

VILLAGE OF CONVERSE, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018

Village of Converse, Louisiana
Financial Report
December 31, 2018

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December 31, 2018

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Village of Converse, Louisiana

P. O. Box 40
Converse, LA 71419

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Year Ended December 31, 2018

The Management's Discussion and Analysis of the Village of Converse's financial performance presents a narrative overview and analysis of the Village's financial activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Village of Converse's financial statements, which begin on page 11.

Government-Wide Financial Statements

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

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Village uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

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

Summary of Statement of Net Position

| | 2018 | | | 2017 | | |
|--|----------------------------|-----------------------------|--------------------|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| ASSETS: | | | | | | |
| Current & Other Assets | \$ 107,499 | \$ 234,468 | \$ 341,967 | \$ 164,777 | \$ 188,960 | \$ 353,737 |
| Due from Other Funds | 339,584 | 0 | 339,584 | 264,997 | 0 | 264,997 |
| Capital Assets, Net of Accumulated Depreciation | <u>867,145</u> | <u>1,211,877</u> | <u>2,079,022</u> | <u>912,475</u> | <u>1,279,666</u> | <u>2,192,141</u> |
| Total Assets | <u>\$1,314,228</u> | <u>\$1,446,345</u> | <u>\$2,760,573</u> | <u>\$1,342,249</u> | <u>\$1,468,626</u> | <u>\$2,810,875</u> |
| LIABILITIES: | | | | | | |
| Accounts Payable/Accruals | \$ 6,416 | \$ 4,973 | \$ 11,389 | \$ 6,964 | \$ 4,770 | \$ 11,734 |
| Due to Other Funds | 0 | 339,584 | 339,584 | 0 | 264,997 | 264,997 |
| Long-Term Debt | 2,872 | 0 | 2,872 | 9,441 | 0 | 9,441 |
| Customer Deposits | <u>0</u> | <u>10,276</u> | <u>10,276</u> | <u>0</u> | <u>9,480</u> | <u>9,480</u> |
| Total Liabilities | <u>\$ 9,288</u> | <u>\$ 354,833</u> | <u>\$ 364,121</u> | <u>\$ 16,405</u> | <u>\$ 279,247</u> | <u>\$ 295,652</u> |
| NET POSITION: | | | | | | |
| Net Investment in Capital Assets | \$ 867,145 | \$1,211,877 | \$2,079,022 | \$ 912,475 | \$1,279,666 | \$2,192,141 |
| Unrestricted | <u>437,795</u> | <u>(120,365)</u> | <u>317,430</u> | <u>413,369</u> | <u>(90,287)</u> | <u>323,082</u> |
| Total Net Position | <u>\$1,304,940</u> | <u>\$1,091,512</u> | <u>\$2,396,452</u> | <u>\$1,325,844</u> | <u>\$1,189,379</u> | <u>\$2,515,223</u> |

Summary of Statement of Activities

| | 2018 | | | 2017 | | |
|---|----------------------------|-----------------------------|---------------------|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| REVENUES: | | | | | | |
| General Revenues: | | | | | | |
| Taxes- | | | | | | |
| Ad Valorem | \$ 20,150 | \$ 0 | \$ 20,150 | \$ 17,976 | \$ 0 | \$ 17,976 |
| Licenses & Permits | 37,598 | 0 | 37,598 | 46,640 | 0 | 46,640 |
| Sales Tax | 58,931 | 0 | 58,931 | 50,525 | 0 | 50,525 |
| Fines | 92,295 | 0 | 92,295 | 75,015 | 0 | 75,015 |
| Royalty | 2,433 | 0 | 2,433 | 3,174 | 0 | 3,174 |
| Charges for Services | 0 | 129,492 | 129,492 | 0 | 94,264 | 94,264 |
| Interest Income | 140 | 200 | 340 | 118 | 249 | 367 |
| Capital Grants and Contributions | 0 | 0 | 0 | 183,842 | 0 | 183,842 |
| Miscellaneous | <u>14,873</u> | <u>7,669</u> | <u>22,542</u> | <u>9,528</u> | <u>22,504</u> | <u>32,032</u> |
| Total Revenues | \$ <u>226,420</u> | \$ <u>137,361</u> | \$ <u>363,781</u> | \$ <u>386,818</u> | \$ <u>117,017</u> | \$ <u>503,835</u> |
| EXPENDITURES: | | | | | | |
| General Government | \$ 119,642 | \$ 0 | \$ 119,642 | \$ 101,270 | \$ 0 | \$ 101,270 |
| Public Safety | 91,842 | 0 | 91,842 | 87,844 | 0 | 87,844 |
| Highways & Streets | 35,399 | 0 | 35,399 | 34,510 | 0 | 34,510 |
| Debt Service | 442 | 0 | 442 | 875 | 0 | 875 |
| Operating Expense | <u>0</u> | <u>235,228</u> | <u>235,228</u> | <u>0</u> | <u>199,277</u> | <u>199,277</u> |
| Total Expenditures | \$ <u>247,325</u> | \$ <u>235,228</u> | \$ <u>482,553</u> | \$ <u>224,499</u> | \$ <u>199,277</u> | \$ <u>423,776</u> |
| Excess (Deficiency) of Revenues over Expenditures | \$ <u>(20,905)</u> | \$ <u>(97,867)</u> | \$ <u>(118,772)</u> | \$ <u>162,319</u> | \$ <u>(82,260)</u> | \$ <u>80,059</u> |
| OTHER FINANCING SOURCES: | | | | | | |
| Proceeds of Debt | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources(Uses) over Expenditures | \$ <u>(20,095)</u> | \$ <u>(97,867)</u> | \$ <u>(118,772)</u> | \$ <u>162,319</u> | \$ <u>(82,260)</u> | \$ <u>80,059</u> |
| Net Position-Beginning of Year | <u>1,325,845</u> | <u>1,189,379</u> | <u>2,515,224</u> | <u>1,163,525</u> | <u>1,271,639</u> | <u>2,435,164</u> |
| Net Position-End of Year | \$ <u>1,304,940</u> | \$ <u>1,091,512</u> | \$ <u>2,396,452</u> | \$ <u>1,325,844</u> | \$ <u>1,189,379</u> | \$ <u>2,515,223</u> |

FINANCIAL HIGHLIGHTS

Governmental Activities

1. Village of Converse had cash of \$72,591 at December 31, 2018, which represents a decrease of \$68,223 from prior year end.
2. Village of Converse had receivables of \$29,597 at December 31, 2018, which represents an increase of \$10,945 from prior year end.
3. Village of Converse had accounts payable and accruals of \$6,416 at December 31, 2018, which represents a decrease of \$548 from the prior year end.
4. Village of Converse had total revenues of \$226,420 for the year ended December 31, 2018, which represents a decrease of \$160,398 from prior year.
5. Village of Converse had total expenses of \$247,325 for the year ended December 31, 2018, which represents an increase of \$22,826 from prior year.
6. Village of Converse acquired capital assets in the amount of \$3,118 for the year ended December 31, 2018.

Business-Type Activities

1. Village of Converse had cash of \$222,731 for the year ended December 31, 2018, which represents an increase of \$46,776 from prior year.
2. Village of Converse had accounts receivable of \$9,583 for the year ended December 31, 2018, which represents no change from prior year.
3. Village of Converse had accounts payable and accruals of \$4,973 for the year ended December 31, 2018, which represents an increase of \$203 from prior year.
4. Village of Converse had total revenues of \$137,361 for the year ended December 31, 2018, which represents an increase of \$20,344 from prior year.
5. Village of Converse had total expenses of \$235,228 for the year ended December 31, 2018, which represents an increase of \$35,951 from prior year.
6. Village of Converse had capital asset additions of \$7,853 and disposals of \$5,788 for the year ended December 31, 2018.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, Village of Converse had \$867,145, and \$1,211,877 net of depreciation in Governmental Activities and Business-Type Activities, respectively, invested in a broad range of capital assets (See table below).

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|-----------------------------------|------------------------------------|-------------------------------------|
| Land | \$ 1,600 | \$ 10,000 |
| Buildings and other improvements | 408,280 | 0 |
| Distribution system | 0 | 1,156,413 |
| Streets | 443,829 | 0 |
| Equipment, furniture and fixtures | <u>13,436</u> | <u>45,464</u> |
| Total | <u>\$867,145</u> | <u>\$1,211,877</u> |

VARIATIONS BETWEEN FINAL BUDGET AND ACTUAL

Actual revenues were \$39,420 more than budgeted amounts.

Actual expenditures were \$2,464 more than budgeted amounts. This is within the 5% variance allowable.

There was one budget amendment for the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village of Converse's elected officials considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

1. Taxes
2. Intergovernmental revenues (state and local grants)
3. License and permits
4. Fines

Village of Converse does not expect any significant changes in next year's results as compared to the current year, unless grant monies are received for the purchase/improvement of capital assets.

CONTACTING VILLAGE OF CONVERSE'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village of Converse's finances and to show the Village of Converse's accountability for the money it receives. If you have questions about this report or need additional information, contact Troy Terrell, Mayor of the Village of Converse, Post Office Box 40, Converse, Louisiana 71419, (318) 567-3312.

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

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To the Mayor and Aldermen of the
Village of Converse, Louisiana

Report on the Financial Statements

We have reviewed the accompanying financial statements of the governmental activities, business-type activities, and major funds of the Village of Converse (“Village”) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of the Village’s personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management’s Responsibility for the Financial Statements

The management of the Village 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to conduct the review engagement in accordance with the *Statements on Standards Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA and the standards applicable to review engagements contained in Government Auditing Standards, issued by the United States Comptroller General. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant’s Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter Paragraphs

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 Schedule, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, or Louisiana State Law, 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.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information in the Table of Contents is presented for the purpose of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3). This schedule is not a required part of the basic financial statements.

The Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the schedule in order for them to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

The Management's Discussion and Analysis has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management. We have not audited or reviewed the management's discussion and analysis and, accordingly, we do not express an opinion or any other form of assurance on it.

Other Reporting Requirements

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 5, 2019, on the results of our agreed-upon procedures on pages 36 through 38. The Louisiana Attestation Questionnaire is presented on pages 40 through 42.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier
Certified Public Accountants

June 5, 2019
Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Converse, Louisiana
Statement of Net Position
December 31, 2018

| | Governmental <u>Activities</u> | Business-Type <u>Activities</u> | <u>Total</u> |
|-------------------------------------|-----------------------------------|------------------------------------|--------------------|
| ASSETS: | | | |
| Current Assets- | | | |
| Cash | \$ 72,591 | \$ 212,455 | \$ 285,046 |
| Accounts & Taxes Receivable | 29,597 | 9,583 | 39,180 |
| Due from Other Funds | 339,584 | 0 | 339,584 |
| Prepaid Expenses | <u>5,311</u> | <u>2,154</u> | <u>7,465</u> |
| Total Current Assets | <u>\$ 447,083</u> | <u>\$ 224,192</u> | <u>\$ 671,275</u> |
| Noncurrent Assets- | | | |
| Restricted Cash – Customer Deposits | \$ 0 | \$ 10,276 | \$ 10,276 |
| Capital Assets, Net | <u>867,145</u> | <u>1,211,877</u> | <u>2,079,022</u> |
| Total Noncurrent Assets | <u>\$ 867,145</u> | <u>\$1,222,153</u> | <u>\$2,089,298</u> |
| Total Assets | <u>\$1,314,228</u> | <u>\$1,446,345</u> | <u>\$2,760,573</u> |
| LIABILITIES: | | | |
| Current Liabilities- | | | |
| Accounts Payable/Accruals | \$ 6,416 | \$ 4,973 | \$ 11,389 |
| Current Portion of Long-Term Debt | 2,872 | 0 | 2,872 |
| Due to Other Funds | <u>0</u> | <u>339,584</u> | <u>339,584</u> |
| Total Current Liabilities | <u>\$ 9,288</u> | <u>\$ 344,557</u> | <u>\$ 353,845</u> |
| Noncurrent Liabilities- | | | |
| Customer Deposits | <u>\$ 0</u> | <u>\$ 10,276</u> | <u>\$ 10,276</u> |
| Total Liabilities | <u>\$ 9,288</u> | <u>\$ 354,833</u> | <u>\$ 364,121</u> |
| NET POSITION: | | | |
| Net Investment in Capital Assets | \$ 867,145 | \$1,211,877 | \$2,079,022 |
| Unrestricted | <u>437,795</u> | <u>(120,365)</u> | <u>317,430</u> |
| Total Net Position | <u>\$1,304,940</u> | <u>\$1,091,512</u> | <u>\$2,396,452</u> |

See accompanying notes to financial statement.

Village of Converse, Louisiana
Statement of Activities
December 31, 2018

| Activities | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | |
|-----------------------------------|------------------|--------------------------------------|---------------------------------|---|--------------------------|---------------------|
| | | Fees, Fines and Charges for Services | Capital Grant and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | |
| General Government | \$119,642 | \$ 0 | \$0 | \$ (119,642) | \$ 0 | \$ (119,642) |
| Public Safety | 92,284 | 92,295 | | 11 | 0 | 11 |
| Public Works | <u>35,399</u> | <u>0</u> | <u>0</u> | <u>(35,399)</u> | <u>0</u> | <u>(35,399)</u> |
| Total Governmental Activities | <u>\$247,325</u> | <u>\$ 92,295</u> | <u>\$0</u> | <u>\$ (155,030)</u> | <u>\$ 0</u> | <u>\$ (155,030)</u> |
| Business-Type Activities: | | | | | | |
| Water and Sewer | <u>\$235,228</u> | <u>\$129,492</u> | <u>\$0</u> | <u>\$ 0</u> | <u>\$ (105,736)</u> | <u>\$ (105,736)</u> |
| Total Government | <u>\$482,553</u> | <u>\$221,787</u> | <u>\$0</u> | <u>\$ (155,030)</u> | <u>\$ (105,736)</u> | <u>\$ (260,766)</u> |
| General Revenues: | | | | | | |
| Taxes- | | | | | | |
| Ad Valorem | | | | \$ 20,150 | \$ 0 | \$ 20,150 |
| Licenses & Permits | | | | 37,598 | 0 | 37,598 |
| Sales Taxes | | | | 58,931 | 0 | 58,931 |
| Royalty | | | | 2,433 | 0 | 2,433 |
| Interest Income | | | | 140 | 200 | 340 |
| Miscellaneous | | | | <u>14,873</u> | <u>7,669</u> | <u>22,542</u> |
| Total General Revenues | | | | <u>\$ 134,125</u> | <u>\$ 7,869</u> | <u>\$ 141,994</u> |
| Change in Net Position | | | | \$ (20,905) | \$ (97,867) | \$ (118,772) |
| Net Position at Beginning of Year | | | | <u>1,325,845</u> | <u>1,189,379</u> | <u>2,515,224</u> |
| Net Position at End of Year | | | | <u>\$1,304,940</u> | <u>\$1,091,512</u> | <u>\$2,396,452</u> |

See accompanying notes to financial statement.

FUND FINANCIAL STATEMENTS

Village of Converse, Louisiana
Balance Sheet-Governmental Fund
December 31, 2018

| | General <u>Fund</u> |
|---------------------------------------|------------------------|
| ASSETS: | |
| Cash | \$ 72,591 |
| Taxes Receivable | 26,809 |
| Other Receivables | 2,788 |
| Due from Other Funds | 339,584 |
| Prepaid Expenses | <u>5,311</u> |
| Total Assets | <u>\$447,083</u> |
| LIABILITIES: | |
| Accounts Payable/Accruals | \$ <u>6,416</u> |
| FUND BALANCE: | |
| Nonspendable-Prepaid Expenses | \$ 5,311 |
| Unassigned | <u>435,356</u> |
| Total Fund Balance | <u>\$440,667</u> |
| Total Liabilities and Fund Balance | <u>\$447,083</u> |

See accompanying notes to financial statement.

Village of Converse, Louisiana
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2018

Total Fund Balance for the Governmental Fund \$ 440,667

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

Capital Assets used in Governmental Activities are not
current financial resources and, therefore, are not reported
in the Governmental Fund Balance Sheet-

| | |
|--------------------------------|-----------|
| Capital Assets | 1,281,773 |
| Less, Accumulated Depreciation | (414,628) |

Long-term Liabilities are not due and payable in the
current period and, therefore, are not reported in the
Governmental Funds Balance Sheet-

| | |
|----------------|----------------|
| Long-term Debt | <u>(2,872)</u> |
|----------------|----------------|

Total Net Position of Governmental Activities \$1,304,940

See accompanying notes to financial statement.

Village of Converse, Louisiana
Statement of Revenues, Expenditures and Change in Fund Balance-
Governmental Fund
Year Ended December 31, 2018

| | <u>General Fund</u> |
|--------------------------------------|-------------------------|
| Revenues: | |
| Taxes- | |
| Ad Valorem | \$ 20,150 |
| Licenses & Permits | 37,598 |
| Sales Tax | 58,931 |
| Fines & Forfeits | 92,295 |
| Grant Income | 0 |
| Miscellaneous- | |
| Royalty | 2,433 |
| Miscellaneous | <u>15,013</u> |
| Total Revenues | <u>\$226,420</u> |
| Expenditures: | |
| Current- | |
| General Government | \$ 71,194 |
| Public Safety | 91,842 |
| Streets | 35,399 |
| Debt Service | 7,011 |
| Capital Expenditures | <u>3,118</u> |
| Total Expenditures | <u>\$208,564</u> |
| Excess of Revenues over Expenditures | \$ 17,856 |
| Fund Balance-Beginning of Year | <u>422,811</u> |
| Fund Balance-End of Year | <u>\$440,667</u> |

See accompanying notes to financial statement.

Village of Converse, Louisiana
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 December 31, 2018

| | |
|--|-------------------|
| Net Change in Fund Balance-Governmental Fund | \$ 17,856 |
| Amounts reported for Governmental Activities in the Statement of Activities are 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 | (48,448) |
| Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This cost of capital assets recorded in the current period is | 3,118 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These timing differences are summarized below: | |
| General Obligation Debt Payments | <u>6,569</u> |
| Total Change in Net Position | <u>\$(20,905)</u> |

See accompanying notes to financial statement.

Village of Converse, Louisiana
Statement of Net Position
Proprietary Fund-Utility Fund
Year Ended December 31, 2018

| | |
|----------------------------------|---------------------|
| ASSETS: | |
| Current Assets- | |
| Cash | \$ 212,455 |
| Accounts Receivable | 9,583 |
| Prepaid Expenses | <u>2,154</u> |
| Total Current Assets | \$ <u>224,192</u> |
| Noncurrent Assets- | |
| Restricted Cash – Deposits | \$ 10,276 |
| Capital Assets, Net | <u>1,211,877</u> |
| Total Noncurrent Assets | \$ <u>1,222,153</u> |
| Total Assets | \$ <u>1,446,345</u> |
| LIABILITIES: | |
| Current Liabilities- | |
| Accounts Payable/Accruals | \$ 4,973 |
| Due to Other Funds | <u>339,584</u> |
| Total Current Liabilities | \$ <u>344,557</u> |
| Noncurrent Liabilities – | |
| Customers’ Deposits | \$ <u>10,276</u> |
| Total Liabilities | \$ <u>354,833</u> |
| NET POSITION: | |
| Net Investment in Capital Assets | \$1,211,877 |
| Unrestricted | <u>(120,365)</u> |
| Total Net Position | \$ <u>1,091,512</u> |

See accompanying notes to financial statement.

Village of Converse, Louisiana
Statement of Revenues, Expenses and Change in Net Position
Proprietary Fund-Utility Fund
Year Ended December 31, 2018

| | |
|--------------------------------|--------------------|
| OPERATING REVENUES: | |
| Charges for Services | \$ 129,492 |
| Miscellaneous | <u>9,791</u> |
| Total Operating Revenues | \$ <u>139,283</u> |
| OPERATING EXPENSES: | |
| Personnel Services | \$ 74,407 |
| Utilities | 19,043 |
| Repair & Maintenance | 28,422 |
| Other Supplies & Expenses | 40,125 |
| Depreciation | <u>73,231</u> |
| Total Operating Expenses | \$ <u>235,228</u> |
| Loss from Operations | \$ <u>(95,945)</u> |
| NON-OPERATING REVENUES: | |
| Interest | \$ 200 |
| Loss on Disposal of Assets | <u>(2,122)</u> |
| Total Non-Operating Revenues | \$ <u>(1,922)</u> |
| Change in Net Position | \$ (97,867) |
| Net Position-Beginning of Year | <u>1,189,379</u> |
| Net Position-End of Year | <u>\$1,091,512</u> |

See accompanying notes to financial statement.

Village of Converse, Louisiana
Statement of Cash Flows
Proprietary Fund-Utility Fund
Year Ended December 31, 2018

| | |
|---|------------------|
| Cash Flows from Operating Activities: | |
| Cash Receipts from Customers | \$140,550 |
| Cash Receipts of Customer Deposits | 796 |
| Cash Payments to Suppliers and Employees | <u>(87,207)</u> |
| Net Cash Used by Operating Activities | \$ <u>54,139</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Principal Paid on Capital Debt | \$ (6,568) |
| Disposal of Capital Assets | 2,122 |
| Acquisition of Capital Assets | <u>(3,118)</u> |
| Net Cash Used by Capital and Related Financing Activities | \$ (7,564) |
| Cash Flows from Investing Activities: | |
| Interest Income | \$ <u>200</u> |
| Net Increase in Cash and Cash Equivalents | \$ 46,775 |
| Cash and Cash Equivalents-Beginning of Year | <u>175,956</u> |
| Cash and Cash Equivalents-End of Year | <u>\$222,731</u> |
| Reconciliation of Income from Operations to | |
| Net Cash Provided (Used) by Operating Activities: | |
| Operating Loss | \$ (95,945) |
| Adjustments to Reconcile Operating Income to | |
| Net Cash Provided (Used) by Operating Activities: | |
| Depreciation | 73,231 |
| Changes in Assets and Liabilities- | |
| (Increase) Decrease in Prepaid Expenses | 1,267 |
| Increase (Decrease) in Accounts Payable | 203 |
| Increase (Decrease) in Customer Deposits | 796 |
| Increase (Decrease) in Due to Other Funds | <u>74,587</u> |
| Net Cash Provided (Used) by Operating Activities | \$ <u>54,139</u> |
| Reconciliation of Total Cash and Cash Equivalents: | |
| Current Assets – Cash | \$212,455 |
| Restricted Assets – Cash | <u>10,276</u> |
| Total Cash and Cash Equivalents | <u>\$222,731</u> |

See accompanying notes to financial statement.

NOTES TO FINANCIAL STATEMENTS

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

Introduction:

The Village of Converse, 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 the legislative branch consists of three Aldermen.

This report includes all funds which are controlled by or dependent on the Village of Converse, Louisiana's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Converse, Louisiana 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 protection, streets, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer 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.

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

B. BASIS OF PRESENTATION-

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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

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.

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 two funds. They are categorized as a governmental fund 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 Village reports both its general fund and enterprise fund as major funds.

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 Converse, Louisiana
Notes to Financial Statements
December 31, 2018

Proprietary Fund-

Enterprise Fund

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

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.

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, savings accounts, and certificates of deposit 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 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 Position. 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 | 5-10 years |
| Utility system and improvements | 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.

G. RESTRICTED ASSETS-

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

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

H. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS-

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences. In addition, the Village does not provide employee benefits beyond employment.

I. 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 position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position – All other net assets 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 position is available, management applies unrestricted net resources first, unless a determination is made to use restricted net 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.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

- 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.

The General Fund has an unassigned fund balance of \$435,356. 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.

J. 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 Non-operating

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

K. BUDGET AND BUDGETARY ACCOUNTING-

Prior to the beginning of each fiscal year, the Village adopts a 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.

L. 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.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

M. LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends upon whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. In the fund financial statements, the face amount of the debt issued is reported as other financing sources. The Village's long-term debt consists of capital leases.

N. RECEIVABLES-

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

O. BAD DEBTS-

All accounts receivable are considered to be fully collectible.

P. SALES TAXES-

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

2. Ad Valorem Taxes

The Village levies taxes on real and business personal property located within the boundaries of the Village. Property taxes are levied by the Village on property values assessed by the Sabine Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Village bills and collects property taxes. The Village recognizes property tax revenues when levied.

Property Tax Calendar

| | |
|------------------------------|-------------|
| Assessment date | January 1 |
| Levy date | August 31 |
| Tax bills mailed | October 15 |
| Total taxes are due | December 31 |
| Penalties and interest added | January 31 |
| Lien date | January 31 |

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

For the year ended December 31, 2018, taxes of 13.51 mills were levied on property and were dedicated as follows:

| | |
|----------------------------|------------|
| General Corporate Purposes | 5.67 mills |
| Street Fund | 7.84 mills |

Total taxes collected were \$20,150 after small adjustments were made to the original tax roll.

3. Cash and Cash Equivalents:

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

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 bank. 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 Parish Government's name.

At December 31, 2018, the Village had \$294,759 in deposits (collected bank balances). The deposits are stated at cost which approximates market. These deposits are secured from risk as follows:

| | |
|--------------------|-----------------|
| Demand Deposits | \$ 280,496 |
| Time Deposits | 14,263 |
| FDIC Insurance | (250,000) |
| Pledged Securities | <u>(44,759)</u> |
| Uninsured | <u>\$ 0</u> |

4. Accounts Receivable:

The following is a summary of accounts receivable December 31, 2018:

| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|----------------------|--|---|-----------------|
| Taxes- | | | |
| Ad Valorem | \$ 5,754 | \$ 0 | \$ 5,754 |
| Franchise | 6,435 | 0 | 6,435 |
| Sales Tax | 6,675 | 0 | 6,675 |
| Street Bond | 7,945 | 0 | 7,945 |
| Royalty | 173 | 0 | 173 |
| Other | 2,615 | 0 | 2,615 |
| Charges for services | <u>0</u> | <u>9,583</u> | <u>9,583</u> |
| Total | <u>\$29,597</u> | <u>\$9,583</u> | <u>\$39,180</u> |

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

5. Capital Assets:

A summary of Village of Converse's capital assets at December 31, 2018, follows:

| Governmental Activities | Balance 01-01-18 | Additions | Deletions | Balance 12-31-18 |
|--|---------------------|--------------------|-------------|---------------------|
| Capital Assets, Not Being Depreciated- Land | \$ <u>1,600</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>1,600</u> |
| Capital Assets, Being Depreciated- | | | | |
| Buildings & Other Improvements | \$ 660,532 | \$ 0 | \$ 0 | \$ 660,532 |
| Furniture & Equipment | 88,870 | 3,118 | 0 | 91,988 |
| Streets & Improvements | <u>527,653</u> | <u>0</u> | <u>0</u> | <u>527,653</u> |
| Total Assets being Depreciated | <u>\$1,277,055</u> | <u>\$ 3,118</u> | <u>\$ 0</u> | <u>\$1,280,173</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings & Other Improvements | \$ 234,637 | \$ 17,615 | \$ 0 | \$ 252,252 |
| Furniture & Equipment | 74,101 | 4,450 | 0 | 78,551 |
| Streets | <u>57,442</u> | <u>26,383</u> | <u>0</u> | <u>83,825</u> |
| Total Accumulated Depreciation | <u>\$ 366,180</u> | <u>\$ 48,448</u> | <u>\$ 0</u> | <u>\$ 414,628</u> |
| Governmental Activities Total Capital Assets, Net | <u>\$ 912,475</u> | <u>\$ (45,330)</u> | <u>\$ 0</u> | <u>\$ 867,145</u> |

Depreciation expense of \$48,448 was charged to the general government function for governmental activities.

| Business-Type Activities | Balance 01-01-18 | Additions | Deletions | Balance 12-31-18 |
|---|---------------------|-------------------|------------------|---------------------|
| Capital Assets, Not Being Depreciated- Land | \$ <u>10,000</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>10,000</u> |
| Capital Assets, Being Depreciated- | | | | |
| Distribution System | \$2,137,988 | \$ 0 | \$ 0 | \$2,137,988 |
| Equipment, Furniture & Fixtures | <u>240,392</u> | <u>7,853</u> | <u>(5,788)</u> | <u>242,457</u> |
| Total Assets being Depreciated | <u>\$2,378,380</u> | <u>\$ 7,853</u> | <u>\$(5,788)</u> | <u>\$2,380,445</u> |
| Less Accumulated Depreciation for: | | | | |
| Distribution System | \$ 929,637 | \$ 51,938 | \$ 0 | \$ 981,575 |
| Equipment, Furniture & Fixtures | <u>179,077</u> | <u>21,293</u> | <u>(3,377)</u> | <u>196,993</u> |
| Total Accumulated Depreciation | <u>\$1,108,714</u> | <u>\$73,231</u> | <u>\$(3,377)</u> | <u>\$1,178,568</u> |
| Business-Type Activities Total Capital Assets, Net | <u>\$1,279,666</u> | <u>\$(65,378)</u> | <u>\$(2,411)</u> | <u>\$1,211,877</u> |

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

Depreciation expense of \$73,231 was charged to business-type activities as follows:

| | |
|--------------------|-----------------|
| Water | \$28,925 |
| Sewer | <u>44,306</u> |
| Total Depreciation | <u>\$73,231</u> |

6. Accounts Payable/Accruals:

The following is a summary of accounts payable and accruals December 31, 2018:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|-----------------------|------------------------------------|-------------------------------------|-----------------|
| Vendors | \$2,578 | \$4,845 | \$ 7,423 |
| Sales Taxes | 0 | 128 | 128 |
| Accrued payroll taxes | <u>3,838</u> | <u>0</u> | <u>3,838</u> |
| | <u>\$6,416</u> | <u>\$4,973</u> | <u>\$11,389</u> |

7. Risk Management:

Village of Converse 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 these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

8. Related Parties:

The Village had no identified related party transactions for the year ended December 31, 2018.

9. Compensation Paid to the Mayor and Board of Aldermen:

| | |
|-------------------------|----------------|
| Troy H. Terrell – Mayor | \$6,000 |
| Christina Ebarb | 1,200 |
| Rodney Rutherford | 1,200 |
| Travis Womack | <u>1,200</u> |
| Total | <u>\$9,600</u> |

10. Pension Plans:

All employees of the Village of Converse, Louisiana are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the Village contributes 6.2 percent. For the year ended December 31, 2018, the Village contributed \$10,866. Any future deficit in this System will be financed by the United States Government.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2018

11. Long-Term Debt and Capitalized Leases

The Village has one capital lease obligation for the acquisition of property for the Governmental Fund. The related fund provides debt service for the capital lease. Equipment acquired by the capital lease is included in capital assets. The related capital lease obligation is included in long-term liabilities.

The Governmental Fund leased a 2015 Dodge Charger in May of 2016 for \$19,075 at 6.84%. Lease payments are \$584 for 36 months.

The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments, as of December 31, 2018:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|----------------|
| 12/31/2019 | <u>\$2,872</u> | <u>\$50</u> | <u>\$2,922</u> |

12. Litigation and Claims:

Management has advised that there is no litigation pending against the Village of Converse, Louisiana at December 31, 2018.

13. Subsequent Events:

Management has evaluated events through June 5, 2019, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTAL INFORMATION

Village of Converse, Louisiana
Major Fund-General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended December 31, 2018

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-----------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes- | | | | |
| Ad Valorem | \$ 19,000 | \$ 15,500 | \$ 20,150 | \$ 4,650 |
| Licenses & Permits | 38,000 | 38,000 | 37,598 | (402) |
| Sales Tax | 51,000 | 51,000 | 58,931 | 7,931 |
| Fines & Forfeits | 35,000 | 70,000 | 92,295 | 22,295 |
| Miscellaneous- | | | | |
| Royalty | 4,000 | 4,000 | 2,433 | (1,567) |
| Miscellaneous | <u>5,000</u> | <u>8,500</u> | <u>15,013</u> | <u>6,513</u> |
| Total Revenues | <u>\$152,000</u> | <u>\$187,000</u> | <u>\$226,420</u> | <u>\$39,420</u> |
| EXPENDITURES: | | | | |
| General Government | \$ 60,300 | \$ 67,300 | \$ 71,194 | \$ (3,894) |
| Public Safety | 93,800 | 95,900 | 91,842 | 4,058 |
| Streets | 33,100 | 35,900 | 35,399 | 501 |
| Debt Service | 7,000 | 7,000 | 7,011 | (11) |
| Capital Outlay | <u>0</u> | <u>0</u> | <u>3,118</u> | <u>(3,118)</u> |
| Total Expenditures | <u>\$194,200</u> | <u>\$206,100</u> | <u>\$208,564</u> | <u>\$ (2,464)</u> |
| Excess (Deficiency) of Revenues over Expenditures | \$ (42,200) | \$ (19,100) | \$ 17,856 | \$36,956 |
| Fund Balance at Beginning of Year | <u>422,811</u> | <u>422,811</u> | <u>422,811</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$380,611</u> | <u>\$403,711</u> | <u>\$440,667</u> | <u>\$36,956</u> |

See independent accountant's review report.

Village of Converse, Louisiana
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2018

Agency Head Name: Troy Terrell, Mayor

| <u>Purpose</u> | <u>Amount</u> |
|----------------------------------|----------------|
| Salary | \$6,000 |
| Benefits-Insurance | 0 |
| Benefits-Retirement | 0 |
| Deferred Compensation | 0 |
| Benefits-Other (Social Security) | 372 |
| Car allowance | 0 |
| Vehicle provided by government | 0 |
| Cell phone | 0 |
| Dues | 0 |
| Vehicle rental | 0 |
| Per diem | 0 |
| Reimbursements | 0 |
| Travel | 0 |
| Registration fees | 0 |
| Conference travel | 0 |
| Housing | 0 |
| Unvouchered expenses | 0 |
| Special meals | 0 |
| Other | <u>0</u> |
| Total | <u>\$6,372</u> |

See independent accountant's review report.

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

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Mayor and Aldermen of the
Village of Converse, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Converse and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Converse's compliance with certain laws and regulations during the year ended December 31, 2018, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with 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 the 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.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1324 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

No violations found.

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and amendment.

6. Trace the budget and amendment adoption to the minute book.

We traced the adoption of the original budget and amendment to the minutes.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

Actual revenues exceeded the budgeted revenues by 21%. Actual expenditures exceeded the budgeted expenditures by 1%, which is within the 5% variance allowed.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Management has asserted that such documents were properly posted.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or other indebtedness which had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

No violations found.

Prior Comments and Recommendations

Our prior audit report, dated June 1, 2018, contained one internal control finding of *Segregation of Duties* and one compliance finding of *Ethics Education Requirement Violation*. As of December 31, 2018, the ethics violation has been cleared, and the lack of segregation of duties is continuing.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Converse and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPAs

Thomas, Cunningham, Broadway & Todtenbier
Certified Public Accountants

June 5, 2019
Natchitoches, Louisiana

Village of Converse, Louisiana
Schedule of Findings
For the Year Ended December 31, 2018

I. For the year ended December 31, 2018, the Village has the following internal control finding:

2018-001 *Segregation of Duties*

Condition – Adequate segregation of duties requires the critical functions of key accounting processes be assigned to and performed by more than one individual. The Village does not have a sufficient number of employees to adequately separate the key accounting processes.

II. For the year ended December 31, 2017, the Village had the following internal control and compliance findings:

2017-001 *Segregation of Duties*

Condition – Adequate segregation of duties requires the critical functions of key accounting processes be assigned to and performed by more than one individual. The Village does not have a sufficient number of employees to adequately separate the key accounting processes.

Status – This condition has not cleared.

2017-002 *Ethics Education Requirement Violation*

Condition – Louisiana R.S. 42:1170(a)(3)(a)(i) requires each public servant to receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of public employment. All of the employees of the Village did not complete the required training for the year ended December 31, 2017.

Status – This condition has cleared.

VILLAGE OF CONVERSE
LOUISIANA ATTESTATION QUESTIONNAIRE

Thomas, Cunningham, Broadway & Todtenbier CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2018 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes No

Signed by and title

Sonia Pagan
Clerk