

**VILLAGE OF PROVENCAL  
ANNUAL FINANCIAL REPORT**

**JUNE 30, 2019**

Village of Provencal  
Financial Report  
June 30, 2019

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Village of Provençal  
Financial Report  
June 30, 2019

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# Village of Provencal

P. O. Box 400  
Provencal, LA 71468

## MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended June 30, 2019

This section of the Village of Provencal's (hereafter referred to as the Village) annual financial report presents an overview and analysis of the Village's financial activities for the year ended June 30, 2019. The intent of the MD&A is to look at the Village's financial performance as a whole. It should therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Village's operations.

### Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and presents a longer-term view of the Village's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

#### Government-Wide Financial Statements

- The Statement of Net Position presents all of the Village's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Village's net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.
- The Statement of Activities presents information showing how the Village's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

#### Fund Financial Statements

The services provided by the Village are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village conducts its day-to-day operations through a governmental fund, the General Fund, and a business-type activity, the Village's utility system. These statements provide a short-term view of the Village's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Village.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	June 2019			June 2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>						
Current Assets	\$79,054	\$ 77,990	\$ 157,044	\$55,118	\$ 31,340	\$ 86,458
Restricted Assets	0	44,027	44,027	0	43,299	43,299
Capital Assets, Net of Accumulated Depreciation	<u>1,132</u>	<u>2,466,176</u>	<u>2,467,308</u>	<u>1,300</u>	<u>2,067,262</u>	<u>2,068,562</u>
Total Assets	<u>\$80,186</u>	<u>\$2,588,193</u>	<u>\$2,668,379</u>	<u>\$56,418</u>	<u>\$2,141,901</u>	<u>\$2,198,319</u>
<b>LIABILITIES:</b>						
Accounts/Other Payables	\$26,661	\$ 27,450	\$ 54,111	\$ 0	\$ 27,054	\$ 27,054
Customer Deposits Payable	<u>0</u>	<u>30,335</u>	<u>30,335</u>	<u>0</u>	<u>29,677</u>	<u>29,677</u>
Total Liabilities	<u>\$26,661</u>	<u>\$ 57,785</u>	<u>\$ 84,446</u>	<u>\$ 0</u>	<u>\$ 56,731</u>	<u>\$ 56,731</u>
<b>NET POSITION:</b>						
Net Investment in Capital Assets	\$ 1,132	\$2,466,176	\$2,467,308	\$ 1,300	\$2,067,262	\$2,068,562
Unrestricted	<u>52,393</u>	<u>64,232</u>	<u>116,625</u>	<u>55,118</u>	<u>17,908</u>	<u>73,026</u>
Net Position	<u>\$53,525</u>	<u>\$2,530,408</u>	<u>\$2,583,933</u>	<u>\$56,418</u>	<u>\$2,085,170</u>	<u>\$2,141,588</u>

## Summary of Statement of Activities

	June 2019			June 2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>REVENUES:</b>						
Charges for Services	\$ 0	\$315,314	\$ 315,314	\$ 0	\$226,146	\$226,146
Licenses & Fees	34,501	0	34,501	32,981	0	32,981
Fines	10,549	0	10,549	8,058	0	8,058
Grants-						
Federal	484,941	0	484,941	0	0	0
State	0	143,678	143,678	0	0	0
Interest	139	118	257	250	70	320
Other	470	484,941	485,411	100	0	100
Transfers	<u>1,132</u>	<u>0</u>	<u>1,132</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$531,732</u>	<u>\$944,051</u>	<u>\$1,475,783</u>	<u>\$41,389</u>	<u>\$226,216</u>	<u>\$267,605</u>
<b>EXPENSES:</b>						
Public Safety	\$ 11,416	\$ 0	\$ 11,416	\$ 5,618	\$ 0	\$ 5,618
General Government	38,268	0	38,268	30,587	0	30,587
Public Works	484,491	497,681	982,172	0	305,393	305,393
Transfers	<u>0</u>	<u>1,132</u>	<u>1,132</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	<u>\$534,625</u>	<u>\$498,813</u>	<u>\$1,033,438</u>	<u>\$36,205</u>	<u>\$305,393</u>	<u>\$341,598</u>
Change in Net Position	<u>\$ (2,893)</u>	<u>\$445,238</u>	<u>\$ 442,345</u>	<u>\$ 5,184</u>	<u>\$ (79,177)</u>	<u>\$ (73,993)</u>

*Governmental Activities*

- The Village's assets exceeded its liabilities by \$53,525 (net position) for the year. This is a decrease of \$2,893 from prior year.
- Unrestricted net position of \$52,393 represents the portion available to maintain the Village's obligations to both citizens and creditors. For the prior year, this was \$55,118.

*Business Type Activities*

- The Proprietary Fund experienced an increase in net position of \$445,238 for the year. For the year prior the decrease was \$79,177.

General Fund Budgetary Highlights

The Village adopted a budget for the General Fund for the 2018/2019 year. Actual revenues were \$10,528 less than budgeted revenues and actual expenditures were \$7,734 less than budgeted expenditures.

Economic Factors and Next Year's Budget

The Village has prepared its FY 2019/2020 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Both revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

### Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$2,467,308 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure, and construction in progress.

Major capital asset events during the current fiscal year include street repairs and water and sewer improvements. Additional information on the Village of Provençal's capital assets can be found on pages 27 and 28 of this report.

### Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 400, Provençal, LA 71468.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR’S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, and major funds of the Village of Provencal (Village) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements as listed in the table of contents.

**Management’s Responsibility for the Financial Statements**

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

**Auditor’s Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and major funds of the Village 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 on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The budgetary comparison schedule and schedule of compensation, benefits and other payments to agency head or chief executive officer listed as other required supplementary information in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule and schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule and schedule of compensation, benefits and other payments to agency head or chief executive officer are fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 17, 2019, on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

December 17, 2019

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

Village of Provencal  
Government-Wide Statement of Net Position  
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$39,953	\$ 31,074	\$ 71,027
Revenue and Accounts Receivable	23,510	46,916	70,426
Due from Utility Fund	<u>15,591</u>	<u>0</u>	<u>15,591</u>
Total Current Assets	<u>\$79,054</u>	<u>\$ 77,990</u>	<u>\$ 157,044</u>
Noncurrent Assets:			
Restricted Assets-			
Customers' Account Deposits	\$ 0	\$ 44,027	\$ 44,027
Capital Assets (net)	<u>1,132</u>	<u>2,466,176</u>	<u>2,467,308</u>
Total Noncurrent Assets	<u>\$ 1,132</u>	<u>\$2,510,203</u>	<u>\$2,511,335</u>
Total Assets	<u>\$80,186</u>	<u>\$2,588,193</u>	<u>\$2,668,379</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	\$26,661	\$ 11,859	\$ 38,520
Due to General Fund	<u>0</u>	<u>15,591</u>	<u>15,591</u>
Total Current Liabilities	\$26,661	\$ 27,450	\$ 54,111
Noncurrent Liabilities:			
Payable from Restricted Assets-			
Customers' Deposits Payable	<u>0</u>	<u>30,335</u>	<u>30,335</u>
Total Liabilities	<u>\$26,661</u>	<u>\$ 57,785</u>	<u>\$ 84,446</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	\$ 1,132	\$2,466,176	\$2,467,308
Unrestricted	<u>52,393</u>	<u>64,232</u>	<u>116,625</u>
Total Net Position	<u>\$53,525</u>	<u>\$2,530,408</u>	<u>\$2,583,933</u>

See independent auditor's report and notes to financial statements.

Village of Provençal  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating and Contributions	Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:							
General Government	\$ 38,268	\$ 34,501	\$ 0	\$ 0	\$ (3,767)	\$ 0	\$ (3,767)
Public Safety	11,416	10,549	0	0	(867)	0	(867)
Sewer	<u>484,941</u>	<u>0</u>	<u>0</u>	<u>484,941</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	\$ <u>534,625</u>	\$ <u>45,050</u>	\$ <u>0</u>	\$ <u>484,941</u>	\$ <u>(4,634)</u>	\$ <u>0</u>	\$ <u>(4,634)</u>
Business-Type Activities:							
Water/Sewer	\$ <u>497,681</u>	\$ <u>315,314</u>	\$ <u>143,678</u>	\$ <u>484,941</u>	\$ <u>0</u>	\$ <u>446,252</u>	\$ <u>446,252</u>
Total Government	\$ <u>1,032,306</u>	\$ <u>360,364</u>	\$ <u>143,678</u>	\$ <u>969,882</u>	\$ <u>(4,634)</u>	\$ <u>446,252</u>	\$ <u>441,618</u>
General Revenues:							
					\$ 139	\$ 118	\$ 257
					<u>470</u>	<u>0</u>	<u>470</u>
					\$ 609	\$ 118	\$ 727
					<u>1,132</u>	<u>(1,132)</u>	<u>0</u>
					\$ (2,893)	\$ 445,238	\$ 442,345
					<u>56,418</u>	<u>2,085,170</u>	<u>2,141,588</u>
					<u>\$53,525</u>	<u>\$2,530,408</u>	<u>\$2,583,933</u>

See independent auditor's report and notes to financial statements.

## FUND FINANCIAL STATEMENTS

Village of Provencal  
Balance Sheet- Governmental Fund  
June 30, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$39,884	\$ 69	\$39,953
Revenue Receivable	0	23,510	23,510
Due from Utility Fund	<u>15,591</u>	<u>0</u>	<u>15,591</u>
Total Assets	<u>\$55,475</u>	<u>\$23,579</u>	<u>\$79,054</u>
<b>LIABILITIES:</b>			
Accounts Payable	<u>\$ 3,151</u>	<u>\$23,510</u>	<u>\$26,661</u>
<b>FUND BALANCE:</b>			
Committed to Capital Projects	\$ 0	\$ 69	\$ 69
Unassigned	<u>52,324</u>	<u>0</u>	<u>52,324</u>
Total Fund Balance	<u>\$52,324</u>	<u>\$ 69</u>	<u>\$52,393</u>
Total Liabilities and Fund Balance	<u>\$55,475</u>	<u>\$23,579</u>	<u>\$79,054</u>

See independent auditor's report and notes to financial statements.

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

Total Fund Balance for the Governmental Fund at June 30, 2019	\$ 52,393
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet. Those assets consist of:	
Equipment and Vehicles	127,580
Less, Accumulated Depreciation	<u>(126,448)</u>
Total Net Position of Governmental Activities at June 30, 2019	\$ <u>53,525</u>

See independent auditor's report and notes to financial statements.

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

	General <u>Fund</u>	Capital <u>Projects Fund</u>	<u>Total</u>
<b>REVENUES:</b>			
Licenses and Permits	\$34,501	\$ 0	\$ 34,501
Fines	10,549	0	10,549
Intergovernmental:			
Federal	0	484,941	484,941
Interest	139	0	139
Miscellaneous	<u>401</u>	<u>69</u>	<u>470</u>
Total Revenues	<u>\$45,590</u>	<u>\$485,010</u>	<u>\$530,600</u>
<b>EXPENDITURES:</b>			
Current-			
General Government	\$38,100	\$ 0	\$ 38,100
Public Safety	11,416	0	11,416
Sewer	<u>0</u>	<u>484,941</u>	<u>484,941</u>
Total Expenditures	<u>\$49,516</u>	<u>\$484,941</u>	<u>\$534,457</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (3,926)</u>	<u>\$ 69</u>	<u>\$ (3,857)</u>
<b>OTHER FINANCING (SOURCES) USES:</b>			
Transfer In	\$ 1,132	\$ 0	\$ 1,132
Transfer Out	<u>      </u>	<u>0</u>	<u>      </u>
Total Other Financing	<u>\$ 1,132</u>	<u>\$ 0</u>	<u>\$ 1,132</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses	\$ (2,794)	\$ 69	\$ (2,725)
Fund Balance-Beginning of Year	<u>55,118</u>	<u>0</u>	<u>55,118</u>
Fund Balance-End of Year	<u>\$52,324</u>	<u>\$ 69</u>	<u>\$ 52,393</u>

See independent auditor's report and notes to financial statements.

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

Total net change in fund balance at June 30, 2019, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$(2,725)
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Depreciation expense on capital assets is reported in the Government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is:	<u>(168)</u>
Total change in net position at June 30, 2019, per Statement of Activities	<u>\$(2,893)</u>

See independent auditor's report and notes to financial statements.

Village of Provencal  
Statement of Net Position  
Proprietary Fund  
Year Ended June 30, 2019

ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 31,074
Revenue Receivable	<u>46,916</u>
Total Current Assets	\$ <u>77,990</u>
Noncurrent Assets:	
Restricted Assets-	
Customers' Account Deposits	\$ 44,027
Capital Assets, Net	<u>2,466,176</u>
Total Noncurrent Assets	<u>\$2,510,203</u>
Total Assets	<u>\$2,588,193</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 11,859
Due to Other Fund	<u>15,591</u>
Total Current Liabilities	\$ 27,450
Noncurrent Liabilities:	
Payable from Restricted Assets-	
Customers' Deposits Payable	<u>30,335</u>
Total Liabilities	<u>\$ 57,785</u>
NET POSITION:	
Net Investment in Capital Assets	\$2,466,176
Unrestricted	<u>64,232</u>
Total Net Position	<u>\$2,530,408</u>

See independent auditor's report and notes to financial statements.

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

OPERATING REVENUES:	
Sales	\$ <u>315,314</u>
OPERATING EXPENSES:	
Natural Gas Purchased	\$ 49,084
Maintenance	26,279
Salaries & Benefits	51,186
Depreciation	86,027
Utility/Telephone	19,642
Office Expenses	24,269
Insurance	16,808
Chemicals	6,899
Supplies	38,601
Per Diem	850
Contract Labor	<u>34,358</u>
Total Operating Expenses	\$ <u>354,003</u>
Operating Income (Loss)	\$ <u>(38,689)</u>
NON-OPERATING REVENUES & EXPENSES:	
Grant Revenues	\$ 143,678
Grant Expenses	(143,678)
Interest Income	<u>118</u>
Total Non-Operating Revenues (Expenses)	\$ <u>118</u>
Income Before Contributions and Transfers	\$ <u>(38,571)</u>
CONTRIBUTIONS AND TRANSFERS:	
Contributed Capital	\$ 484,941
Transfer to General Fund	<u>(1,132)</u>
Total Contributions and Transfers	\$ <u>483,809</u>
Change in Net Position	\$ 445,238
Net Position-Beginning of Year	<u>2,085,170</u>
Net Position-End of Year	<u>\$2,530,408</u>

See independent auditor's report and notes to financial statements.

Village of Provencal  
Statement of Cash Flows  
Proprietary Fund  
June 30, 2019

	<u>Business Type Activities</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 279,800
Cash Payments for Deposits	658
Cash Payments to Suppliers for Goods & Services	(216,394)
Cash Payments to Employees for Services	<u>(51,186)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>12,878</u>
Cash Flows from Non-Capital & Related Financing Activities:	
Operating Grant Income	\$ 143,678
Operating Grant Expenses	(143,678)
Transfers To Other Funds	<u>(1,132)</u>
Net Cash Used by Non-Capital & Related Financing Activities	\$ <u>(1,132)</u>
Cash Flows from Capital & Related Financing Activities:	
Proceeds from Capital Grants	\$ 484,941
Cash Payments to Acquire, Construct, or Improve Capital Assets	<u>(484,941)</u>
Net Cash Provided by Capital & Related Financing Activities	\$ <u>0</u>
Cash Flows from Investing Activities:	
Interest Income	\$ <u>118</u>
Net Increase in Cash & Cash Equivalents	\$ 11,864
Cash & Cash Equivalents at Beginning of Year	<u>63,237</u>
Cash & Cash Equivalents at End of Year	\$ <u>75,101</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ <u>(38,689)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	\$ 86,027
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(35,514)
Increase/(Decrease) in Accounts Payable	396
Increase/(Decrease) in Customer Deposits	<u>658</u>
Total Adjustments	\$ <u>51,567</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(12,878)</u>
Reconciliation of Cash & Cash Equivalents at Year End:	
Cash & Cash Equivalents	\$ 31,074
Restricted Cash	<u>44,027</u>
	\$ <u>75,101</u>

See independent auditor's report and notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Village of Provencal  
Notes to Financial Statements  
June 30, 2019

Introduction:

The Village of Provencal, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of three Aldermen.

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

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water, sewer, and gas services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

B. BASIS OF PRESENTATION-

The financial statements of the Village of Provencal, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Provencal's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Village of Provencal  
Notes to Financial Statements  
June 30, 2019

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

C. FUND ACCOUNTING-

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

The Village maintains three funds. They are categorized as governmental funds and a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

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

The funds of the Village are described below:

Governmental Fund-

General Fund

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

Village of Provençal  
Notes to Financial Statements  
June 30, 2019

Capital Projects Fund

The Capital Projects Fund is used to record financial resources received from the state.

Proprietary Fund-

Enterprise Fund

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

The Village reports all funds as major funds.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Village of Provencal  
Notes to Financial Statements  
June 30, 2019

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position and Statement of Cash Flows, cash and interest-bearing deposits include all demand accounts and savings accounts of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an 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 useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-13 years
Utility system and improvements	10-50 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.

G. RESTRICTED ASSETS-

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

H. INTERFUND TRANSACTIONS-

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient and as an expenditure or expense by the provider. If repayment is expected, these receivables and payables are classified as "Due from other funds" or "Due to other funds." Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net balance for each type of activity.

Village of Provencal  
Notes to Financial Statements  
June 30, 2019

I. COMPENSATED ABSENCES-

There is no formal leave policy for the Village; therefore, no entry is made to record compensated absences.

J. EQUITY CLASSIFICATIONS-

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 resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

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

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

Village of Provencal  
Notes to Financial Statements  
June 30, 2019

The General Fund has an unassigned fund balance of \$52,324. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

K. ESTIMATES-

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

L. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

M. EXPENDITURES/EXPENSES-

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

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

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

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

N. BUDGET-

Prior to the beginning of each fiscal year, the Village adopts a General Fund budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

2. Cash and Cash Equivalents:

The cash and cash equivalents of the Village of Provencal are subject to the following risk:

Village of Provencal  
Notes to Financial Statements  
June 30, 2019

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Village's name.

At June 30, 2019, the Village had \$121,959 in deposits (collected bank balances). These deposits were fully secured from risk by federal deposit insurance.

3. Interfund Assets, Interfund Liabilities, and Operating Transfers:

In the ordinary course of business, the Village routinely transfers resources between its funds. Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to spend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

<u>Transfer In</u> General Fund	<u>Transfer Out</u> Utility Fund	<u>Amount</u> \$1,132
------------------------------------	-------------------------------------	--------------------------

4. Capital Assets:

Capital asset activity for the year ended June 30, 2019, is as follows:

<u>Governmental</u> <u>Activities</u>	<u>Balance</u> <u>07-01-18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-19</u>
Capital Assets, Not Depreciated-				
Construction in Progress	\$ 0	\$ 0	\$0	\$ 0
Capital Assets Depreciated-				
Building	41,190	0	0	41,190
Office Furniture, Fixtures & Equipment	40,378	0	0	40,378
Vehicles	<u>46,012</u>	<u>0</u>	<u>0</u>	<u>46,012</u>
Total Capital Assets	\$ 127,580	\$ 0	0	\$ 127,580
Less, Accumulated Depreciation-				
Building	\$ 39,890	\$ 168	\$ 0	\$ 40,058
Office Furniture, Fixtures & Equipment	40,378	0	0	40,378
Vehicles/Equipment	<u>46,012</u>	<u>0</u>	<u>0</u>	<u>46,012</u>
Total Accumulated Depreciation	\$ <u>126,280</u>	\$ <u>168</u>	\$ <u>0</u>	\$ <u>126,448</u>
Net Capital Assets	\$ <u>1,300</u>	\$ <u>(168)</u>	\$ <u>0</u>	\$ <u>1,132</u>

Village of Provençal  
Notes to Financial Statements  
June 30, 2019

3. Capital Assets (continued):

Business-Type Activities	Balance 07-01-18	Additions	Deletions	Balance 06-30-19
Capital Assets, Not Depreciated-				
Land	\$ 38,250	\$ 0	\$0	\$ 38,250
Capital Assets Depreciated-				
General Equipment	12,875	0	0	12,875
Utility Systems	<u>3,368,137</u>	<u>484,941</u>	<u>0</u>	<u>3,853,078</u>
Total Capital Assets	\$3,419,262	\$484,941	\$0	\$3,904,203
Less, Accumulated Depreciation-				
General Equipment	\$ 11,304	\$ 812	\$0	\$ 12,116
Utility Systems	<u>1,340,696</u>	<u>85,215</u>	<u>0</u>	<u>1,425,911</u>
Total Accumulated Depreciation	<u>\$1,352,000</u>	<u>\$ 86,027</u>	<u>\$0</u>	<u>\$1,438,027</u>
Net Capital Assets	<u>\$2,067,262</u>	<u>\$398,914</u>	<u>\$0</u>	<u>\$2,466,176</u>

Depreciation expense for the General Fund of \$168 was charged to the General Government function in the amount of \$168 and the Public Safety function in the amount of \$0.

Depreciation expense for the Utility Fund was \$86,027 and was charged as follows:

General Equipment	\$ 812
Gas System	1,719
Water System	21,995
Sewer System	<u>61,501</u>
Total	<u>\$86,027</u>

4. Related Parties:

The Village had no identified related party transactions for the year ended June 30, 2019.

5. Compensation of Aldermen:

For the year ended June 30, 2019, the following amounts were paid to the Board of Aldermen:

Daniel Gangre	\$ 550
Boe Gangre	300
Buddy Boswell	250
Ricky Cox	<u>300</u>
Total	<u>\$1,400</u>

6. Litigation:

At June 30, 2019, the Village was not a party in any outstanding civil suit seeking damages.

Village of Provenal  
Notes to Financial Statements  
June 30, 2019

7. Receivables:

The following is a summary of receivables at June 30, 2019:

<u>Class of Receivable</u>	<u>Proprietary Fund</u>
Water Sales	\$19,705
Sewer Sales	7,177
Gas Sales	<u>20,034</u>
Total	<u>\$46,916</u>

8. Subsequent Events:

Management has evaluated events through December 17, 2019, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

Village of Provencal  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended June 30, 2019

Agency Head Name: Randy Dupree, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$2,800
Benefits-Other	214
Car allowance	4,400
Conferences and travel	4,604

See independent auditor's report.

Village of Provençal  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Variance
	<u>Original/Final</u>	<u>Actual</u>	Favorable (Unfavorable)
<b>REVENUES:</b>			
Licenses and Permits	\$33,250	\$34,501	\$ 1,251
Fines and Forfeits	17,000	10,549	(6,451)
Interest	5,500	139	(5,361)
Miscellaneous	<u>1,500</u>	<u>401</u>	<u>(1,099)</u>
Total Revenues	<u>\$57,250</u>	<u>\$45,590</u>	<u>\$(11,660)</u>
<b>EXPENDITURES:</b>			
Current-			
General Govt	\$18,350	\$38,100	\$(19,750)
Public Safety	<u>38,900</u>	<u>11,416</u>	<u>27,484</u>
Total Expenditures	<u>\$57,250</u>	<u>\$49,516</u>	<u>\$ 7,734</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>0</u>	\$ <u>(3,926)</u>	\$ <u>(3,926)</u>
<b>OTHER FINANCING:</b>			
Transfer In	\$ 0	\$ 1,132	\$ 1,132
Transfer Out	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 0</u>	<u>\$ 1,132</u>	<u>\$ 1,132</u>
Excess of Revenues over Expenditures And Other Financing	\$ 0	\$ (2,794)	\$ (2,794)
Fund Balance- Beginning of Year	<u>55,118</u>	<u>55,118</u>	<u>0</u>
Fund Balance- End of Year	<u>\$55,118</u>	<u>\$52,324</u>	<u>\$(2,794)</u>

See independent auditor's report and notes to financial statements.

OTHER REPORTS/SCHEDULES

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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

To the Mayor and Board of Aldermen of  
the Village of Provencal

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, business-type activities, and major fund of the Village of Provencal (Village) 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 and have issued our report thereon dated December 17, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village’s internal control. 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, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control described in the accompanying Schedule of Audit Findings that we consider to be a significant deficiency as *Item 2019-001*.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Audit Findings as *Item 2019-002*.

## **Village of Provencal's Response to Findings**

The Village's response to the findings identified in our audit are described in the accompanying Schedule of Audit Findings. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

December 17, 2019

Village of Provencal, Louisiana  
Schedule of Audit Findings  
Year Ended June 30, 2019

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the basic financial statements of the Village of Provencal as of and for the year ended June 30, 2019.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weakness.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following findings relate to the financial statements and are required to be reported in accordance with *Government Auditing Standards*:

Internal Control-

*2019-001 Segregation of Duties*

*Criteria* - Proper internal controls dictate that duties be segregated so that no one individual performs or controls all duties related to the accounting system.

*Condition* - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements and the related note disclosures.

*Cause* - The Village's office does not have a sufficient number of employees to adequately separate accounting duties or to prepare the Village's annual financial statements with related note disclosures.

*Effect* - Intentional or unintentional errors could be made and not detected within the accounting system.

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

*Management's Response* - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the Village to have our independent auditors prepare our financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Village of Provençal, Louisiana  
Schedule of Audit Findings (continued)  
Year Ended June 30, 2019

Compliance-

*2019-002 Local Government Budget Act*

*Criteria* - Louisiana Revised Statute 39:1311 require that a budget for the General Fund be amended if actual revenues are less than budgeted revenues by 5% or more, and/or actual expenditures exceed budgeted expenditures by 5% or more.

*Condition* - For the year ended June 30, 2019, the Village failed to amend the budget when actual revenues were more than 5% less than budgeted revenues as allowed.

*Cause* - Oversight of management to ensure the budget was amended prior to the year end.

*Effect* - The budget cannot be used as an effective management tool to control revenues.

*Recommendation* - The Village should institute procedures to ensure the budget is amended whenever actual revenues are less than budgeted revenues by more than 5%, and/or actual expenditures exceed budgeted expenditures by more than 5% as allowed.

*Management's Response* - The Village will institute procedures to ensure the budget is amended when required.

III. PRIOR YEAR AUDIT FINDINGS

Not applicable; the prior year report was a review.

**T | C | B | T**  
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**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING  
STATEWIDE AGREED-UPON PROCEDURES**

The Honorable Rodney Dupree, Mayor  
and the Village Council  
P. O. Box 400  
Provençal, LA 71468

We have performed the procedures enumerated below, which were agreed to by the Mayor and Village Council of Village of Provençal (the “Village”) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA’s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Village 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

***Written Policies and Procedures***

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1. We obtained and inspected the entity’s written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
  - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ***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.
  - ***Disbursements***, including processing, reviewing, and approving.
  - ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **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.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **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.

a) *Procedure Results – The Village currently has no written policies and procedures.*

#### ***Board (or Finance Committee, if applicable)***

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2. We obtained and inspected the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
    - Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
    - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
    - For governmental entities, obtained the prior year audit report and observed the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed 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.
- a) *Procedure Results – We noted one exception. Board minutes do not reference monthly budget-to-actual comparisons for any funds.*

### ***Bank Reconciliations***

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3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
  - Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
  - 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
  - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

a) *Procedure Results – We noted two exceptions. Bank reconciliations do not include evidence of preparation within 2 months of the closing date nor that management has reviewed the reconciliations.*

### ***Collections***

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4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected the required amount of deposit sites (up to five).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:
  - Employees that are responsible for cash collections do not share cash drawers/registers.
  - 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.
  - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. We obtained supporting documentation for each of the deposits selected and:
  - We observed that receipts are sequentially pre-numbered.

- We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- We traced the deposit slip total to the actual deposit per the bank statement.
- We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- We traced the actual deposit per the bank statement to the general ledger.
  - a) *Procedure Results – We noted three exceptions. One employee is responsible for cash collections and (1) preparing and making bank deposits, (2) posting collection entries to the general ledger, and (3) reconciling collections to the general ledger.*

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

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8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, we obtained 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 we observed that job duties are properly segregated such that:
  - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:
  - We observed that the disbursement matched the related original invoice/billing statement.
  - We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
    - a) *Procedure Results – We noted two exceptions. The Town Clerk processes and mails payments but is not responsible for signing checks and there is no evidence of segregation of duties with disbursement documentation.*

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), and obtained supporting documentation, and:
  - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.

*a) Procedure Results – The Village has no credit, debit, or fuel cards.*

### ***Travel and Expense Reimbursement***

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14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
  - If reimbursed using a per diem, we agreed the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - We observed that each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.
  - We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*a) Procedure Results – We noted no exceptions.*

### ***Contracts***

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15. We obtained from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, and:
- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment.
  - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.
- a) *Procedure Results – We noted no exceptions.*

### ***Payroll and Personnel***

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16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:
- We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - We observed that supervisors approved the attendance and leave of the selected employees/officials.
  - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected the two employees/officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations. If applicable, we agreed the hours to the employees/officials' cumulative leave records and the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
- a) *Procedure Results – We noted no exceptions.*

### ***Ethics***

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20. Using the five randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.
- a) *Procedure Results – We noted one exception. The Village has no Ethics policy to which employees can attest they have read.*

### ***Debt Service (excluding nonprofits)***

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21. We obtained a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.
- a) *Procedure Results – The Village does not have any debt.*

### ***Other***

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23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- a) *Procedure Results – We noted no exceptions. Management represented that they are not aware of any misappropriations.*
24. We observed whether 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.
- a) *Procedure Results – We noted no exceptions.*

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

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

*Thomas, Cunningham Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

December 17, 2019

Village of Provencal  
Management's Response to Exceptions to  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2019

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

- Item 1: Exception: The Village has no written policies and procedures.  
Response: Management will prepare written policies and procedures in accordance with best practices.
- Item 2: Exception: Council minutes do not reference monthly budget-to-actual comparisons for any funds.  
Response: Management will ensure that financial statements are listed separately on Council minutes.
- Item 3: Exception: Bank reconciliations do not include evidence of preparation within 2 months of the closing date or that management has reviewed the reconciliations.  
Response: Management will ensure that all bank reconciliations include a preparation date and evidence of management review.
- Item 5: Exception: One employee is responsible for cash collections and (1) preparing and making bank deposits, (2) posting collection entries to the general ledger, and (3) reconciling collections to the general ledger.  
Response: The Village has only one employee to conduct all business, it is not economically feasible to hire any additional employees in order to segregate duties.
- Item 9: Exception: The Clerk processes and mails payments but is not responsible for signing checks.  
Response: The Village has only one employee to conduct all business. It is not economically feasible to hire any additional employees in order to segregate duties.
- Item 10: Exception: Disbursement documentation does not include evidence of segregation of duties tested under Item 9.  
Response: Management will ensure that documentation includes evidence of segregation of duties as shown in Item 9.
- Item 20: Exception: The Village has no Ethics policy to which employees can attest having read.  
Response: The Village will prepare a written Ethics policy and ensure that employees provide annual signature verification that they have read the policy during the fiscal year.