staff personnel who performs all accounting functions of payments, collections, deposits and recording. The Village does not have the financial resources to employ more personnel to maintain adequate segregation of duties. Board review

of bank statements and disbursements on a monthly basis minimizes exposure to errors and misappropriation of funds.

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), 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.

The listing was provided by management.

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 excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

On the months tested, supporting documentation was reviewed and approved in writing, however not by someone other than the authorized card holder.

Management Response: Procedures will be initiated to require debit card statement reviews and approvals by someone other than the authorized holder.

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the months 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, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

All transactions tested had original itemized receipts attached to the statement with written documentation of the business/public purpose. No charges for meals were selected.

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).

No reimbursements were made during the year for travel and travel-related expenses.

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

No reimbursements were made during the year for travel and travel-related expenses.

- 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).

No reimbursements were made during the year for travel and travel-related expenses.

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

No reimbursements were made during the year for travel and travel-related expenses.

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 list 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.

There were no agreements/contracts initiated or renewed during the fiscal year.

- 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).

There were no agreements/contracts initiated or renewed during the fiscal year.

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

There were no agreements/contracts initiated or renewed during the fiscal year.

- 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.

There were no agreements/contracts initiated or renewed during the fiscal year.

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 five employees/officials, obtain their paid salaries and personnel files, and agree paid salaries to the authorized pay rates in the personnel files.

The listing was provided by management. All salaries were paid in accordance to authorized payrates.

17. Randomly select on 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.)

All employees tested had documentation of daily attendance and leave.

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

All employees tested had proper supervisor approval of daily attendance and leave.

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

All leave accrued and taken during the pay period tested was reflected in the Village's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination pay 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' cumulate leave records, and agree the payrates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

There were no terminations in current fiscal 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.

Documentation reflected that payroll tax return/reports, health insurance premiums and workers' compensation premiums were timely paid, and associated forms filed, by required deadlines. The Village does not have retirement.

Ethics

20. Using the five 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.

All employees selected for testing maintained the documentation of completion of the required one-hour ethics training on the Code of Governmental Ethics as required by Louisiana Revised Statute 42:1170 (3)(a)(i).

- 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.

The Village has a written ethics policy included in the policy and procedures manual which was signed by all employees.

Debt Service

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

No debt was issued during the 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 on 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.

The Village had no outstanding debt during the 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.

Management informed us that the Village did not have any misappropriation of public funds or assets during the fiscal year.

24. Observe 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 has the required notice posted in a conspicuous place upon its premises. 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 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.

Dragan, Cassidy: Shillory