

VILLAGE OF CREOLA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019



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**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

August 2, 2019

Independent Accountants' Review Report

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

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Village of Creola, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Village of Creola. 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 of Creola 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.

ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 conclusion.

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.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis described in the table of contents and a Statement of

Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it.

OTHER SUPPLEMENTAL INFORMATION

The supplementary information included in the Schedule of Per Diem Paid to Board Members and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and directly related to, the underlying accounting and other records used to prepare the financial statements. This information has been subjected to inquiry and analytical procedures applied in the review of the basic financial statements and we are not aware of any material modifications that should be made thereto. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

OTHER MATTERS

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated August 2, 2019, on the results of our agreed-upon procedures.



ROZIER, HARRINGTON, & MCKAY
Certified Public Accountants
Alexandria, Louisiana

Village of Creola

MANAGEMENT'S DISCUSSION AND ANALYSIS **June 30, 2019**

This section of the annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended June 30, 2019.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Village's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. These financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Village's assets and all of the Village's liabilities.

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection and general governmental operations are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants and contributions.
- **Business-Type Activities** – Expenses associated with providing sewer services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with sewer services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Village's most significant activities and are not intended to provide information for the Village as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Village has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Village's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Village's sewer services. Proprietary fund financial statements typically provide a more

Village of Creola

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE VILLAGE

A comparative analysis of the government-wide data for the current and previous year is presented as follows:

Net Position

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	<u>June 30, 2019</u>			<u>June 30,</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>2018</u>
<u>Assets:</u>				
Current and Other Assets	\$ 142,437	\$ 952	\$ 143,389	\$ 129,038
Capital Assets	106,053	137,140	243,193	240,123
Total Assets	<u>248,490</u>	<u>138,092</u>	<u>386,582</u>	<u>369,161</u>
<u>Liabilities:</u>				
Current and Other Liabilities	27,394	750	28,144	27,812
Long-term Liabilities	29,012	----	29,012	43,554
Total Liabilities	<u>56,406</u>	<u>750</u>	<u>57,156</u>	<u>71,366</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	62,499	137,140	199,639	182,865
Unrestricted	129,585	202	129,787	114,930
Total Net Position	<u>\$ 192,084</u>	<u>\$ 137,342</u>	<u>\$ 329,426</u>	<u>\$ 297,795</u>

As the presentation appearing above demonstrates, the largest portion of the Village's net position is invested in capital assets. Net position invested in capital assets consist of land, buildings, and equipment, less any debt used to acquire the assets that remain outstanding. The Village uses these capital assets to provide services to its residents; consequently, these amounts are not available for future spending.

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

Village of Creola

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

	For the Year Ended June 30, 2019			For the Year Ended June 30, 2018
	Govern- mental Activities	Business- Type Activities	Total	
Revenues:				
Program Revenue:				
Charges for Services	\$ 176,002	\$ 11,424	\$ 187,426	\$ 246,948
Operating Grants and Contributions	----	----	----	----
General Revenue:				
Property Taxes	3,543	----	3,543	3,271
Sales Taxes	64,332	----	64,332	63,945
Franchise Taxes	9,209	----	9,209	9,334
Miscellaneous	6,893	----	6,893	13,223
Total Revenue	<u>259,979</u>	<u>11,424</u>	<u>271,403</u>	<u>336,721</u>
Program Expenses:				
General Government	154,282	----	154,282	153,299
Public Safety				
Police Department	72,415	----	72,415	89,031
Sewer	----	13,075	13,075	14,186
Total Expenses	<u>226,697</u>	<u>13,075</u>	<u>239,772</u>	<u>256,516</u>
Increase in Net Position Before				
Transfers and Special Items	33,282	(1,651)	31,631	80,205
Transfers	2,124	(2,124)	----	----
Change in Net Position	<u>35,406</u>	<u>(3,775)</u>	<u>31,631</u>	<u>80,205</u>
Net Position Beginning	<u>156,678</u>	<u>141,117</u>	<u>297,795</u>	<u>217,590</u>
Net Position Ending	<u>\$ 192,084</u>	<u>\$ 137,342</u>	<u>\$ 329,426</u>	<u>\$ 297,795</u>

Governmental activities increased the Village's net position, before transfers, by \$33,282. This increase is attributable to efficient utilization of the Village's resources.

Business-type activities decreased the Village's net position, before transfers, by \$1,651. This decrease is attributable to the Village having more sewer expenses in the current year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUND

For the year ended June 30, 2019, activity in governmental funds was limited to the general fund. The only differences between amounts reported by the general fund and governmental activities reported in the government-wide financial statements are attributable to including fixed assets in the government-wide presentation.

Amounts reported for business-type activities in the Village's individual fund are identical to the business-type activities reported in the government-wide presentation.

Village of Creola

MANAGEMENT'S DISCUSSION AND ANALYSIS **June 30, 2019**

BUDGET HIGHLIGHTS

For the year ended June 30, 2019, the Village experienced favorable expenditure variances. However, Village revenues resulted in unfavorable budget variances.

CAPITAL ASSET ADMINISTRATION

For the year ended June 30, 2019, capital asset activity was limited to depreciating assets acquired during previous years.

DEBT ADMINISTRATION

For the year ended June 30, 2019, activity related to debt administration was limited to paying amounts contractually due on existing debt.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, management is not aware of any matters expected to have a substantial impact on future operations.

VILLAGE OF CREOLA

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 131,510	\$ -	\$ 131,510
Receivables (net)	10,927	952	11,879
Land	9,700	20,000	29,700
Depreciable capital assets, net	96,353	117,140	213,493
Total assets	248,490	138,092	386,582
<u>LIABILITIES</u>			
Accounts payable	9,073	750	9,823
Accrued expenses	3,779	-	3,779
Long-term liabilities			
Notes Payable			
Due within one year	14,542	-	14,542
Due in more than one year	29,012	-	29,012
Total liabilities	56,406	750	57,156
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	62,499	137,140	199,639
Unrestricted	129,585	202	129,787
Total net position (deficit)	\$ 192,084	\$ 137,342	\$ 329,426

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 154,282	\$ -	\$ -	\$ -	\$ (154,282)	\$ -	\$ (154,282)
Public Safety							
Law Enforcement	72,415	176,002	-	-	103,587	-	103,587
Total Governmental Activities	<u>226,697</u>	<u>176,002</u>	<u>-</u>	<u>-</u>	<u>(50,695)</u>	<u>-</u>	<u>(50,695)</u>
<u>Business-Type Activities:</u>							
Sewer	13,075	11,424	-	-	-	(1,651)	(1,651)
Total Business-Type Activities	<u>13,075</u>	<u>11,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,651)</u>	<u>(1,651)</u>
Total Primary Government	<u>\$ 239,772</u>	<u>\$ 187,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(50,695)</u>	<u>(1,651)</u>	<u>(52,346)</u>
<u>General Revenues:</u>							
Taxes:							
Ad Valorem					3,543	-	3,543
Sales Tax					64,332	-	64,332
Franchise					9,209	-	9,209
Miscellaneous					6,893	-	6,893
Transfers					2,124	(2,124)	-
Total General Revenues and Transfers					<u>86,101</u>	<u>(2,124)</u>	<u>83,977</u>
Change in Net Position					35,406	(3,775)	31,631
Net Position - Beginning:					<u>156,678</u>	<u>141,117</u>	<u>297,795</u>
Net Position - Ending					<u>\$ 192,084</u>	<u>\$ 137,342</u>	<u>\$ 329,426</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2019

	<u>Governmental Funds</u>
Assets	
Cash and cash equivalents	\$ 131,510
Accounts receivable	10,927
Total assets	\$ 142,437
Liabilities and Fund Balance	
<u>Liabilities</u>	
Accounts payable	\$ 9,073
Accrued expenses	3,779
Total liabilities	12,852
<u>Fund Balance</u>	
Unassigned	129,585
Total Fund Balances	129,585
Total Liabilities and Fund Balance	\$ 142,437

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

Total Fund Balances - Governmental Funds	\$ 129,585
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 are not reported in the funds.	62,499
Net Position of Governmental Activities	\$ 192,084

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

Statement of Revenue, Expenditures and Changes in Fund Balance Governmental Funds Year Ended June 30, 2019

	<u>Governmental Funds</u>
Revenues:	
Taxes:	
Ad valorem	\$ 3,543
Sales Tax	64,332
Franchise	9,209
Fines and Court Cost	176,002
Miscellaneous	6,893
Total revenues	<u>259,979</u>
Expenditures:	
Current	
General government	152,815
Public Safety	
Law Enforcement	68,937
Capital Outlay	25,494
Total expenditures	<u>247,246</u>
Excess (deficiency) of revenues over expenditures	12,733
Other financing sources (uses)	
Debt Proceeds	-
Operating transfers in (out)	2,124
Total other financing sources (uses)	<u>2,124</u>
Excess (deficiency) of revenues and other resources over expenditures and other uses	14,857
Fund balance - beginning of year	114,728
Fund balance - end of year	<u>\$ 129,585</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net change in fund balances of Governmental Funds	\$ 14,857
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period	<u>6,845</u>
Repayment of capital lease obligations are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	<u>13,704</u>
Change in net assets of governmental activities	<u>\$ 35,406</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

Statement of Net Position

Proprietary Funds

June 30, 2019

	<u>Business-Type Activities</u>
	<u>Enterprise Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and cash equivalents	\$ -
Receivables (net)	952
Total current assets	<u>952</u>
Noncurrent Assets:	
Capital Assets:	
Land	20,000
Depreciable capital assets, net	117,140
Total noncurrent assets	<u>137,140</u>
Total assets	<u>138,092</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts payable	750
Total current liabilities	750
Total liabilities	<u>750</u>
<u>NET POSITION:</u>	
Invested in capital assets, net of related debt	137,140
Unrestricted	202
Total net position (deficit)	<u>\$ 137,342</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds Year Ended June 30, 2019

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>
<u>Operating revenues:</u>	
Charges for services	\$ 11,424
Total Operating Revenues	<u>11,424</u>
<u>Operating expenses:</u>	
Professional fees	9,300
Depreciation	<u>3,775</u>
Total operating expenses	<u>13,075</u>
Operating Income (Loss)	(1,651)
<u>Transfers and Contributions:</u>	
Other sources (uses) - operating transfers in (out)	(2,124)
Capital Grants	<u>-</u>
Change in net position	(3,775)
Total net position - beginning	<u>141,117</u>
Total net position - ending	<u>\$ 137,342</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2019

	<u>Business-Type Activities</u>
	<u>Enterprise Funds</u>
<u>Cash flow from operating activities:</u>	
Cash received from customers	\$ 11,424
Cash payments to suppliers of goods and services	<u>(9,300)</u>
Net cash provided (used) by operating activities	<u>2,124</u>
<u>Cash flows from non-capital financing activities:</u>	
Operating transfers	<u>(2,124)</u>
Net cash provided (used) by non-capital financing activities	<u>(2,124)</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Grants	-
Capital Expenditures	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>
Net increase (decrease) in cash	-
Beginning cash balance	<u>-</u>
Ending cash balance	<u><u>\$ -</u></u>
<u>Reconciliation of operating income (loss) to net cash</u>	
Operating income (loss)	\$ (1,651)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,775
(Increase) decrease in accounts receivable	-
(Decrease) increase in accounts payable	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ 2,124</u></u>

Supplemental disclosures of cash flow information:

For the year ended June 30, 2019, there were no operating, financing, or investing activities that did not result in cash receipts or payments.

See accompanying notes and independent accountant's review report.

Village of Creola

Notes to Financial Statements ***June 30, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Creola (the Village) was incorporated under the provisions of the Lawrason Act. The Village is governed by a Mayor and a Board of Aldermen consisting of three (3) members. Services provided by the Village include police protection and general administrative functions. The Village also operates a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

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

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

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

Based upon application of these criteria, there were no potential component units and all of the Village's activities were included in the primary government reporting entity.

Village of Creola

Notes to Financial Statements ***June 30, 2019***

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Village's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with governmental service or business-type activity. Program revenues include any charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Village's major funds are described as follows:

- Governmental Funds – The general fund is the Village's only active major governmental fund. The general fund is the primary operating fund and is used to account for all governmental activities except those required to be reported in another fund.
- Proprietary Funds – Are used to account for business type activities. The operations of the Village's Sewer System utilize a proprietary fund. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board

Village of Creola

Notes to Financial Statements

June 30, 2019

(FASB) for business enterprises. However, the Village only applies those FASB pronouncements that were issued on or before November 30, 1989.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from franchise taxes, fines and court cost is not recognized until it is collected.

Use of Estimates

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

Budget Practices

The Mayor prepares annual budgets for the Village's general fund. The budget is submitted to the Board of Aldermen and the approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

Village of Creola

Notes to Financial Statements ***June 30, 2019***

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Village's Sewer Fund.

Capital Assets

Capital assets include significant acquisitions of equipment that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are reported at historical cost less accumulated depreciation. Depreciation is computed using the straight-line method and estimated useful lives that are based on the expected durability of the particular asset. Useful lives typically range from five to forty years.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law.

Internal Balances:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

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

NOTE 2-CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market value. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the Village has \$131,060 in deposits (collected bank balance). These deposits are secured from risk by federal deposit insurance.

Village of Creola

Notes to Financial Statements

June 30, 2019

NOTE 3 - TAXES

Ad Valorem Taxes

The Village bills and collects its own property taxes using the assessed property values determined by the Parish Tax Assessor. Property taxes are limited to an assessment for general alimony as permitted by State Law. Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. For the year ended June 30, 2019, the Village levied 6.69 mills. Revenues from ad valorem taxes are recognized as revenue in the year billed.

Sales Taxes

Sales and use taxes are collected on behalf of the Village by the Grant Parish Sheriff's Office and remitted the month subsequent to collection. Revenues from sales taxes are reported on the accrual basis. For the year ended June 30, 2019, the Village sales tax rate is two percent. The sales tax rate has no expiration date.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, are summarized as follows:

	<u>Governmental Activities</u>	<u>Business- Type</u>	<u>Total</u>
Sales Tax	\$ 9,569	\$ ----	\$ 9,569
Franchise Tax	1,358	----	1,358
Utilities Income	----	952	952
Total Receivables	<u>\$ 10,927</u>	<u>\$ 952</u>	<u>\$ 11,879</u>

NOTE 5 – CAPITAL ASSETS

A summary of the Village's capital assets is provided as follows:

	<u>Non-Depreciable Capital Assets</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Land	\$ 9,700	\$ ----	\$ ----	\$ 9,700
Total Governmental Activities	<u>9,700</u>	<u>----</u>	<u>----</u>	<u>9,700</u>
<u>Business-Type Activities</u>				
Land	20,000	----	----	20,000
Total Business-Type Activities	<u>20,000</u>	<u>----</u>	<u>----</u>	<u>20,000</u>
Total	<u>\$ 29,700</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 29,700</u>

Village of Creola

Notes to Financial Statements **June 30, 2019**

	Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Equipment	\$ 109,096	\$ 25,494	\$ 9,500	\$ 125,090
Building	42,390	----	----	42,390
Furniture & Fixtures	1,860	----	----	1,860
Accumulated Depreciation	(63,838)	(18,649)	(9,500)	(72,987)
Total Governmental Activities	<u>89,508</u>	<u>6,845</u>	<u>----</u>	<u>96,353</u>
<u>Business-Type Activities</u>				
Sewer System	151,003	----	----	151,003
Accumulated Depreciation	(30,088)	(3,775)	----	(33,863)
Total Business-Type Activities	<u>120,915</u>	<u>(3,775)</u>	<u>----</u>	<u>117,140</u>
Total	<u>\$ 210,423</u>	<u>\$ 3,070</u>	<u>----</u>	<u>\$ 213,493</u>

NOTE 6 - LONG-TERM LIABILITIES

The Village's long-term debt is summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Total long-term debt	43,554	----	43,554
Due within one year	(14,542)	----	(14,542)
Due in more than one year	<u>\$ 29,012</u>	<u>\$ ----</u>	<u>\$ 29,012</u>

The following changes occurred in liabilities reported in the Governmental Activities during the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Capital Lease	\$ 57,258	\$ ----	\$ 13,704	\$ 43,554
Total long-term debts	<u>\$ 57,258</u>	<u>\$ ----</u>	<u>\$ 13,704</u>	<u>\$ 43,554</u>

Capital Lease

Details regarding capital leases outstanding at June 30, 2019 are as follows:

A capital lease in the amount of \$59,759 for the purchase of two new Police vehicles. The lease has an interest rate of 5.95% and is due in 48 monthly installments of \$1,395 with the final payment due April of 2022.	<u>\$ 43,554</u>
Total Capital Leases	<u>\$ 43,554</u>

Village of Creola

Notes to Financial Statements **June 30, 2019**

A schedule of the future minimum lease payments is presented below:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2020	\$ 16,742
2021	16,742
2022	13,951
Total minimum lease payments	47,435
Less amount representing interest	(3,881)
Present value of future minimum lease payments	<u>\$ 43,554</u>

NOTE 7 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2019 consist of the following:

	<u>Governmental Activities</u>	<u>Business- Type</u>	<u>Total</u>
Payable to Vendors	9,073	750	9,823
Total Accounts Payable	<u>\$ 9,073</u>	<u>\$ 750</u>	<u>\$ 9,823</u>

NOTE 8 – ACCRUED EXPENSES

Accrued expenses at June 30, 2019 consist of payroll liabilities totaling \$1,674 and accrued payroll of \$2,105.

NOTE 9 – INTERFUND TRANSFERS

In the ordinary course of business, the Village routinely transfers resources between its funds to utilize resources where needed. These amounts are reported in the financial statements as operating transfers.

NOTE 10 - RISK AND CONTINGENCIES

The Village is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; and natural disasters.

The Village insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage.

VILLAGE OF CREOLA

Statement of Revenue, Expenditures and Changes in Fund Balance - General Fund Budget and Actual Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Taxes:				
Ad valorem	\$ 3,000	\$ 3,543	\$ 3,543	-
Sales Tax	65,000	68,369	64,332	(4,037)
Franchise	10,000	7,851	9,209	1,358
Fines and Court Cost	230,000	196,005	176,002	(20,003)
Miscellaneous	7,000	7,417	6,893	(524)
Total revenues	315,000	283,185	259,979	(23,206)
<u>Expenditures:</u>				
Current				
General government	159,500	156,124	152,815	3,309
Public Safety				
Law Enforcement	80,500	80,538	68,937	11,601
Capital Outlay	-	-	25,494	(25,494)
Debt Service	-	16,741	-	16,741
Total expenditures	240,000	253,403	247,246	6,157
Excess (deficiency) of revenues over expenditures	75,000	29,782	12,733	(17,049)
Other sources (uses)				
Operating transfers in (out)	-	-	2,124	2,124
Proceeds from Debt	-	-	-	-
Total other sources (uses)	-	-	2,124	2,124
Excess (deficiency) of revenues and other resources over expenditures and other uses	75,000	29,782	14,857	(14,925)
Fund balance - beginning of year	118,076	118,076	114,728	(3,348)
Fund balance - end of year	\$ 193,076	\$ 147,858	\$ 129,585	\$ (18,273)

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the year ended June 30, 2019

Danny Moore, Mayor	12,000
Calvin Vogel, Alderman	6,000
Linda Gammons, Alderman	6,000
Joseph Longino, Alderman	4,500
Aimee White, Alderman	<u>1,000</u>
Total	<u><u>\$ 29,500</u></u>

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the year ended June 30, 2019

Agency Head (Mayor) - Danny Moore

Compensation	\$	12,000
Benefits		-
Reimbursements		-
Total	\$	<u>12,000</u>

See accompanying notes and independent accountant's review report.



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

August 2, 2019

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of the Village of Creola and the Louisiana Legislative Auditor (the specified parties), on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Village's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

PUBLIC BID LAW:

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$154,450. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

Based on inquiry of management and review of the general ledger the Village has complied with the requirements of the Public Bid Law.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided a questionnaire completed by each active member of the Board. The questionnaires furnished a list of outside business interest and immediate family members.

3. Obtain a list of all employees paid during the fiscal year.

Management provided us with payroll reports for all employees paid during this period.

Village of Creola

August 2, 2019

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

None of the employees included on the list of employees provided by management in agreed-upon procedure 3 appeared on the list provided by management in agreed-upon procedure 2.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

BUDGETING

6. Obtained a copy of the legally adopted budget and all amendments.

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

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

The original budget was adopted June 21, 2018 and the final budget was adopted June 20, 2019.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

Budget comparisons indicate favorable expenditure variances that were within limits established by State law; however, Village revenues resulted in unfavorable budget variances by 5% or more.

ACCOUNTING AND REPORTING

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

All of the payments had supporting documentation as to proper amount and payee.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

Village of Creola

August 2, 2019

All of the payments were properly coded to the correct fund and general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

All invoices were found to be approved by the proper authorities.

MEETINGS

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the meeting facility. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion.

DEBT

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

Review of receipts reported in the general ledger and inquiry of management did not reveal any evidence of new indebtedness.

ADVANCES AND BONUSES

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

We examined payroll records and general ledger for the period under examination and found no payments made to employees for bonuses, advances, or gifts.

STATE AUDIT LAW

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The Village's report was timely filed by December 31, 2019.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The Village was in compliance with the audit law.

Village of Creola

August 2, 2019

PRIOR-YEAR COMMENTS

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

Finding 2018-1: Written Disaster Recovery Plan (Unresolved)

The Mayor and Council are in the process of developing a written disaster recovery plan to establish procedures on how to deal possible interruption of town services and loss of records.

Finding 2018-2: Traffic Tickets Administration (Unresolved)

Management will seek counsel from the Village attorney to assist in developing procedures to resolve this matter.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the Village's compliance with the foregoing matters. 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 the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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 Louisiana Legislative Auditor as a public document.


ROZIER, HARRINGTON & McKAY
Certified Public Accountants
Alexandria, Louisiana

Village of Creola

Managements Corrective Action Plan

For the Year Ended June 30, 2019

FINDING	RESPONSE
<p><u>Finding 2019-1: Written Disaster Recovery Plan</u> In order to minimize potential interruptions of services provided by the village and the possible loss of critical records, a written disaster recovery plan is needed.</p>	<p>The Mayor and Council are in the process of developing a written disaster recovery plan to establish procedures on how to deal with possible interruption of town services and loss of records.</p>
<p><u>Finding 2019-2: Traffic Tickets Administration</u> The Village has not fulfilled requirements to perform quarterly assessments of traffic tickets.</p>	<p>Management will seek counsel from the Village attorney to assist in developing procedures to resolve this matter.</p>
<p><u>Finding 2019-3: Budget Violation</u> Budget comparisons indicate favorable expenditure variances. However, actual revenue comparisons indicate unfavorable budget variances of revenues exceeded the 5% threshold permitted by State Law.</p>	<p>Village administration will closely monitor budget to actual comparisons of revenue and expenditures to prevent unfavorable variances in the future.</p>

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

SECTION I - Review Report	
There are no matters to report.	Response – N/A
SECTION II - Attestation Report	
<u>Finding 2018-1: Written Disaster Recovery Plan</u> In order to minimize potential interruptions of services provided by the village and the possible loss of critical records, a written disaster recovery plan is needed.	<u>Unresolved:</u> See Managements' Corrective Action Plan, Finding 2019-1.
<u>Finding 2018-2: Traffic Tickets Administration</u> The Village has not fulfilled requirements to perform quarterly assessments of traffic tickets.	<u>Unresolved:</u> See Managements' Corrective Action Plan, Finding 2019-2.
SECTION III - Management Letter	
No management letter was in the prior year.	Response – N/A