

VILLAGE OF DRY PRONG, LOUISIANA

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**



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

October 14, 2020

Independent Auditors' Report

To the Mayor and Board of Aldermen
Village of Dry Prong, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Dry Prong, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village Dry Prong, as of June 30, 2020, 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.



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Village of Dry Prong
October 14, 2020

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 described in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Dry Prong's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer, and the Schedule of Per Diem Paid to Board Members, described as additional information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of the Village of Dry Prong's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Dry Prong's internal control over financial reporting and compliance.



Rozier, McKay & Willis
Certified Public Accountants

VILLAGE OF DRY PRONG

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

This section of Village of Dry Prong's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended June 30, 2020.

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 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 (including infrastructure acquired after July 1, 2001) and all of the Village's liabilities (including long-term debt).

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, fire protection, culture, recreation, public works and general administration 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 water and 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 water and 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 water and sewer services. Proprietary fund financial statements typically provide a more

VILLAGE OF DRY PRONG

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

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

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A comparative analysis of government-wide data is presented as follows:

Net Position

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

| | June 30, 2020 | | | June 30, 2019 |
|----------------------------------|------------------------------------|--|---------------------|--------------------------|
| | Governmental Activities | Business- Type Activities | Total | |
| <u>Assets:</u> | | | | |
| Current and Other Assets | \$ 183,840 | \$ 22,391 | \$ 206,231 | \$ 395,086 |
| Internal Balances | 261,327 | (261,327) | ---- | ---- |
| Capital Assets | 391,171 | 2,854,851 | 3,246,022 | 3,431,604 |
| Total Assets | <u>836,338</u> | <u>2,615,915</u> | <u>3,452,253</u> | <u>3,826,690</u> |
| <u>Liabilities:</u> | | | | |
| Current and Other Liabilities | 12,972 | 53,163 | 66,135 | 278,753 |
| Long-term Liabilities | ---- | 105,157 | 105,157 | 120,256 |
| Total Liabilities | <u>12,972</u> | <u>158,320</u> | <u>171,292</u> | <u>399,009</u> |
| <u>Net Position:</u> | | | | |
| Invested in Capital Assets (Net) | 391,171 | 2,734,594 | 3,125,765 | 3,271,850 |
| Restricted | 148,814 | ---- | 148,814 | 115,557 |
| Unrestricted | 283,381 | (276,999) | 6,382 | 40,274 |
| Total Net Position | <u>\$ 823,366</u> | <u>\$ 2,457,595</u> | <u>\$ 3,280,961</u> | <u>\$ 3,427,681</u> |

As the presentation appearing above demonstrates, the largest portion of the Village's net position (95.3%) is invested in capital assets. Net Position invested in capital assets consist of land, buildings, and equipment less any debts used to acquire assets that remain outstanding. In addition, net position invested in capital assets also include any infrastructure acquired after July 1, 2001. The Village uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net position (4.5%) is subject to restrictions that are imposed by agreements with the Village's bondholders or requirements imposed by revenue sources.

The remaining net position (0.2%), is unrestricted and can be used at the discretion of the governing body.

VILLAGE OF DRY PRONG

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

Changes in Net Position

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

| | For the Year Ended June 30, 2020 | | | For the |
|------------------------------------|---|---------------------------------|---------------------|---------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Year Ended June 30, 2019 |
| <u>Revenues:</u> | | | | |
| Program Revenue: | | | | |
| Charges for Services | \$ 21,652 | \$ 195,168 | \$ 216,820 | \$ 227,727 |
| Operating Grants and Contributions | ---- | ---- | ---- | ---- |
| Capital Grants and Contributions | ---- | ---- | ---- | ---- |
| General Revenue: | | | | |
| Property Taxes | 14,631 | ---- | 14,631 | 13,843 |
| Franchise Taxes | 16,822 | ---- | 16,822 | 18,633 |
| Sales Taxes | 62,658 | ---- | 62,658 | 60,860 |
| Occupational Licenses | 38,939 | ---- | 38,939 | 41,121 |
| Miscellaneous | 10,717 | ---- | 10,717 | 6,758 |
| Total Revenue | 165,419 | 195,168 | 360,587 | 368,942 |
| <u>Program Expenses:</u> | | | | |
| General Government | 136,463 | ---- | 136,463 | 105,861 |
| Streets | 34,421 | ---- | 34,421 | 32,034 |
| Public Safety | | | | |
| Police Department | 32,833 | ---- | 32,833 | 41,277 |
| Interest on Long Term Debt | 968 | ---- | 968 | 1,960 |
| Utilities | ---- | 302,622 | 302,622 | 312,946 |
| Total Expenses | 204,685 | 302,622 | 507,307 | 494,078 |
| Change in Net Position | (39,266) | (107,454) | (146,720) | (125,136) |
| Net Position Beginning | 862,632 | 2,565,049 | 3,427,681 | 3,552,817 |
| Net Position Ending | \$ 823,366 | \$ 2,457,595 | \$ 3,280,961 | \$ 3,427,681 |

Governmental activities decreased the Village's net position by \$39,266. The decrease is attributable using reserves to supplement services.

Business-type activities decreased the Village's net position by \$107,454. The decrease is attributable depreciation of assets acquired with grant funds in previous years. Changes in net position excluding capital grants, contributions and depreciation for the utility system are presented as follows:

VILLAGE OF DRY PRONG

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

| | <u>Current</u> | <u>Prior</u> |
|--|----------------------|----------------------|
| Change in Net Position | \$ (146,720) | \$ (125,136) |
| Capital Grants and Contributions | ---- | ---- |
| Depreciation | <u>185,582</u> | <u>144,987</u> |
| Change in Net Position Excluding Capital Grants, Contributions and Depreciation | <u>\$ 38,862</u> | <u>\$ 22,638</u> |

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

For the year ended June 30, 2020, activity in governmental funds included the general fund, sales tax fund, and debt service. The only differences between amounts reported by the governmental funds and governmental activities reported in the government-wide financial statements are attributable to including fixed assets and debt in the government-wide presentation.

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

BUDGET HIGHLIGHTS

The general fund and special revenue fund are the only funds required by law to adopt a budget. Actual expenditures were consistent with appropriations and no budget revisions were necessary.

CAPITAL ASSET ADMINISTRATION

For the year ended June 30, 2020, significant capital asset activity was limited overlaying streets.

DEBT ADMINISTRATION

Activity was limited to making scheduled payments on existing outstanding debt.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, management is not aware of any matters that are expected to have substantial consequences for future operations.

VILLAGE OF DRY PRONG

STATEMENT OF NET POSITION JUNE 30, 2020

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 172,145 | \$ 566 | \$ 172,711 |
| Receivables (net) | 11,695 | 21,825 | 33,520 |
| Internal balances | 261,327 | (261,327) | - |
| Land | 51,883 | 41,369 | 93,252 |
| Depreciable capital assets, net | 339,288 | 2,813,482 | 3,152,770 |
| Total assets | 836,338 | 2,615,915 | 3,452,253 |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 12,972 | - | 12,972 |
| Accrued interest payable | - | 1,542 | 1,542 |
| Meter deposits | - | 36,521 | 36,521 |
| Liabilities payable from restricted assets | | | |
| Long-term debt | | | |
| Due within one year | - | 15,100 | 15,100 |
| Due in more than one year | - | 105,157 | 105,157 |
| Total liabilities | 12,972 | 158,320 | 171,292 |
| <u>NET POSITION</u> | | | |
| Invested in capital assets, net of related debt | 391,171 | 2,734,594 | 3,125,765 |
| Restricted for: | | | |
| Debt service | 63,074 | - | 63,074 |
| Street improvements | 85,740 | - | 85,740 |
| Unrestricted | 283,381 | (276,999) | 6,382 |
| Total net position (deficit) | \$ 823,366 | \$ 2,457,595 | \$ 3,280,961 |

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

VILLAGE OF DRY PRONG

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

| | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | |
|---|-------------------|---------------------------------|---|---|--|--|---------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants & Contributions</u> | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
| <u>Governmental Activities:</u> | | | | | | | |
| General Government | \$ 136,463 | \$ - | \$ - | \$ - | \$ (136,463) | \$ - | \$ (136,463) |
| Streets | 34,421 | - | - | - | (34,421) | - | (34,421) |
| Public Safety | | | | | | | |
| Law Enforcement | 32,833 | 21,652 | - | - | (11,181) | - | (11,181) |
| Interest on Long Term Debt | 968 | - | - | - | (968) | - | (968) |
| Total Governmental Activities | <u>204,685</u> | <u>21,652</u> | <u>-</u> | <u>-</u> | <u>(183,033)</u> | <u>-</u> | <u>(183,033)</u> |
| <u>Business-Type Activities:</u> | | | | | | | |
| Utility Service | <u>302,622</u> | <u>195,168</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(107,454)</u> | <u>(107,454)</u> |
| Total Business-Type Activities | <u>302,622</u> | <u>195,168</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(107,454)</u> | <u>(107,454)</u> |
| Total Primary Government | <u>\$ 507,307</u> | <u>\$ 216,820</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(183,033)</u> | <u>(107,454)</u> | <u>(290,487)</u> |
| <u>General Revenues:</u> | | | | | | | |
| Taxes: | | | | | | | |
| Ad Valorem | | | | | 14,631 | - | 14,631 |
| Franchise | | | | | 16,822 | - | 16,822 |
| Sales | | | | | 62,658 | - | 62,658 |
| Occupational Licenses | | | | | 38,939 | - | 38,939 |
| Miscellaneous | | | | | 10,717 | - | 10,717 |
| Total General Revenues | | | | | <u>143,767</u> | <u>-</u> | <u>143,767</u> |
| Change in Net Position | | | | | (39,266) | (107,454) | (146,720) |
| Net Position Beginning | | | | | 862,632 | 2,565,049 | 3,427,681 |
| Net Position Ending | | | | | <u>\$ 823,366</u> | <u>\$ 2,457,595</u> | <u>\$ 3,280,961</u> |

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

VILLAGE OF DRY PRONG

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

| | General | Sales Tax | Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|-------------------|------------------|------------------|--------------------------|--------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 34,996 | \$ 74,075 | \$ 63,074 | \$ - | \$ 172,145 |
| Accounts receivable | 30 | 11,665 | - | - | 11,695 |
| Due from other funds | 261,327 | - | - | - | 261,327 |
| Total assets | \$ 296,353 | \$ 85,740 | \$ 63,074 | \$ - | \$ 445,167 |
| Liabilities and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 12,972 | \$ - | \$ - | \$ - | \$ 12,972 |
| Delayed revenues | - | - | - | - | - |
| Total liabilities | 12,972 | - | - | - | 12,972 |
| Fund Balance | | | | | |
| Nonspendable: | | | | | |
| Long Term advances to other funds | 261,327 | - | - | - | 261,327 |
| Restricted For: | | | | | |
| Street improvements | - | 85,740 | - | - | 85,740 |
| Debt service | - | - | 63,074 | - | 63,074 |
| Unassigned | 22,054 | - | - | - | 22,054 |
| Total Fund Balances | 283,381 | 85,740 | 63,074 | - | 432,195 |
| Total Liabilities and Fund Balance | \$ 296,353 | \$ 85,740 | \$ 63,074 | \$ - | \$ 445,167 |

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

| | |
|--|-------------------|
| Total Fund Balances - Governmental Funds | \$ 432,195 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Long term debt incurred to finance governmental activities does require the use of financial resources; therefore, the debt is excluded from the funds financial statements. | - |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 391,171 |
| Net Position of Governmental Activities | <u>\$ 823,366</u> |

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

VILLAGE OF DRY PRONG

Statement of Revenue, Expenditures and Changes in Fund Balance Governmental Funds Year Ended June 30, 2020

| | General | Sales Tax | Debt Service | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|------------------|------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Ad valorem | \$ 14,631 | \$ - | \$ - | \$ - | \$ 14,631 |
| Franchise | 16,822 | - | - | - | 16,822 |
| Sales tax | - | 62,658 | - | - | 62,658 |
| Occupational licenses | 38,939 | - | - | - | 38,939 |
| Intergovernmental | - | - | - | - | - |
| Fines and court cost | 21,652 | - | - | - | 21,652 |
| Miscellaneous | 10,650 | - | 67 | - | 10,717 |
| Total revenues | 102,694 | 62,658 | 67 | - | 165,419 |
| Expenditures: | | | | | |
| Current | | | | | |
| General government | 126,789 | 3,500 | - | - | 130,289 |
| Public safety - law enforcement | 32,833 | - | - | - | 32,833 |
| Capital outlay | - | - | - | - | - |
| Debt service | | | | | |
| Principal | - | - | 25,000 | - | 25,000 |
| Interest | - | - | 968 | - | 968 |
| Total expenditures | 159,622 | 3,500 | 25,968 | - | 189,090 |
| Excess (deficiency) of revenues over expenditures | (56,928) | 59,158 | (25,901) | - | (23,671) |
| Other sources (uses) | | | | | |
| Operating transfers in (out) | - | (19,837) | 19,837 | - | - |
| Net Change in fund balances | (56,928) | 39,321 | (6,064) | - | (23,671) |
| Fund balance - beginning of year | 340,309 | 46,419 | 69,138 | - | 455,866 |
| Fund balance - end of year | \$ 283,381 | \$ 85,740 | \$ 63,074 | \$ - | \$ 432,195 |

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 | \$ | (23,671) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report repayment of long term debt as expenditures. In the government wide presentation, these transactions are reported a reduction in debt | | 25,000 |
| 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. The effect of capital expenditures and depreciation is presented as follows: | | |
| Capital Expenditures | | - |
| Depreciation | (40,595) | (40,595) |
| Change in net position of governmental activities | \$ | (39,266) |

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

VILLAGE OF DRY PRONG

Statement of Net Position Proprietary Funds June 30, 2020

| | <u>Business-Type Activities Utility Enterprise Fund</u> |
|---|---|
| <u>ASSETS:</u> | |
| Current Assets: | |
| Cash and cash equivalents | \$ 566 |
| Receivables (net) | 21,825 |
| Other assets | - |
| Total current assets | <u>22,391</u> |
| Noncurrent Assets: | |
| Capital Assets: | |
| Land | 41,369 |
| Depreciable capital assets, net | <u>2,813,482</u> |
| Total noncurrent assets | <u>2,854,851</u> |
| Total assets | <u>2,877,242</u> |
| <u>LIABILITIES:</u> | |
| Current Liabilities: | |
| Other Current Liabilities | 1,542 |
| Due to other funds | 261,327 |
| Meter deposits | 36,521 |
| Current portion of certificate of indebtedness | <u>15,100</u> |
| Total current liabilities | 314,490 |
| Noncurrent Liabilities: | |
| Certificate of indebtedness | <u>105,157</u> |
| Total liabilities | <u>419,647</u> |
| <u>NET POSITION</u> | |
| Invested in capital assets, net of related debt | 2,734,594 |
| Unrestricted | <u>(276,999)</u> |
| Total net position (deficit) | <u>\$ 2,457,595</u> |

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

VILLAGE OF DRY PRONG

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds Year Ended June 30, 2020

| | Business-Type Activities Utility Enterprise Fund |
|---|---|
| <u>Operating revenues:</u> | |
| Charges for services | \$ 184,353 |
| Other income | 10,815 |
| Total Operating Revenues | <u>195,168</u> |
| <u>Operating expenses:</u> | |
| Salaries and payroll taxes | 61,210 |
| Chemicals and supplies | 26,706 |
| Depreciation | 144,987 |
| Repairs and maintenance | 16,109 |
| Legal and professional | 18,543 |
| Utilities | 17,526 |
| Insurance | 12,136 |
| Miscellaneous | 1,157 |
| Total operating expenses | <u>298,374</u> |
| Operating income (loss) | <u>(103,206)</u> |
| <u>Non-operating revenues (expenses):</u> | |
| Interest expense | (4,248) |
| Total Non-operating | <u>(4,248)</u> |
| Income (loss) before capital contributions and transfers | (107,454) |
| Capital Contributions | <u>-</u> |
| Change in net position | (107,454) |
| Total net position - beginning | <u>2,565,049</u> |
| Total net position - ending | <u>\$ 2,457,595</u> |

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

VILLAGE OF DRY PRONG

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2020

Business-Type Activities
Utility Enterprise Fund

Cash flow from operating activities:

| | |
|--|---------------|
| Cash received from customers | \$ 198,053 |
| Cash payments to suppliers of goods and services | (92,074) |
| Cash payments to employees for services | (61,210) |
| Net cash provided (used) by operating activities | <u>44,769</u> |

Cash flows from non-capital financing activities:

| | |
|--|-----------------|
| Increase (Decrease) cash advances due to other funds | <u>(41,880)</u> |
| Net cash provided (used) by non-capital financing activities | <u>(41,880)</u> |

Cash flows from capital and related financing activities:

| | |
|--|------------------|
| Payments for acquisition of capital assets | (186,294) |
| Principle paid on debt | (14,497) |
| Interest paid on debt instruments | (4,583) |
| Net cash provided (used) by capital and related financing activities | <u>(205,374)</u> |

Cash flows from investing activities:

| | |
|--|----------|
| Interest and other income | - |
| Net cash provided (used) by investing activities | <u>-</u> |

| | |
|---------------------------------|----------------|
| Net increase (decrease) in cash | (202,485) |
| Beginning cash balance | <u>203,051</u> |
| Ending cash balance | 566 |
| Restricted cash | - |
| Unrestricted cash | <u>\$ 566</u> |

Reconciliation of operating income (loss) to net cash

| | |
|---|------------------|
| Operating income (loss) | \$ (103,206) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 144,987 |
| (Increase) decrease in accounts receivable | 389 |
| (Increase) decrease in other assets | 103 |
| (Decrease) increase in meter deposits | <u>2,496</u> |
| Net cash provided (used) by operating activities | <u>\$ 44,769</u> |

Supplemental disclosures of cash flow information:

For the year ended June 30, 2020, there were no operating, financing, or investing activities that did not result in cash receipts or payments.

VILLAGE OF DRY PRONG

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Dry Prong (the Village) was incorporated under the provisions of the Lawrason Act. The Village is governed by a Mayor and a Board of Alderman consisting of three (3) members. Services provided by the Village include police and fire protection, and street maintenance. The Village also operates a water distribution system and 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 established criteria for determining which component units should be considered part of the Village of Dry Prong for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Criteria to be considered in determining financial accountability include:

1. Appointing a voting majority of an organization's governing body, and
 - a) The ability of the Village to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements 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 DRY PRONG

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 a governmental service or business-type activity. Program revenues include 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 Village's active major governmental funds include the general fund, sales tax fund and the debt service 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. The sales tax fund is a special revenue fund used to account for sales tax revenue designated for street improvements within the Village. The debt service fund is used accumulate resources for the repayment of sales tax revenue bonds issued to finance street construction.
- Proprietary Funds – Are used to account for business type activities. The operations of the Village's Utility System utilize a single proprietary fund. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating.

VILLAGE OF DRY PRONG

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses 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 |

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 account and the current financial resources measure 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; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as expenditures. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as other financing sources and repayment of long-term debt is reported as an expenditure of funds.

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 statement 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.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements, tax propositions, and bond covenants.

Budget Practices

The Mayor prepares annual budgets for the Village's general fund and special revenue fund. These budgets are submitted to the Board of Aldermen and the approved budgets are adopted before the beginning of

VILLAGE OF DRY PRONG

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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.

The general fund and special revenue fund budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. The Village's remaining funds are not required to adopt budgets.

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, costs related to the Village's utility system were estimated based on information furnished by the Village's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989 were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks and drainage systems acquired before July 1, 2001 are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

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. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Delayed Revenue:

Amounts collected from grant programs are reported as delayed revenue until the Village has complied with the terms and conditions of the grant program. The amount reported as delayed revenue represents the unexpended portion of grant receipts that are required to be used for specific purposes.

Internal Balances:

All funds paid to vendors are typically disbursed from the General Fund. Amounts paid by the General Fund on behalf of other funds and any reimbursements received by the General Fund are reported as internal receivables and payables. In the government-wide Statement of Net Position internal balances are eliminated except for the presentation of net residual amounts due between governmental and business-type activities.

Fund Balance Classification:

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Village typically depletes the available restricted or committed resources before consuming unrestricted resources.

VILLAGE OF DRY PRONG

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Statement of Cash Flows:

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash deposited in banks is stated at cost, which approximates market. 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, 2020, the Village has \$172,711 in deposits (\$176,926 collected bank balance). These deposits are protected by federal deposit insurance of up to \$250,000.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2020, are summarized as follows:

| | <u>Governmental Activities</u> | <u>Business- Type</u> | <u>Total</u> |
|-------------------------------|---|----------------------------------|---------------------|
| Sales Tax | \$ 11,665 | \$ ---- | \$ 11,665 |
| Utility Accounts | ---- | 25,825 | 25,825 |
| Miscellaneous | 30 | ---- | 30 |
| Reserve for Doubtful Accounts | ---- | (4,000) | (4,000) |
| Total | \$ 11,695 | \$ 21,825 | \$ 33,520 |

NOTE 4 - LONG-TERM DEBT

Details related to each component of long term debt are presented as follows:

Revenue Bonds

Revenue bonds by fund type are presented as follows:

| | <u>Governmental Activities</u> |
|------------------------------|---|
| Bonds payable, June 30, 2019 | \$ 25,000 |
| New issues | ---- |
| Retirements | (25,000) |
| Bonds payable, June 30, 2020 | ---- |
| Due within one year | ---- |
| Due in more than one year | \$ ---- |

VILLAGE OF DRY PRONG

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Certificates of Indebtedness

Revenue bonds by fund type are presented as follows:

| | Business-Type Activities |
|-------------------------------------|-------------------------------------|
| Certificates payable, June 30, 2019 | \$ 134,754 |
| New issues | ---- |
| Retirements | 14,497 |
| Certificates payable, June 30, 2020 | 120,257 |
| Due within one year | 15,100 |
| Due in more than one year | \$ 105,157 |

Components of the Village's long-term debt are described as follows:

| | |
|--|------------|
| \$162,000 Limited Tax Certificate of Indebtedness directly borrowed from lender September 20, 2016 due in annual installments \$22,025 including interest at a rate of 4.25%, with the final installment due September 1, 2026 | \$ 120,257 |
|--|------------|

A schedule of maturities of long-term debt follows for the years ended June 30:

| Year Ended June 30 th | Business-Type Activities | |
|----------------------------------|--------------------------|-----------|
| | Principal | Interest |
| 2021 | \$ 15,100 | \$ 4,790 |
| 2022 | 15,755 | 4,134 |
| 2023 | 16,425 | 3,451 |
| 2024 | 17,123 | 2,738 |
| 2025 | 17,844 | 1,995 |
| 2026- 2027 | 38,010 | 1,631 |
| Total | \$ 120,257 | \$ 18,739 |

NOTE 5 – TAXES:

Ad Valorem Taxes

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended June 30, 2020, the Village levied 6.42 mills for general corporate purposes.

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. Revenues from ad valorem taxes are recognized as revenue in the year billed.

VILLAGE OF DRY PRONG

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Sales and Use Taxes

On November 16, 2019, voters of the Village approved a one percent sales and use tax effective January 1, 2020 and expiring in ten years. The sales and use tax is dedicated for resurfacing all streets within the Village jurisdiction. In addition, proceeds from the sales and use tax can be used to fund bonds to pay the cost of resurfacing all streets within the Village jurisdiction. Sales and use taxes are collected on behalf of the Village by the Grant Parish Sheriff's Office. Revenues from sales taxes are reported on the accrual basis.

NOTE 6 – CAPITAL ASSETS

A summary of the property and equipment reported by the Village at June 30, 2020 consists of the following:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|---|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| <u>Governmental Activities</u> | | | | |
| Land | \$ 51,883 | \$ ---- | \$ ---- | \$ 51,883 |
| <u>Capital Assets Being Depreciated:</u> | | | | |
| Street Improvements | 588,487 | ---- | ---- | 588,487 |
| Buildings and Improvements | 218,602 | ---- | ---- | 218,602 |
| Machinery and Equipment | 168,742 | ---- | ---- | 168,742 |
| Total | 975,831 | ---- | ---- | 975,831 |
| Less Accumulated Depreciation | 595,948 | 40,595 | ---- | 636,543 |
| Total Net of Depreciation | \$ 379,883 | \$ 40,595 | \$ ---- | \$ 339,288 |
| <u>Business-Type Activities</u> | | | | |
| Land | \$ 41,369 | \$ ---- | \$ ---- | \$ 41,369 |
| <u>Capital Assets Being Depreciated:</u> | | | | |
| Water Distribution System | \$ 2,931,869 | \$ ---- | \$ ---- | \$ 2,931,869 |
| Wastewater System | 2,510,967 | ---- | ---- | 2,510,967 |
| Equipment | 290,982 | ---- | ---- | 290,982 |
| Total | 5,733,818 | ---- | ---- | 5,733,818 |
| Less Accumulated Depreciation | 2,775,349 | 144,987 | ---- | 2,920,336 |
| Total Net of Depreciation | \$ 2,958,469 | \$ (144,987) | \$ ---- | \$ 2,813,482 |

Depreciation expense reported by various functions is presented as follows:

VILLAGE OF DRY PRONG

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Governmental Activities:

| | | |
|--|----|--------|
| General Government | \$ | 6,174 |
| Streets | | 34,421 |
| Police | | ---- |
| Total Depreciation – Governmental Activities | \$ | 40,595 |

Business-Type Activities:

| | | |
|------------------|----|---------|
| Utility Services | \$ | 144,987 |
|------------------|----|---------|

NOTE 7- RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; 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 in any of the past three fiscal years.

NOTE 8 – RESTRICTIONS AND COMMITMENTS

Details regarding limitations imposed on the use of various resources are summarized as follows:

Long Term Advances

A portion of the General Funds assets have been advanced to the utility funds and repayment is not anticipated in the near future. Since these resources are not available to finance current expenditures, a portion of the general fund balance is reported as non-spendable.

Street Improvements

The Village's voters approved a one per cent sales tax for a period of ten years beginning January 1, 2010. Proceeds from the sales tax may be used only for completing street improvements. Accordingly, sales taxes are reported in a special revenue fund in order to comply with restrictions imposed by the voters and the sales tax fund balance is reported as restricted for street improvements.

Debt Service

Bond covenants require the Village to establish bank accounts which serve as debt service reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

NOTE 9 – INTERFUND BALANCES

Interfund receivables and payables are described as follows:

VILLAGE OF DRY PRONG

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

| | <u>Governmental Activities Receivables (Payables)</u> | <u>Business-Type Activities Receivables (Payables)</u> |
|---|---|--|
| As discussed in Note 1, interfund balances arise when the general fund disburses funds on behalf of the water and sewer funds. Reimbursements are submitted periodically but no significant reimbursements are expected within the next year. | | |
| General Fund | \$ 261,327 | \$ ---- |
| Utility Fund | ---- | 261,327 |
| Government-Wide Totals | <u>\$ 261,327</u> | <u>\$ 261,327</u> |

Interfund transfers have been completed to provide resources from the sales tax fund to the debt service fund established to repay debt issued to finance street improvements.

NOTE 10 - URAF CONTINGENCY

In order to accommodate highway improvements, the Village has been required to relocate underground utility infrastructure that was located in the State's highway right of way. Funding for the relocation was provided by the State's Utility Relocation Assistance Fund (URAF). Under the terms of the URAF arrangement, the Village is not obligated to repay the URAF funds but if voluntary payments are not made, the Village may be denied access to the State's right of way when conducting future construction projects.

NOTE 11 - SUBSEQUENT EVENTS

As discussed in Note 4, Certificates of Indebtedness require an interest payment of \$15,000 due on September 1, 2020. In response to a shortage of cash, management requested and received permission from the lender to defer the principal payment. Management is in the process of adopting a strategy for resolving the cash flow concerns. Corrective action measures that are under consideration are listed as follows:

- The voters will be asked to approve a modification to the sales tax proposition. If the measure passes, it will provide more unrestricted resources to meet cash flow needs.
- A utility rate increase is under consideration as a means of resolving shortages of cash.
- A review of law enforcement practices will consider opportunities to limit expenses and enhance revenue.

VILLAGE OF DRY PRONG

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| <u>Revenues:</u> | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 14,000 | \$ 14,000 | \$ 14,631 | \$ 631 |
| Franchise | 20,000 | 20,000 | 16,822 | (3,178) |
| Occupational licenses | 32,000 | 32,000 | 38,939 | 6,939 |
| Fines and Court Cost | 32,000 | 32,000 | 21,652 | (10,348) |
| Miscellaneous | 6,500 | 6,500 | 10,650 | 4,150 |
| Total revenues | 104,500 | 104,500 | 102,694 | (1,806) |
| <u>General Government:</u> | | | | |
| Salary - mayor and aldermen | 7,500 | 7,500 | 7,125 | 375 |
| Salaries - other | 30,709 | 30,709 | 26,157 | 4,552 |
| Animal control | 5,400 | 5,400 | 4,950 | 450 |
| Community center | 3,000 | 3,000 | 1,255 | 1,745 |
| Contract Labor | 1,000 | 1,000 | 50 | 950 |
| Dues and publications | 1,300 | 1,300 | 1,415 | (115) |
| Equipment purchases | 2,000 | 2,000 | 1,812 | 188 |
| Insurance | 16,000 | 16,000 | 17,858 | (1,858) |
| Legal and professional | 20,000 | 20,000 | 21,202 | (1,202) |
| Library | 3,000 | 3,000 | 4,464 | (1,464) |
| Office supplies | 4,000 | 4,000 | 3,470 | 530 |
| Payroll taxes and benefits | 3,900 | 3,900 | 3,561 | 339 |
| Printing and advertising | 1,500 | 1,500 | - | 1,500 |
| Repairs and maintenance | 1,900 | 1,900 | 3,681 | (1,781) |
| Streets and parks | 18,000 | 18,000 | 16,736 | 1,264 |
| Traffic ticket assessments | 2,000 | 2,000 | 945 | 1,055 |
| Utilities and telephone | 11,000 | 11,000 | 10,307 | 693 |
| Miscellaneous | 3,000 | 3,000 | 1,801 | 1,199 |
| Total general government | 135,209 | 135,209 | 126,789 | 8,420 |

Continued...

VILLAGE OF DRY PRONG

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| <u>Public Safety:</u> | | | | |
| Police department | | | | |
| Salaries and payroll taxes | 29,065 | 29,065 | 29,065 | - |
| Fuel | 2,000 | 2,000 | 1,482 | 518 |
| Parts and supplies | 2,000 | 2,000 | 1,391 | 609 |
| Miscellaneous | - | - | 895 | (895) |
| Total police department | 33,065 | 33,065 | 32,833 | 232 |
| Debt Service | - | - | - | - |
| Total expenditures | 168,274 | 168,274 | 159,622 | 8,652 |
| Excess (deficiency) of revenues over expenditures | (63,774) | (63,774) | (56,928) | 6,846 |
| Other sources (uses) | | | | |
| Operating transfers in (out) | - | - | - | - |
| Net Change in Fund Balances | (63,774) | (63,774) | (56,928) | 6,846 |
| Fund balance - beginning of year | 340,308 | 340,308 | 340,308 | - |
| Fund balance - end of year | \$ 276,534 | \$ 276,534 | \$ 283,380 | \$ 6,846 |

VILLAGE OF DRY PRONG

Sales Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2020

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|------------------|------------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| <u>Revenues:</u> | | | | |
| Sales tax | \$ 60,000 | \$ 60,000 | \$ 62,658 | \$ 2,658 |
| Total revenues | <u>60,000</u> | <u>60,000</u> | <u>62,658</u> | <u>2,658</u> |
| <u>Expenditures:</u> | | | | |
| Capital expenditures | <u>25,500</u> | <u>25,500</u> | <u>3,500</u> | <u>22,000</u> |
| Total expenditures | <u>25,500</u> | <u>25,500</u> | <u>3,500</u> | <u>22,000</u> |
| Excess (deficiency) of revenues over expenditures | 34,500 | 34,500 | 59,158 | 24,658 |
| Other sources (uses) | | | | |
| Operating transfers in (out) | <u>(34,006)</u> | <u>(34,006)</u> | <u>(19,837)</u> | <u>14,169</u> |
| Net Change in fund balances | 494 | 494 | 39,321 | 38,827 |
| Fund balance - beginning of year | <u>46,419</u> | <u>46,419</u> | <u>46,419</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 46,913</u> | <u>\$ 46,913</u> | <u>\$ 85,740</u> | <u>\$ 38,827</u> |

VILLAGE OF DRY PRONG

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the year ended June 30, 2020

Agency Head (Mayor) - Shane Davis

| | |
|-----------------|-----------------|
| Purpose: | |
| Compensation | \$ 2,850 |
| Benefits | - |
| Reimbursements | - |
| | <hr/> |
| Total | <u>\$ 2,850</u> |

VILLAGE OF DRY PRONG
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the year ended June 30, 2020

| | |
|-----------------------------|----------------------------|
| Shane Davis, Mayor | \$ 2,850 |
| Della Barbee, Alderman | 1,425 |
| Billy Chandler, Alderman | 1,425 |
| Sandra Garlington, Alderman | <u>1,425</u> |
| Total | <u><u>\$ 7,125</u></u> |



October 14, 2020

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 Mayor and Board of Aldermen
Village of Dry Prong, 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 Dry Prong, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Dry Prong's basic financial statements, and have issued our report thereon dated October 14, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Village of Dry Prong'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 of Dry Prong's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Dry Prong'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



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any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Village of Dry Prong'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 are 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.



Rozier, McKay & Willis
Certified Public Accountants

VILLAGE OF DRY PRONG

SCHEDULE OF FINDINGS AND RESPONSES For the Year Ended June 30, 2020

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditors' Report on the financial statements of the Village of Dry Prong as of June 30, 2020 and for the year then ended expressed an unmodified opinion.
- The audit did not disclose any audit findings which are required to be reported as reportable conditions or material weaknesses.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Village of Dry Prong.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- None.

VILLAGE OF DRY PRONG

MANAGEMENT'S CORRECTIVE ACTION PLAN For the Year Ended June 30, 2020

| | |
|--|----------------|
| SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
| No findings were reported in the schedule of findings. | Response – N/A |
| SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS | |
| No findings were reported in the schedule of findings. | Response – N/A |
| SECTION III MANAGEMENT LETTER | |
| No management letter was issued. | Response – N/A |

VILLAGE OF DRY PRONG

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2020

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|--|----------------|
| SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS. | |
| No findings were reported in the schedule of findings. | Response – N/A |
| SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS | |
| No findings of this nature were reported as a result of the previous audit. | Response – N/A |
| SECTION III MANAGEMENT LETTER | |
| No management letter was issued. | Response – N/A |