

Village of Choudrant

**Financial Statements
For The Year Ended June 30, 2019**



Village of Choudrant
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For The Year Ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of
Choudrant, Louisiana

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

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, each major fund and the aggregate remaining fund information of the Village of Choudrant, Louisiana, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 28-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Choudrant's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, reimbursements, benefits, and other payments to agency head on page 30 is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 statement 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standard's

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the Village of Choudrant, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Choudrant, Louisiana's internal control over financial reporting and compliance.

Cameron, Hiras & Company (APAC)

West Monroe, Louisiana
December 23, 2019

**Village of Choudrant
Management's Discussion and Analysis
For The Year Ended June 30, 2019**

Our discussion and analysis of the Village of Choudrant, Louisiana provides an overview of the Village's activities for the year ended June 30, 2019. Please read it in conjunction with the basic financial statements. The intent of this discussion and analysis is to look at the Village's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Choudrant, on a government-wide basis, exceeded its liabilities at June 30, 2019 by \$4,393,980. Of this amount, \$751,142 is unrestricted. The assets exceeded its liabilities at June 30, 2018 by \$4,471,888. Of this amount, \$656,983 is unrestricted.
- The Village's total net position decreased by \$77,908 for the fiscal year ended June 30, 2019. This is a result of a \$66,260 increase in governmental activities and a \$144,168 decrease in business-type activities operations. The Village's total net position decreased by \$94,813 for the fiscal year ended June 30, 2018. This is a result of a \$53,906 increase in governmental activities and a \$148,719 decrease in business-type activities operations.
- The Village's governmental funds reported combined ending fund balances of \$686,264 at June 30, 2019. The Village's governmental funds reported combined ending fund balances of \$546,889 at June 30, 2018.
- The unassigned fund balance of the general fund was \$636,818 at June 30, 2019, or 156.49% of the total general fund expenditures. The unreserved fund balance of the general fund was \$494,591 at June 30, 2018, or 87.83% of the total general fund expenditures.
- The general fund reported an excess of revenues over expenditures of \$85,020 before transfers, and an excess of revenues over expenditures of \$142,227 after transfers for the fiscal year ended June 30, 2019. The general fund reported an excess of expenditures over revenues of \$54,576 before transfers, and a \$8,295 excess of revenues over expenditures after transfers for the fiscal year ended June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Choudrant's basic financial statements. The basic financial statements comprise three components:

- *Government-wide financial statements.*
- *Fund financial statements.*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village's government, reporting operations in more detail than the government-wide statements.

**Village of Choudrant
Management's Discussion and Analysis
For The Year Ended June 30, 2019**

- The governmental fund statement tells how general government services like public safety were financed in the short term as well as what amounts remain for future spending.
- The proprietary fund statement offers short and long term financial information about the activities the government operates like businesses, such as the public utilities (water, sewer, sewer treatment systems).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In the past, the primary focus of local government financial statements has been summarized by fund type information on a current resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2005, the new focus is on both the Village as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Village's finances. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Village's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Village of Choudrant as a whole using accounting methods similar to those used by private-sector companies. The statement of net position and the statement of activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Village's net position and how they have changed. Net position - the difference between the Village's assets and liabilities - are one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating.

In the statement of net position and the statement of activities, the Village is divided into two categories:

- Governmental activities – Most of the Village's basic services are included here, such as the activities of the police, garbage and trash collection, park, and general administration. Franchise fees, insurance taxes, traffic fines, and payments from other governments finance most of these activities.
- Business-type activities – The Village charges fees to customers to cover the cost of the services it provides. Water, sewer and sewer treatment are included here. Grants have provided most of the capital assets required for these services.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Village's most significant funds – not the Village as a whole. Funds are accounting mechanisms that the Village uses to keep track of specific sources of funding and spending for particular purposes.

The Village has two kinds of funds:

**Village of Choudrant
Management's Discussion and Analysis
For The Year Ended June 30, 2019**

- **Governmental funds** – Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- **Proprietary funds** – Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Village's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources) which is reflected at the bottom of each statement. The flow of current financial resources will reflect interfund transfers as other financing sources as well as capital expenditures as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's combined net position for the 2018-2019 fiscal year decreased by \$77,908. The table shows the statement of net assets for the year ending 2019 and the year ending 2018. The table also shows the net assets for governmental activities, business-type activities and combines them into the primary government.

Statement of Net Assets

	Governmental Activities		Business Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<u>Assets</u>						
Current & Other	\$ 701,818	\$ 562,620	\$ 303,671	\$ 319,915	\$ 1,005,489	\$ 882,535
Capital	2,068,830	2,141,945	2,025,206	2,184,151	4,094,036	4,326,096
Total Assets	<u>\$ 2,770,648</u>	<u>\$ 2,704,565</u>	<u>\$ 2,328,877</u>	<u>\$ 2,504,066</u>	<u>\$ 5,099,525</u>	<u>\$ 5,208,631</u>
<u>Liabilities</u>						
Current & Other	\$ 15,554	\$ 15,731	\$ 143,106	\$ 125,911	\$ 158,660	\$ 141,642
Long-term	-	-	546,885	595,101	546,885	595,101
Total Liabilities	<u>15,554</u>	<u>15,731</u>	<u>689,991</u>	<u>721,012</u>	<u>705,545</u>	<u>736,746</u>
<u>Net Position</u>						
Invested in Capital Assets, net of debt	2,068,830	2,141,945	1,574,008	1,672,960	3,642,838	3,814,905
Unrestricted	686,264	546,899	64,878	110,094	751,142	656,983
Total Net Position	<u>\$ 2,755,094</u>	<u>\$ 2,688,834</u>	<u>\$ 1,638,886</u>	<u>\$ 1,783,059</u>	<u>\$ 4,393,980</u>	<u>\$ 4,471,888</u>

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Management's Discussion and Analysis
For The Year Ended June 30, 2019**

Net position (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Village of Choudrant's assets exceeded liabilities by \$4,393,980 at the close of the 2018-19 fiscal year. The largest portion of the Village's net assets (85%) reflects its investment in capital assets. The Village uses these assets to provide services to its citizens and those assets are not available for spending.

Governmental Activities

Net position of the Village's governmental activities increased \$66,260 during the fiscal year ended June 30, 2019, and \$53,906 for the fiscal year ended June 30, 2018.

Business-type Activities

Net position of the Village's business-type activities decreased \$144,168 and \$148,719 during the fiscal years ended June 30, 2019 and 2018, respectively.

Statement of Activities

The following table shows the revenues and expenses of the governmental and business type activities:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>	<u>2018</u>
REVENUES:						
Program Revenues						
Charges for Services	\$ 41,888	\$ 43,877	\$ 419,200	\$ 395,589	\$ 461,088	\$ 439,466
Grants and Contributions	73,787	164,883	13,037	-	86,824	164,883
General Revenues						
Sales Tax	311,141	281,923	-	-	311,141	281,923
Franchise Fees	26,990	27,815	-	-	26,990	27,815
Occupational Licenses	89,531	62,573	-	-	89,531	62,573
Permit Revenue	26,644	13,830	-	-	26,644	13,830
Miscellaneous	2,244	2,695	-	-	2,244	2,695
Interest Earned	2,291	1,491	801	611	3,092	2,102
Total Revenues	574,516	599,087	433,038	396,200	1,007,554	995,287
EXPENSES:						
General Government	274,224	243,990	-	-	274,224	243,990
Public Safety	152,896	174,642	-	-	152,896	174,642
Public Works	103,632	142,227	-	-	103,632	142,227
Culture & Recreation	6,143	7,462	-	-	6,143	7,462
Utilities	-	-	548,567	521,779	548,567	524,952
Total Expenses	536,895	568,321	548,567	521,779	1,085,462	1,093,273
Increase (Decrease) in Net Assets						
Before Transfers	37,621	27,313	(115,529)	(125,579)	(77,908)	(94,813)
Transfers	28,639	23,140	(28,639)	(23,140)	-	-
Increase (Decrease) in Net Assets	66,260	53,906	(144,168)	(148,719)	(77,908)	(101,439)
Net Assets Beginning of Year	2,688,834	2,634,928	1,783,054	1,931,773	4,471,888	4,566,701
Net Assets End of Year	\$ 2,755,094	\$ 2,688,834	\$ 1,638,886	\$ 1,783,054	\$ 4,393,980	\$ 4,471,888

**Village of Choudrant
Management's Discussion and Analysis
For The Year Ended June 30, 2019**

Governmental Activities

During the fiscal years ended June 30, 2019 and 2018, the major sources of income were:

	<u>2019</u>	<u>2018</u>
• Sales Tax	54%	47%
• Franchise Fees	5%	5%
• Occupational Licenses	16%	10%
• Grants and Contributions	13%	24%
• Charges for Services	7%	7%

Business-type Activities

Total revenues from business-type activities were \$433,038 for the fiscal year ended June 30, 2019. This increased \$36,838 from last year. Expenses for the Village's business-type activities were \$548,567. The business-type activities had a net operating loss of \$115,529. Net position decreased \$144,168 after transfers in of \$28,639.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The Village of Choudrant uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's combined ending fund balances was \$686,264 at June 30, 2019.

The General fund is the chief operating fund of the Village. The unassigned fund balance at June 30, 2019 was \$636,818. Unassigned fund balance represents 156.49% of the total general fund expenditures.

Proprietary Funds

The Village's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

Net position of the Utilities Enterprise fund at the end of the fiscal year was \$1,638,886. The fund had an operating loss of \$129,367 before non-operating revenues of \$13,838 and operating transfers-out of \$28,639.

**Village of Choudrant
Management's Discussion and Analysis
For The Year Ended June 30, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Village of Choudrant's investment in Capital assets for its governmental and business-type activities as of June 30, 2019 amounted to \$4,094,036 (net of depreciation). This investment includes land, buildings and improvements, equipment, vehicles, water and sewer facilities. The outstanding debt of \$595,101 is for revenue bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village's management and elected officials considered many factors when preparing the 2019-2020 budget. Most revenue sources should remain fairly consistent with prior year collections. The Village has several capital projects ongoing.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Village Clerk, Village of Choudrant, Louisiana, P.O. Box 288, Choudrant, Louisiana 71227.

Village of Choudrant
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 116,040	\$ 45,736	\$ 161,776
Investments	496,674	206,596	703,270
Receivables	68,278	53,363	121,641
Internal Balances	4,592	(4,592)	-
Other Assets	16,234	2,568	18,802
Capital Assets			
Land, Improvements, and Construction in Progress	868,100	10,281	878,381
Other Capital Assets, Net of Depreciation	1,200,730	2,014,925	3,215,655
Total Assets	\$ 2,770,648	\$ 2,328,877	\$ 5,099,525
 Liabilities and Net Position			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 15,554	\$ 27,175	\$ 42,729
Accrued Interest	-	4,792	4,792
Customer Deposits	-	62,923	62,923
Long-Term Liabilities			
Notes Payable - Due Within One Year	-	48,216	48,216
Notes Payable - Due In More Than One Year	-	546,885	546,885
Total Liabilities	15,554	689,991	705,545
 Net Position			
Invested in Capital Assets, Net of Related Debt	2,068,830	1,430,105	3,498,935
Restricted For:			
Debt Service	-	143,903	143,903
Unrestricted	686,264	64,878	751,142
Total Net Position	2,755,094	1,638,886	4,393,980
 Total Liabilities and Net Position	 \$ 2,770,648	 \$ 2,328,877	 \$ 5,099,525

The accompanying notes are an integral part of this financial statement.

**Village of Choudrant
Statement of Activities
For The Year Ended June 30, 2019**

	Program Revenues		
Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General Government	\$ 274,224	\$ -	\$ 6,737
Public Safety	152,896	5,325	23,187
Public Works	103,632	36,563	43,863
Culture and Recreation	6,143	-	-
Total Governmental Activities	<u>\$ 536,895</u>	<u>\$ 41,888</u>	<u>\$ 73,787</u>
Business-Type Activities:			
Water and Sewer	\$ 548,567	\$ 419,200	\$ 13,037
Total Business-Type Activities	<u>\$ 548,567</u>	<u>\$ 419,200</u>	<u>\$ 13,037</u>
Total Primary Government	<u>\$ 1,085,462</u>	<u>\$ 461,088</u>	<u>\$ 86,824</u>

General Revenues:

Taxes:

- Sales Tax Levied for General Purposes
- Franchise Revenues
- Occupational Licenses
- Permit Revenue
- Investment Earnings
- Miscellaneous
- Transfers
- Total General Revenues, Special Items, and Transfers

Changes in Net Position
Net Position - Beginning
Net Position - Ending

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (267,487)	\$ -	\$ (267,487)
(124,384)	-	(124,384)
(23,206)	-	(23,206)
(6,143)	-	(6,143)
<u>\$ (421,220)</u>	<u>\$ -</u>	<u>\$ (421,220)</u>
\$ -	\$ (116,330)	\$ (116,330)
<u>\$ -</u>	<u>\$ (116,330)</u>	<u>\$ (116,330)</u>
<u>\$ (421,220)</u>	<u>\$ (116,330)</u>	<u>\$ (537,550)</u>
311,141	-	311,141
26,990	-	26,990
89,531	-	89,531
26,644	-	26,644
2,291	801	3,092
2,244	-	2,244
28,639	(28,639)	-
<u>487,480</u>	<u>(27,838)</u>	<u>459,642</u>
66,260	(144,168)	(77,908)
2,688,834	1,783,054	4,471,888
<u>\$ 2,755,094</u>	<u>\$ 1,638,886</u>	<u>\$ 4,393,980</u>

The accompanying notes are an integral part of this financial statement.

**Village of Choudrant
Balance Sheet
Governmental Funds
June 30, 2019**

	General Fund	Non-Major Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 70,192	\$ 45,848	\$ 116,040
Investments	459,836	36,838	496,674
Receivables	64,114	4,164	68,278
Due From Other Funds	36,451	-	36,451
Other Assets	16,234	-	16,234
Total Assets	\$ 646,827	\$ 86,850	\$ 733,677
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 10,009	\$ 5,545	\$ 15,554
Due to Other Funds	-	31,859	31,859
Total Liabilities	10,009	37,404	47,413
Fund Balances			
Unassigned	636,818	49,446	686,264
Assigned	-	-	-
Total Fund Balances	636,818	49,446	686,264
Total Liabilities and Fund Balances	\$ 646,827	\$ 86,850	

Amounts reported for *Governmental Activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds

2,068,830

Net Position of Governmental Activities

\$ 2,755,094

The accompanying notes are an integral part of this financial statement.

Village of Choudrant
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2019

<u>Revenues</u>	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Taxes	\$ 311,141	\$ -	\$ 311,141
Intergovernmental	29,843	43,864	73,707
Licenses and Permits	143,244	-	143,244
Fines and Forfeitures	5,325	-	5,325
Charges for Services	-	36,563	36,563
Investment Earnings	2,167	124	2,291
Miscellaneous	220	2,024	2,244
Total Revenues	491,940	82,575	574,515
<u>Expenditures</u>			
General Government	261,983	-	261,983
Public Safety	119,464	-	119,464
Public Works	24,467	56,859	81,326
Culture and Recreation	1,006	-	1,006
Total Expenditures	406,920	56,859	463,779
Excess of Revenues over Expenditures	85,020	25,716	110,736
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	57,207	-	57,207
Operating Transfers - Out	-	(28,568)	(28,568)
Total Other Financing Sources (Uses)	57,207	(28,568)	28,639
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	142,227	(2,852)	139,375
Fund Balances, Beginning of Year	494,591	52,298	
Fund Balances, End of Year	\$ 636,818	\$ 49,446	

Net Changes in Fund Balances - Total Governmental Funds

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets purchased capitalized
 Depreciation expense

Changes in Net Position in Governmental Activities

-
(73,115)
<u>(73,115)</u>
<u>\$ 66,260</u>

The accompanying notes are an integral part of this financial statement.

**Village of Choudrant
Statement of Net Position
Proprietary Funds
June 30, 2019**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 45,736
Receivables	53,363
Due From Other Funds	26,468
Total Current Assets	<u>125,567</u>
Noncurrent Assets:	
Restricted Cash and Investments	206,596
Bond Issue Costs, net	2,568
Capital Assets	
Land, Improvements	10,281
Vehicles & Work Equipment	172,109
Office Equipment	10,574
Treatment Facilities	3,568,467
Water Wells and Lines	4,116,124
Total Capital Assets	<u>7,877,555</u>
Less: Accumulated Depreciation	<u>(5,852,349)</u>
Net Capital Assets	<u>2,025,206</u>
Total Noncurrent Assets	<u>2,234,370</u>
Total Assets	<u>\$ 2,359,937</u>
Liabilities and Net Position	
Liabilities	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 27,175
Due To Other Funds	31,060
Accrued Interest	4,792
Customer Deposits	62,923
Bonds Payable	48,216
Total Current Liabilities	<u>174,166</u>
Noncurrent Liabilities	
Bonds Payable	<u>546,885</u>
Total Noncurrent Liabilities	<u>546,885</u>
Total Liabilities	<u>721,051</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	1,430,105
Restricted for Debt Service	143,903
Unrestricted	64,878
Total Net Position	<u>1,638,886</u>
Total Liabilities and Net Position	<u>\$ 2,359,937</u>

The accompanying notes are an integral part of this financial statement.

Village of Choudrant
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2019

<u>Operating Revenues</u>	
Charges for Services:	
Water Sales	308,067
Sewer Revenues	76,168
Other Water & Sewer Revenues	34,965
Total Operating Revenues	<u>419,200</u>
<u>Operating Expenses</u>	
Accounting & Legal Expenses	5,195
Advertising	156
Depreciation and Amortization	188,400
Insurance	355
Interest Expense	22,477
Materials, Repairs & Supplies	92,192
Office Supplies	1,964
Other Administrative	26,105
Payroll Taxes	4,508
Permit Fees	6,160
Postage	1,401
Salaries & Wages	71,819
Utilities	119,544
Vehicle Expense	8,291
Total Operating Expenses	<u>548,567</u>
Total Operating Income /(Loss)	<u>(129,367)</u>
<u>Non Operating Revenues/(Expenses)</u>	
Interest Income	801
Grant Funds	13,037
Total Non Operating Revenues/(Expenses)	<u>13,838</u>
Net Loss Before Operating Transfers	(115,529)
<u>Operating Transfers - In/(Out)</u>	<u>(28,639)</u>
Net Income	\$ (144,168)
Net Position, Beginning of Year	1,783,054
Net Position, End of Year	<u>\$ 1,638,886</u>

The accompanying notes are an integral part of this financial statement.

**Village of Choudrant
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2019**

	<u>Business-Type Activities Enterprise Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from Customers	\$ 416,577
Payments to Provide Services	(246,139)
Payments to Employees	(71,819)
Net Cash Provided (Used) by Operating Activities	<u>98,619</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Increase in Customer Deposits	(3,455)
Increase in Restricted Assets	(801)
Operating Transfers In/(Out)	(28,639)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(32,895)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(29,428)
Grant Funds Received	13,037
Debt Service	(69,097)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(85,488)</u>
<u>Cash Flows From Investing Activities</u>	
Interest Earned	801
Net Cash Provided (Used) by Investing Activities	<u>801</u>
Net Increase/(Decrease) in Cash And Cash Equivalents	<u>(18,963)</u>
Cash And Cash Equivalents, Beginning of Year	64,699
Cash And Cash Equivalents, End of Year	<u>\$ 45,736</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Operating Income/(Loss)	\$ (129,367)
<i>Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:</i>	
Depreciation and Amortization	188,400
Interest Paid on Debt Service	22,478
Increase in Accounts Receivable	(2,623)
Increase in Accounts Payable and Accrued Expenses	20,255
Decrease in Accrued Interest	(524)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 98,619</u>

The accompanying notes are an integral part of this financial statement.

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Choudrant, Louisiana was reorganized in 1949, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government. The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units, except as noted elsewhere in this report. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*" in that the financial statements include all organizations, activities, and functions that comprise the Village Component units are legally separate entities for which the Village (primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organizations' governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Choudrant Volunteer Fire Department has been included within the General Fund. Using these criteria, the Village has no component units.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

Fund financial statements are provided for governmental proprietary and fiduciary funds. Major Individual government and enterprise funds are reported in separate columns with composite columns for non-major funds.

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

D. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Grant and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered measurable and available only when the Village receives cash.

E. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Village only uses governmental funds.

F. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Village reports the following major governmental funds:

General Fund – This fund is established to account for resources devoted to financing the general services that the Village performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Village are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not established.

Special Revenue Funds These funds are established to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.

G. Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. Included in this category are the Enterprise Funds.

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Village, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the resources are provided to the Village on a reimbursements basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

H. Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

I. Budgetary Data

Formal budgetary accounting is employed as a management control for the General, Special Revenue and Enterprise Funds of the Village. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. A budget for the Capital Projects fund is not adopted and is therefore not presented in the accompanying combined and combining financial statements. Budgetary control is exercised at the departmental level or by projects.

All encumbered budget appropriations lapse at the end of each fiscal year.

J. Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Certificates of deposit and other securities with original maturities over three months are classified as short-term investments and stated at cost, which approximates market value.

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

K. Restricted Assets

Restricted assets are cash, cash equivalents and due from General Fund whose use is limited by legal requirements. Restricted cash with fiscal agent represents amounts required by debt covenant to be segregated for final year debt payment and accrued interest on the bonds.

L. Receivables

All receivables are reported at their gross value. The Village uses the direct charge off method for uncollectible accounts rather than an allowance for such losses. This method is not in accordance with generally accepted accounting principles. However, when use of this method has little effect on the financial statements, it is not a departure from GAAP.

M. Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds. Interfund transactions are generally classified as follows:

Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term loans are classified as "Due to and Due from other Funds." These amounts are eliminated on the statement of net assets.

N. Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

O. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Village maintains infrastructure asset records consistent with all other capital asset records. Donated assets are at fair value on the date donated. The Village maintains a capitalization threshold of \$1,000. Improvements are capitalized; the cost of normal maintenance and reports that do not add to the value of the assets or materially extend the asset's life are not. Capital assets are depreciated using the straight line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Improvements Other Than Buildings	10-40 Years
Equipment	5-8 Years

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

P. Expenditure Recognition

Inventory items (materials and supplies) are considered expenditures when purchased (purchase method) due to the insignificant amounts.

Q. Compensated Absences

No accrual was made as prescribed in FASB 43 for employees' compensation for future absences (vacation pay) since these rights do not vest or accumulate.

R. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

S. Reservations of Fund Balances

The Village records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditures in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for encumbrances in the general fund and for future debt service. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

T. Net Position

Net position present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Village legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

U. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from these estimates.

V. Accrued Liability

The Village reports any accrued liabilities on the statement of net assets.

W. Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the village aldermen the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the village aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance - This classification reflects the amounts constrained by the Village's "intent" to be used for specific purposes, but are neither restricted nor committed. The Village aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use externally restricted resources first, then unrestricted resources committed, assigned and unassigned - in order as needed.

2. CASH & CASH EQUIVALENTS

Custodial credit risk - deposits. The Village's cash and certificates of deposit consist of deposits with financial institutions. State statutes govern the Village's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

The following is a schedule of the Village's cash and certificates of deposit at June 30, 2019. Differences between the Village's balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

	<u>Book Balance</u>		<u>Bank Balance</u>
Cash on Deposit	\$ 161,776	\$	161,431
Certificates of Deposit	<u>703,270</u>		<u>703,270</u>
Total	\$ <u>865,046</u>	\$	\$ <u>864,701</u>

The Village's deposits are collateralized as follows:

FDIC Insured Deposits	\$ 411,431	
Uninsured Deposits:		
Collateralized-Category 3	<u>453,270</u>	
Total	\$ <u>864,701</u>	

Credit risk. The Village's only investments are the certificates of deposit mentioned above, therefore the Village is exposed to no credit risk.

Concentration of credit risk. The Village does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The Village manages its exposure to declines in fair values by limiting the maturity of its investments to not longer than one year.

3. INTERFUND BALANCES

Interfund balances at June 30, 2019 consist of the following individual receivables and payables in the governmental fund balance sheet.

		Interfund Receivables		Interfund Payables
General Fund	\$	36,451	\$	-
Solid Waste Fund		-		31,859
Water Fund		<u>26,468</u>		<u>31,060</u>
Totals	\$	\$ <u>62,919</u>	\$	\$ <u>62,919</u>

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

4. OPERATING TRANSFERS

Transfers in and out for all funds for the year ending June 30, 2019:

	Operating Transfers In		Operating Transfers Out
General Fund	\$ 57,207	\$	-
Solid Waste Fund	-		28,568
Water Fund	-		28,639
Totals	<u>\$ 57,207</u>	<u>\$</u>	<u>57,207</u>

5. RESTRICTED ASSETS

Under the provisions of the 1997 Water Revenue Bonds, the Village of Choudrant, by proper ordinances and/or resolutions has pledged to fix water rates to levels that will always provide revenues sufficient to pay reasonable and necessary expenses of operating and maintaining the system, the principle and interest falling in each year, and all reserves sinking funds or other payments required by resolution. Revenues in each year, after paying all reasonable and necessary expenses of operating and maintaining the system, at least equal to 120% of the largest amount of principle and interest falling due on the Bonds in any future year.

Income and revenues are to be deposited daily in a separate bank account with the designated fiscal agent and designated as the Waterworks Revenue fund. The Revenue fund shall be maintained and administered in the following order of priority and for the following express purposes:

1. Payment of all reasonable and necessary expenses of operating and maintaining the System.
2. The establishment and maintenance of a "Water System Revenue Bond Sinking fund." The Revenue Fund is to transfer monthly on or before the 20th day of each month, commencing in March 1997, a sum to 1/6th of the interest falling due on the next interest payment date and 1/12th of the principle falling due on the next principle payment date with regards to the Bonds. The Village of Choudrant shall transfer from the Sinking Fund at least three days in advance of each interest payment date to the agent back, funds fully sufficient to pay promptly the principal and interest.
3. The establishment and maintenance of a "Reserve fund" by depositing monthly on or before the 20th day of each month, commencing March 1997, a sum equal to 10% of the amount to be paid into the Sinking fund. The payments into the Reserve fund are to continue until such time as there has been an accumulated sum equal to the Reserve fund Requirement. (The maximum principle and interest due in any future year (\$26,900 in fiscal year 2010). The money in the Reserve fund shall be retained solely for the purpose of paying principal and interest on the Bonds, which would otherwise be in default.

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

4. The establishment of a "Waterworks Depreciation and Contingency Fund: to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the system. The Village of Choudrant shall transfer monthly from the Revenue fund on or before the 20th of the month, commencing March 1997, a sum equal to 10% of the Revenues for the preceding month. Such payments are to continue until the sum of \$15,000 has been accumulated. The money shall never be used for making improvements and extensions to the system if the use of the money will leave the fund with less than \$2,500.

As of June 30, 2019, the Village of Choudrant had established all of the required restricted asset accounts. As of June 30, 2019, the following accounts were funded as follows:

Water System Revenue Bond Sinking Fund	\$	75,696
Reserve Fund		53,207
Waterworks Depreciation & Contingency Fund		15,000
Total	\$	143,903

6. RECEIVABLES

Receivables at June 30, 2019 consisted of the following:

		Accounts		Intergovernmental		Total
General	\$	42,231	\$	21,883	\$	64,114
Special Revenue		4,164		-		4,164
Enterprise		53,363		-		53,363
Totals	\$	99,758	\$	21,883	\$	121,641

7. METER DEPOSITS PAYABLE, ENTERPRISE FUND

The Village maintains a customer Deposit fund. These monies are collected from new water and sewer customers, as follows:

- \$20 – Water Customer
- \$20 – Sewer Customer

These deposits are maintained on account until customer leaves Village water and sewer system or is disconnected for non-payment. The current balance of Meter deposits at June 30, 2019 is \$62,923.

8. WATER & SEWER REVENUE

The Village has approximately 538 customers on the Village Waterworks system. These metered customers are charged according to the following rate table:

Up to 2,000 gallons	\$13.00 Minimum
All Over 2,000 gallons	\$2.00 per 1,000 gallons thereafter

Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019

The Village offers sewer service within the Village limits to its citizens. The sewer service is paid for with a fee of \$17 per month for the first 10,000 gallons and \$10 per each 10,000 gallons thereafter. There are approximately 347 customers currently on the sewer system.

9. FIXED ASSETS

The following is a summary of changes in Capital Assets during the fiscal year in Governmental Activities:

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
Buildings	\$ 1,193,847	\$ -	\$ -	\$ 1,193,847
Improvements Other than Buildings	195,929	-	-	195,929
Equipment	1,032,900	-	-	1,032,900
Infrastructure	1,405,873	-	-	1,405,873
Total Governmental Fixed Assets	\$ 3,828,549	\$ -	\$ -	\$ 3,828,549
Accumulated Depreciation	(1,686,604)	-	(73,115)	(1,759,719)
Total	\$ 2,141,945	\$ -	\$(73,115)	\$ 2,068,830

Governmental activities depreciation for the fiscal year ended June 30, 2019 totaled \$73,115.

The following is a summary of proprietary fund-type assets at June 30, 2019:

	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
Water Wells & Tanks	\$ 1,814,042	\$ -	\$ -	\$ 1,814,042
Vehicles	45,124	29,455	-	74,579
Sewerage Distribution System	3,394,021	-	-	3,394,021
Land	10,281	-	-	10,281
Water Well Distribution System	2,302,082	-	-	2,302,082
Storm Water Treatment Plant	174,446	-	-	174,446
Office Equipment	10,574	-	-	10,574
Equipment	97,530	-	-	97,530
Construction in Progress	-	-	-	-
Total	7,848,100	29,455	-	7,877,555
Accumulated Depreciation	(5,663,949)	-	(188,400)	(5,852,349)
Total	2,184,151	\$ 29,455	\$(188,400)	\$ 2,025,206

Depreciation expense on the proprietary fund totaled \$188,400 for the fiscal year.

**Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019**

10. LONG-TERM DEBT

Revenue Bonds

Revenue Bonds outstanding consist of debt issued by the Water Fund. Facilities and revenues of the Water Fund are pledged for the payment of revenue bond debt service.

The following is a summary of changes in long-term for the year ended June 30, 2019:

<u>Description</u>	<u>Amount of Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2018</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
Revenue Bonds	\$ 550,000	March 1, 2029	3.65%	\$ 344,898	\$ 26,047	\$ 318,851
Revenue Bonds	\$ 425,000	March 1, 2029	3.65%	297,500	21,250	276,250
Totals				\$ 642,398	\$ 47,297	\$ 595,101

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 48,216	\$ 20,967	\$ 69,183
2021	49,232	19,207	68,439
2022	50,253	17,442	67,695
2023	51,312	15,639	66,951
2024	52,389	13,819	66,208
Thereafter	343,699	43,282	386,981
Total	\$ 595,101	\$ 130,356	\$ 725,457

Bond Issuance costs totaled \$2,568, net of amortization of \$4,583 for the fiscal year ended June 30, 2019.

11. COMMITMENTS AND CONTINGENCIES

Litigation

The management of the Village is unaware of any pending or threatened litigation involving the Village of Choudrant.

**Village of Choudrant
Notes to the Financial Statements
For The Year Ended June 30, 2019**

12. COMPENSATION PAID TO MAYOR AND COUNCIL MEMBERS

Council Members are paid a \$25 per diem for each meeting attended. The Mayor is paid a salary as follows:

Thomas Patton	\$	250
Ricky Maier		250
Philip Johnson (Former)		150
John Crosswell, Jr.(Current)		150
Bill Sanderson, Mayor		15,000
Total	\$	<u>15,800</u>

13. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; damage to, and theft or destructions of assets; errors and omissions; injuries to employees and natural disaster. Coverages provided by the company are as follows:

Public Official Errors and Omissions Liability (Per occurrence)	\$ 500,000
Business Auto Coverage Liability Combined	
Commercial General Liability	
Commercial Property	
Personal and Advertising Injury	
Valuable Papers	
Law Enforcement Officers Liability	\$ 500,000
Surety Bond (Clerk) per occurrence	\$ 10,000

Workers' compensation coverage is maintained by paying premiums based upon accident history and administrative costs.

14. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through December 23, 2019, the date on which the financial statements were available to be issued.

Village of Choudrant
Budgetary Comparison Schedule - General Fund
For The Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Taxes	\$ 315,000	\$ 306,202	\$ 311,141	\$ 4,939
Intergovernmental	70,125	18,726	29,843	11,117
Licenses and Permits	94,045	142,291	143,244	953
Fines and Forfeitures	6,000	5,870	5,325	(545)
Investment Earnings	125	232	2,167	1,935
Miscellaneous	120	599	220	(379)
Total Revenues	485,415	473,920	491,940	18,020
Expenditures				
General Government	248,415	295,795	261,983	33,812
Public Safety	147,692	118,316	119,464	(1,148)
Public Works	108,400	24,525	24,467	58
Culture and Recreation	1,850	465	1,006	(541)
Total Expenditures	506,357	439,101	406,920	32,181
Excess of Revenues over Expenditures	(20,942)	34,819	85,020	50,201
Other Financing Sources (Uses)				
Operating Transfers - In	50,700	72,040	57,207	(14,833)
Operating Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	50,700	72,040	57,207	(14,833)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	29,758	106,859	142,227	35,368
Fund Balances, Beginning of Year	494,591	494,591	494,591	-
Fund Balances, End of Year	\$ 524,349	\$ 601,450	\$ 636,818	\$ 35,368

See independent auditors' report.

Village of Choudrant
Notes To Budgetary Comparison Schedule
For The Year Ended June 30, 2019

The Village uses the following budget practices:

1. In May of each year, the Mayor submits to the Board of Aldermen an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the Mayor and the Board of Aldermen after allowing for at least ten days notice to the public at the time the budget is initially submitted to the Board of Aldermen.
3. Final adoption of the budget by the Board of Aldermen is in June.
4. The Mayor may authorize transfers of budgetary amounts within departments. Any revision requiring alteration of levels of expenditures or transfers between departments must be approved by the Board of Aldermen.
5. Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.
6. All legally adopted budgets of the Village are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets are adopted for the General Fund, Solid Waste Fund, and the Utility Enterprise Fund.

Budget comparison statements included in the accompanying financial statements include the original adopted budget and all subsequent adopted amendments.

Village of Choudrant
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Agency Head
For The Fiscal Year Ended June 30, 2019

Schedule 2

Agency Head:

William L. "Bill" Sanderson, Mayor

Purpose:

Salary	\$ 15,000
Benefits - Payroll Taxes and IRA Match	1,598
Travel Allowance	3,000
Total Compensation, Benefits and Other Payments	<u>\$ 19,598</u>

See independent auditors' report.

CAMERON, HINES & COMPANY

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Certified Public Accountants

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INDEPENDENT AUDITORS' 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 Honorable Mayor and Board of Aldermen
Village of Choudrant, Louisiana:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Village of Choudrant, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Choudrant, Louisiana's basic financial statements, and have issued our report thereon dated December 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Choudrant, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 of Choudrant, Louisiana'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. 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.

To The Honorable Mayor and Board of Aldermen
Village of Choudrant, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Choudrant, Louisiana'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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 23, 2019

**Village of Choudrant
Schedule of Findings and Responses
For The Year Ended June 30, 2019**

Honorable Mayor and Board of Aldermen of
Choudrant, Louisiana

We have audited the financial statements of the Village of Choudrant, Louisiana as of and for the year ended June 30, 2019, and have issued our report thereon dated December 23, 2019. 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. Our audit of the financial statements as of June 30, 2019, resulted in an unmodified opinion.

Section I- Summary of Auditors' Reports

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

	Yes	No
<u>Internal Control</u>		
Material Weaknesses		X
Significant Deficiencies		X
<u>Compliance</u>		
Noncompliance Material to Financial Statements		X

B. Federal Awards – N/A

Material Weakness Identified _____ yes _____ no

Significant Deficiencies not considered to be
Material Weaknesses _____ yes _____ no

Type of Opinion on Compliance For Major Programs

Unqualified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Uniform Guidance?

C. Identification of Major Programs: N/A

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a “low-risk” auditee, as defined by Uniform Guidance?

**Village of Choudrant
Schedule of Findings and Responses
For The Year Ended June 30, 2019**

Section II- Financial Statement Findings

There were no findings for the year ended June 30, 2019.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

**Village of Choudrant
Schedule of Prior Year Findings
For the Year Ended June 30, 2019**

Internal Control and Compliance Material to the Financial Statements

2018-01 Noncompliance with State Law

Condition: The audited financial statements were not transmitted to the Louisiana Legislative Auditor within the time frame prescribed by law. Therefore the Village was not in compliance with state law.

Recommendation to Prevent Future Occurrences: The Village should make its records available to the auditor in enough time for the auditor to perform and submit the engagement to the Louisiana Legislative Auditor.

Status: No longer applicable.

Management Letter

No management letter was issued.

**Village of Choudrant
Management's Corrective Action Plan
For The Year Ended June 30, 2019**

Section II- Financial Statement Findings

There were no findings for the year ended June 30, 2019.

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To the Village of Choudrant and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Village of Choudrant (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 Defender's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):¹
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics²**, 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Findings: The Village has drafted written policies and procedures, but these had not been approved as of June 30, 2019. Therefore, there were no written policies and procedures to test.

Bank Reconciliations

- 2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts³ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: Three exceptions noted where there was no evidence of the bank reconciliations being prepared within two months of the closing date of the related statements. Three exceptions noted where there was no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks had reviewed each bank reconciliation.

Collections (excluding EFTs)⁴

- 3. Obtain a listing of deposit sites⁵ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 4. For each deposit site selected, obtain a listing of collection locations⁶ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

⁴ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁵ A deposit site is a physical location where a deposit is prepared and reconciled.

⁶ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)⁷. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: Two exceptions noted where the employee who is responsible for collecting cash is also responsible for making the deposit. Two exception noted where the employee who collects cash is also responsible for posting collection entries to the general ledger.

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 26, 2019

⁷ If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.