

VILLAGE OF FLORIEN, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
SEPTEMBER 30, 2016

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Eddie Jones, Jr., Mayor  
and Members of the Board of Aldermen  
Village of Florien, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Florien, Louisiana as of and for the year ended September 30, 2016, 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 and each major fund of the Village of Florien, Louisiana as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 26 through 27 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 the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Florien, Louisiana's basic financial statements. The schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued my report dated March 27, 2017, on our consideration of the Village of Florien, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Florien, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana  
March 27, 2017

## BASIC FINANCIAL STATEMENTS

Statement of Net Position  
September 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,062	\$ 36,710	\$ 68,772
Receivables:			
Franchise taxes	2,907	-	2,907
Sales taxes	22,527	-	22,527
Accounts	-	41,994	41,994
Sewer assessments	-	4,524	4,524
Due from other funds	41,309	552	41,861
Restricted assets - cash	11,176	-	11,176
Capital assets not being depreciated	65,161	31,350	96,511
Capital assets being depreciated - net	1,028,161	2,716,140	3,744,301
Total assets	<u>\$ 1,203,303</u>	<u>\$ 2,831,270</u>	<u>\$ 4,034,573</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 16,181	\$ 5,267	\$ 21,448
Salaries payable	13,516	4,360	17,876
Payroll taxes payable	1,153	2,305	3,458
Due to other funds	1,175	40,686	41,861
Customer deposits	25	20,105	20,130
Total liabilities	<u>\$ 32,050</u>	<u>\$ 72,723</u>	<u>\$ 104,773</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred franchise tax revenue	\$ 69,333	\$ -	\$ 69,333
Total liabilities and deferred inflows of resources	<u>\$ 101,383</u>	<u>\$ 72,723</u>	<u>\$ 174,106</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 1,093,322	\$ 2,747,490	\$ 3,840,812
Restricted for:			
Sales tax dedications	38,200	-	38,200
Unrestricted	(29,602)	11,057	(18,545)
Total net position	<u>\$ 1,101,920</u>	<u>\$ 2,758,547</u>	<u>\$ 3,860,467</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,203,303</u>	<u>\$ 2,831,270</u>	<u>\$ 4,034,573</u>

The accompanying notes are an integral part of this statement.

Statement of Activities  
For the Year Ended September 30, 2016

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Fees, Fines and Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government and administration	\$ 182,970	\$ 1,808	\$ -	\$ -	\$ (181,162)	\$ -	\$ (181,162)
Public safety	162,334	200,962	8,050	-	46,678	-	46,678
Public works	152,751	57,018	-	-	(95,733)	-	(95,733)
Recreation	4,207	-	-	-	(4,207)	-	(4,207)
Total governmental activities	<u>\$ 502,262</u>	<u>\$ 259,788</u>	<u>\$ 8,050</u>	<u>\$ -</u>	<u>\$ (234,424)</u>	<u>\$ -</u>	<u>\$ (234,424)</u>
Business-type activities:							
Water and sewer	\$ 277,130	\$ 226,829	\$ 399,097	\$ -	\$ -	\$ 348,796	\$ 348,796
Total government	<u>\$ 779,392</u>	<u>\$ 486,617</u>	<u>\$ 407,147</u>	<u>\$ -</u>	<u>\$ (234,424)</u>	<u>\$ 348,796</u>	<u>\$ 114,372</u>
General revenues:							
Taxes:							
Ad valorem taxes					\$ 59,470	\$ -	\$ 59,470
Sales taxes					250,583	-	250,583
Franchise tax					31,306	-	31,306
Occupational licenses and permits					30,793	-	30,793
Investment earnings					22	19	41
Rental income					2,550	-	2,550
Miscellaneous					62	1,277	1,339
Transfers in					45,000	62,000	107,000
Transfers out					(107,000)	-	(107,000)
Total general revenues and transfers					<u>\$ 312,786</u>	<u>\$ 63,296</u>	<u>\$ 376,082</u>
Change in net position					<u>\$ 78,362</u>	<u>\$ 412,092</u>	<u>\$ 490,454</u>
Net position at beginning of year					<u>1,023,558</u>	<u>2,346,455</u>	<u>3,370,013</u>
Net position at end of year					<u>\$ 1,101,920</u>	<u>\$ 2,758,547</u>	<u>\$ 3,860,467</u>

The accompanying notes are an integral part of this statement.

Balance Sheet  
 Governmental Funds  
 September 30, 2016

	General	Major Funds	Total Governmental Funds
		Special Revenue Fund	
		Sales Tax Fund	
<b>ASSETS</b>			
Cash	\$ 32,062	\$ -	\$ 32,062
Receivables:			
Sales taxes	-	22,527	22,527
Franchise taxes	2,907	-	2,907
Due from other funds	31,486	9,823	41,309
Restricted cash and cash equivalents	-	11,176	11,176
Total assets	<u>\$ 66,455</u>	<u>\$ 43,526</u>	<u>\$ 109,981</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 13,076	\$ 3,105	\$ 16,181
Salaries payable	11,582	1,934	13,516
Payroll taxes payable	866	287	1,153
Due to other funds	1,175	-	1,175
Customer deposits	25	-	25
Total liabilities	<u>\$ 26,724</u>	<u>\$ 5,326</u>	<u>\$ 32,050</u>
Deferred inflows of resources:			
Deferred franchise tax revenue	\$ 69,333	\$ -	\$ 69,333
Total liabilities and deferred inflows of resources	<u>\$ 96,057</u>	<u>\$ 5,326</u>	<u>\$ 101,383</u>
Fund Balances:			
Restricted	\$ -	\$ 38,200	\$ 38,200
Unassigned	(29,602)	-	(29,602)
Total fund balances	<u>\$ (29,602)</u>	<u>\$ 38,200</u>	<u>\$ 8,598</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 66,455</u>	<u>\$ 43,526</u>	<u>\$ 109,981</u>

The accompanying notes are an integral part of this statement.



Reconciliation of the Governmental Funds Balance Sheet  
to Statement of Net Position  
September 30, 2016

Total fund balance - total governmental funds	\$ 8,598
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 governmental funds balance sheets.	<u>1,093,322</u>
Net position of governmental activities	<u><u>\$ 1,101,920</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended September 30, 2016

	General Fund	Major Fund Special Revenue Fund Sales Tax Fund	Total Governmental Funds
Revenues			
Taxes:			
Ad valorem	\$ 59,470	\$ -	\$ 59,470
Sales	-	250,583	250,583
Franchise	31,306	-	31,306
Charges for services	51,706	7,120	58,826
Intergovernmental:			
State grants	8,050	-	8,050
Occupational licenses and permits	30,793	-	30,793
Fines and forfeitures	200,962	-	200,962
Investment income	-	22	22
Rentals	2,550	-	2,550
Other revenues	62	-	62
Total revenues	\$ 384,899	\$ 257,725	\$ 642,624
Expenditures			
General government	\$ 179,785	\$ -	\$ 179,785
Public safety	126,551	-	126,551
Public works	19,695	126,283	145,978
Recreation	1,512	-	1,512
Capital outlay	50,489	-	50,489
Total expenditures	\$ 378,032	\$ 126,283	\$ 504,315
Excess (deficiency) of revenues over expenditures	\$ 6,867	\$ 131,442	\$ 138,309
Other financing sources (uses)			
Transfers in	\$ 45,000	\$ -	\$ 45,000
Transfers out	-	(107,000)	(107,000)
Total other financing sources (uses)	\$ 45,000	\$ (107,000)	\$ (62,000)
Net change in fund balance	\$ 51,867	\$ 24,442	\$ 76,309
Fund balances at beginning of year	(81,469)	13,758	(67,711)
Fund balances at end of year	\$ (29,602)	\$ 38,200	\$ 8,598

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of Governmental Funds to the  
Statement of Activities  
For the Year Ended September 30, 2016

Net change in fund balances - total governmental funds	\$	76,309
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.</p>		
General fund	50,489	50,489
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.</p>		
		(48,436)
Change in net position of governmental activities	\$	78,362

The accompanying notes are an integral part of this statement.

Statement of Net Position  
Proprietary Fund  
September 30, 2016

	Business-type Activities - <u>Enterprise Fund</u> Water and <u>Sewer</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 36,710
Receivables:	
Accounts	41,994
Sewer assessments	4,524
Due from other funds	552
Total current assets	<u>\$ 83,780</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 31,350
Capital assets being depreciated - net	2,716,140
Total noncurrent assets	<u>\$ 2,747,490</u>
Total assets	<u><u>\$ 2,831,270</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 5,267
Salaries payable	4,360
Payroll taxes payable	2,305
Due to other funds	40,686
Total current liabilities	<u>\$ 52,618</u>
Noncurrent Liabilities	
Customer deposits	<u>\$ 20,105</u>
Total liabilities	<u><u>\$ 72,723</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 2,747,490
Unrestricted	11,057
Total net position	<u>\$ 2,758,547</u>
Total liabilities and net position	<u><u>\$ 2,831,270</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Fund  
 For the Year Ended September 30, 2016

	Business-type Activities - <u>Enterprise Fund</u> Water and Sewer
Operating revenues	
Charges for services	<u>\$ 226,829</u>
Operating expenses	
Personal services	\$ 59,730
Supplies	32,284
Contractual services	92,597
Depreciation	92,519
Total operating expenses	<u>\$ 277,130</u>
Income (loss) from operations	<u>\$ (50,301)</u>
Nonoperating revenues (expenses)	
Investment income	\$ 19
Miscellaneous income	1,277
Total nonoperating revenues (expenses)	<u>\$ 1,296</u>
Income (loss) before contributions and transfers	<u>\$ (49,005)</u>
Capital contributions	\$ 399,097
Transfer in	<u>62,000</u>
Change in net position	\$ 412,092
Net position at beginning of year	<u>2,346,455</u>
Net position at end of year	<u><u>\$ 2,758,547</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
 Proprietary Fund  
 For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 201,155
Cash payments to suppliers for goods and services	(128,597)
Cash payments to employees for services	(58,082)
Net cash provided by operating activities	<u>\$ 14,476</u>
Cash flows from capital financing activities:	
Acquisition of fixed assets	\$ (507,409)
Contribution capital received	401,597
Net cash used by capital financing activities	<u>\$ (105,812)</u>
Cash flows from noncapital financing activities:	
Transfers in	\$ 62,000
Due to other funds	40,372
Miscellaneous income	1,277
Net cash provided by noncapital financing activities	<u>\$ 103,649</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>\$ 20</u>
Net increase (decrease) in cash and cash investments	\$ 12,333
Cash and cash investments, beginning	24,377
Cash and cash investments, ending	<u>\$ 36,710</u>
Reconciliation of (loss) from operations to net cash provided by operating activities:	
Loss from operations	\$ (50,301)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	\$ 92,519
Change in assets and liabilities:	
Increase in accounts receivable	(23,434)
Increase in payroll taxes payable	1,937
Decrease in accounts payable	(3,716)
Increase in customer deposits	285
Decrease in salaries payable	(289)
Increase in sewer assessments receivable	(2,525)
Net cash provided by operating activities	<u>\$ 14,476</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Village of Florien, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended September 30, 2016

**INTRODUCTION**

The Village of Florien was incorporated under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Village of Florien conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The Village maintains a general fund that provides police protection, garbage collection and recreation for its citizens, a sales tax fund that provides for repairs and maintenance of approximately 12 miles of roads and streets, and an enterprise fund that provides water and sewer services to approximately 320 residents. The Village also maintains other funds as necessary for other operations.

The Village is located within Sabine Parish in the southwestern part of the State of Louisiana and is comprised of approximately 700 residents. The governing board is composed of three elected aldermen that are compensated for the regular and special board meetings they attend. There are approximately eight employees that provide clerical services, maintain the water and sewer systems, provide police protection, and garbage collection for the Village.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are



Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except for those in another fund.

The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources, in the Village's case, sales taxes, that are restricted to expenditures for specific purposes other than debt service or capital projects.

The Village reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Village's enterprise fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

The Village has not established a policy for use of its unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

**C. Deposits**

The Village’s cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Village’s investment policy allow the Village to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

The Village of Florien bills and collects property taxes for the Village. The Village recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2015
Levy date	June 30, 2015
Tax bills mailed	October 15, 2015
Total taxes are due	December 31, 2015
Penalties & interest due	January 31, 2016
Lien date	January 31, 2016
Tax sale	May 31, 2016

For the year ended September 30, 2016, taxes of 7.81 mills were levied on property with an assessed valuation totaling \$7,323,704, and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General corporate tax	7.81	7.81	Annually

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected by the Village, if taxes are not paid, a sheriff’s sale is held by the Sabine Parish Sheriff and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer’s deposit, any allowance account would be immaterial, therefore one has not been established.

The following are the principal taxpayers and related property tax revenue for the municipality:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Boise Building Solutions	Plywood plant	\$ 3,968,890	54.19%	\$ 30,997

*Sales Taxes*

The Village of Florien receives a one percent perpetual sales tax, which is to provide additional funds for the construction, repairs and maintenance of streets within the village and for general maintenance of the Village of Florien.

**E. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Sales taxes are shown as restricted assets because their use is restricted to maintenance of streets and roadways within the village, and general maintenance of the Village of Florien.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the Village of Florien was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was paid or included as part of the cost of capital assets under construction in construction projects.

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

**H. Compensated Absences**

The Village has the following policy relating to vacation and sick leave:

The Village allows employees to accumulate up to ten days of sick leave per year with the accumulation of leave days for up to two years with the approval of the mayor. The vacation policy allows for ten days of vacation leave per year. Neither sick leave nor vacation leave is compensated for if not used. The Village has no obligation to pay any other benefits.

**I. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**J. Restricted Net Position**

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

**K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Village, which are either unusual in nature or infrequent in occurrence.

**L. Estimates**

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

**M. Fund Balances**

Restricted Amounts that are restricted to specific purposes should be reported as *restricted fund balance*. Fund balance should be reported as restricted when constraints placed on the use of resources are either:

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*BUDGET INFORMATION* The Village uses the following budget practices:

1. The Village Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS* The following individual funds have actual expenditures over budgeted appropriations for the year ended September 30, 2016.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 686,860	\$ 354,000	\$ 378,032	\$ (24,032)

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

**3. CASH AND CASH EQUIVALENTS**

At September 30, 2016, the Village has cash and cash equivalents (book balances) totaling \$79,948 as follows:

Savings	\$ 3,248
Demand deposits	64,297
Interest bearing demand deposits	6,075
Petty cash	1,441
Money market investment accounts	<u>4,887</u>
Total	<u>\$ 79,948</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal 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 September 30, 2016, the Village has \$99,265 in deposits (collected bank balances). These deposits are secured from risk by \$99,265 of federal deposit insurance.

**4. RECEIVABLES**

The receivables of \$71,952 at September 30, 2016, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes:				
Sales and use	\$ -	\$ 22,527	\$ -	\$ 22,527
Franchise	2,907	-	-	2,907
Accounts	-	-	41,994	41,994
Sewer assessment	-	-	4,524	4,524
Total	<u>\$ 2,907</u>	<u>\$ 22,527</u>	<u>\$ 46,518</u>	<u>\$ 71,952</u>

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended September 30, 2016, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 60,161	\$ 5,000	\$ -	\$ 65,161
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>\$ 60,161</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 65,161</u>
Capital assets being depreciated				
Vehicles	\$ 139,541	\$ 13,750	\$ 90,450	\$ 62,841
Buildings	80,105	17,503	-	97,608
Improvements other than buildings	933,773	-	-	933,773
Machinery and equipment	409,271	14,237	312,446	111,062
Total capital assets being depreciated	<u>\$ 1,562,690</u>	<u>\$ 45,490</u>	<u>\$ 402,896</u>	<u>\$ 1,205,284</u>
Less accumulated depreciation for:				
Vehicles	\$ 112,184	\$ 12,110	\$ 90,450	\$ 33,844
Buildings	10,666	3,790	-	14,456
Improvements other than buildings	75,332	23,497	-	98,829
Machinery and Equipment	333,401	9,039	312,446	29,994
Total accumulated depreciation	<u>\$ 531,583</u>	<u>\$ 48,436</u>	<u>\$ 402,896</u>	<u>\$ 177,123</u>
Total capital assets being depreciated, net	<u>\$ 1,031,107</u>	<u>\$ (2,946)</u>	<u>\$ -</u>	<u>\$ 1,028,161</u>

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 31,350	\$ -	\$ -	\$ 31,350
Work in progress	65,885	419,200	485,085	-
Total capital assets not being depreciated	<u>\$ 97,235</u>	<u>\$ 419,200</u>	<u>\$ 485,085</u>	<u>\$ 31,350</u>
Capital assets being depreciated				
Utility plant	\$ 3,457,912	\$ 552,535	\$ -	\$ 4,010,447
Machinery and equipment	264,525	-	-	264,525
Vehicles	7,500	-	-	7,500
Total capital assets being depreciated	<u>\$ 3,729,937</u>	<u>\$ 552,535</u>	<u>\$ -</u>	<u>\$ 4,282,472</u>
Less accumulated depreciation for:				
Utility plant	\$ 1,363,651	\$ 81,981	\$ -	\$ 1,445,632
Machinery and equipment	105,912	9,538	-	115,450
Vehicles	4,250	1,000	-	5,250
Total accumulated depreciation	<u>\$ 1,473,813</u>	<u>\$ 92,519</u>	<u>\$ -</u>	<u>\$ 1,566,332</u>
Total business-type assets being depreciated, net	<u>\$ 2,256,124</u>	<u>\$ 460,016</u>	<u>\$ -</u>	<u>\$ 2,716,140</u>

Depreciation expense of \$48,436 for the year ended September 30, 2016, was charged to the following governmental functions:

Recreation	\$ 2,695
Public works	6,773
Public safety	35,783
General administration	3,185
Total	<u>\$ 48,436</u>

**6. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$62,912 at September 30, 2016, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Payroll taxes	\$ 866	\$ 287	\$ 2,305	\$ 3,458
Accounts	13,076	3,105	5,267	21,448
Salaries	11,582	1,934	4,360	17,876
Customer deposits	25	-	20,105	20,130
Total	<u>\$ 25,549</u>	<u>\$ 5,326</u>	<u>\$ 32,037</u>	<u>\$ 62,912</u>



Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

**7. RESTRICTED FUND BALANCE**

The Special Revenue Fund – The Sales Tax Fund had restricted fund balance available as follows:

Restricted assets:	
Cash	\$ 11,176
Sales taxes receivable	22,527
Due from other funds	9,823
Total restricted assets	<u>\$ 43,526</u>
Less:	
Liabilities payable from restricted assets:	
Accounts payable	\$ 3,105
Salaries payable	1,934
Payroll taxes payable	287
Total liabilities payable from restricted assets	<u>\$ 5,326</u>
Restricted fund balance	<u>\$ 38,200</u>

**8. INTERFUND TRANSFERS**

Transfers of \$107,000 among funds were used to provide operating capital from sales tax dedications.

	<u>Transfer in</u>	<u>Transfer out</u>
General fund	\$ 45,000	\$ -
Utility fund	62,000	-
Sales tax fund	-	107,000
Total	<u>\$ 107,000</u>	<u>\$ 107,000</u>

**9. DUE TO/FROM OTHER FUNDS**

The composition of interfund balances on September 30, 2016, are as follows:

	<u>Due to</u>	<u>Due from</u>
General fund	\$ 1,175	\$ 31,486
Utility fund	40,686	552
Sales Tax fund	-	9,823
Total	<u>\$ 41,861</u>	<u>\$ 41,861</u>

The small balances result from one fund paying expenditures/expenses of another fund and will be liquidated during the following year. The larger balance is to transfer garbage collection fees collected in the utility fund to the general fund.

**10. DEFICIT FUND BALANCE**

The general fund had a deficit fund balance of \$29,602 as of September 30, 2016. The village council is aware of this deficit and monitoring general fund operations in order to eliminate the deficit. The prior year had an ending deficit in the general fund balance of \$81,469 and this year the deficit decreased by \$51,867.

Village of Florien, Louisiana

Notes to the Financial Statements (Concluded)

**11. DEFERRED FRANCHISE TAX REVENUE**

For the year ending September 30, 2014, the Village of Florien entered into a fifteen year franchise tax agreement with Southwest Electric Power Company (SWEPCO). The agreement called for SWEPCO to pay a sum of \$80,000 to the Village of Florien that represents 1% of the gross receipts of electricity sales expected within the corporate limits of the Village over the term of the agreement which is fifteen years. As a result of this agreement, the initial payment of \$80,000 will be amortized over this fifteen year agreement and shown each year as deferred franchise tax revenue on the balance sheet of the general fund. As of September 30, 2016, the unamortized balance of the franchise tax payment is \$69,333.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 48,800	\$ 60,000	\$ 59,470	\$ (530)
Franchise fees	34,760	23,660	31,306	7,646
Charges for services	21,700	37,800	51,706	13,906
Intergovernmental:				
State grants	425,000	8,050	8,050	-
Occupational licenses and permits	27,600	30,800	30,793	(7)
Fines and forfeitures	125,500	180,700	200,962	20,262
Rentals	3,500	2,300	2,550	250
Other revenue	-	-	62	62
Total revenues	<u>\$ 686,860</u>	<u>\$ 343,310</u>	<u>\$ 384,899</u>	<u>\$ 41,589</u>
Expenditures				
General government and administration	\$ 128,305	\$ 200,000	\$ 179,785	\$ 20,215
Public safety	111,255	130,000	126,551	3,449
Public works	19,300	20,000	19,695	305
Recreation	3,000	4,000	1,512	2,488
Capital outlay	425,000	-	50,489	(50,489)
Total expenditures	<u>\$ 686,860</u>	<u>\$ 354,000</u>	<u>\$ 378,032</u>	<u>\$ (24,032)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ (10,690)</u>	<u>\$ 6,867</u>	<u>\$ 17,557</u>
Other financing sources (uses)				
Transfers in	\$ -	\$ -	\$ 45,000	\$ 45,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>
Net change in fund balance	\$ -	\$ (10,690)	\$ 51,867	\$ 62,557
Fund balances at beginning of year	<u>(22,000)</u>	<u>(81,469)</u>	<u>(81,469)</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ (22,000)</u></u>	<u><u>\$ (92,159)</u></u>	<u><u>\$ (29,602)</u></u>	<u><u>\$ 62,557</u></u>

Special Revenue Fund  
Sales Tax Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 137,000	\$ 248,000	\$ 250,583	\$ 2,583
Intergovernmental:				
State grants	-	-	-	-
Charges for services	7,120	7,120	7,120	-
Investment income	-	-	22	22
Other revenue	-	-	-	-
Total revenues	<u>\$ 144,120</u>	<u>\$ 255,120</u>	<u>\$ 257,725</u>	<u>\$ 2,605</u>
Expenditures				
Public works	\$ 117,300	\$ 130,000	\$ 126,283	\$ 3,717
Capital outlay	26,820	-	-	-
Total Expenditures	<u>\$ 144,120</u>	<u>\$ 130,000</u>	<u>\$ 126,283</u>	<u>\$ 3,717</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 125,120</u>	<u>\$ 131,442</u>	<u>\$ 6,322</u>
Other financing sources (uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(107,000)	(107,000)
Sale of assets	-	-	-	-
Insurance proceeds	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (107,000)</u>	<u>\$ (107,000)</u>
Net change in fund balance	\$ -	\$ 125,120	\$ 24,442	\$ (100,678)
Fund balances at beginning of year	<u>10,000</u>	<u>13,758</u>	<u>13,758</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 10,000</u></u>	<u><u>\$ 138,878</u></u>	<u><u>\$ 38,200</u></u>	<u><u>\$ (100,678)</u></u>

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Per Diem Paid to Board Members  
 Year Ended September 30, 2016

<u>Board Members</u>	<u>Total Paid</u>
Bradley Marr	\$ 1,250
Georgia Jett	1,125
Suzanne Williams	1,375
Tanja Charles	375
	<u>\$ 4,125</u>

Schedule of Compensation, Benefits and  
Other Payments to Agency Head  
Year Ended September 30, 2016

Mayor Eddie Jones, Jr.

Purpose	Amount
Salary	\$ 10,800
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Cell phone	342



## OTHER REPORTS

Schedule of Prior Year Audit Findings  
Year Ended September 30, 2016

Findings – Financial Statement Audit

Audit Finding No. 2015-1

Budget Variances Greater Than Five-Percent

Condition: The general fund had a variance of actual amount budgetary basis revenues over final budgeted revenues of 22.45%. This is a repeat comment from the prior year.

Criteria: The local governmental budget act states that when budgeted revenues exceed actual revenues by more than 5% the local governing body is to be notified and the budget should be amended to keep the variance within 5% as required by state law.

Cause and Condition: The Village clerk budgeted utility fund grant revenues in the general fund thinking that the LCDBG grant was a general fund grant as was the case in prior years but the LCDBG grant was actually for utility fund capital improvements.

Effect of Condition: When the actual grant funds were moved from the general fund to the utility fund this left a large variance between budgeted grant funds and actual grant funds.

Recommendation: I recommend that the Village clerk and council be aware of what grant funds are to be used for and which fund they should be deposited into and budgeted for.

Date of Original Occurrence: September 30, 2014

Corrective Action Taken: No

Audit Finding No. 2015-2

Budgeted Deficit

Condition: The general fund had a deficit fund balance budgeted in its final amended budget of \$22,533.

Criteria: The Louisiana Local Government Budget Act R.S. 39:1305 states that total proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year.

Cause and Condition: The general fund was not going to have enough revenues to cover expenditures when the amended budget was prepared and the Village did not realize that budgeted deficit fund balance violated the Louisiana Local Government Budget Act.

Effect of Condition: Violation of the Louisiana Local Government Budget Act R.S. 39:1305

Recommendations: I recommend those involved in the budget preparation process become familiar with the Louisiana Local Government Budget Act as it applies to municipalities. Also I recommend that someone experienced with local government budgeting and financial statement preparation be hired to oversee budget preparation and financial statement preparation.

Date of Original Occurrence: September 30, 2015

Corrective Action Taken: No

Schedule of Prior Year Audit Findings  
 Year Ended September 30, 2016

Audit Finding No. 2015-3

Materially Incorrect Financial Statements Presented to Auditor

Condition: The financial statements presented to the auditor for the audit had materially incorrect financial statement amounts that required material adjustments to the financial statements.

Criteria: Financial statements at year end should be materially correct when presented to the auditor for audit. Material adjustments should not have to be made to year-end financial statements.

Cause and Condition: The Village clerk that prepares the financial statements did not know which funds certain revenues and expenditures/expenses belong to, and incorrectly classified these to the wrong funds. In many instances transfers were recorded when only moving cash from one account to another within the same fund. Deposits were also made to one fund that should be deposited to another fund.

Effect of Condition: Financial statements were materially incorrect and after adjustments were made to correct these, the budget vs actual variances were large and in some cases exceeded the 5% variance limit.

Recommendation: I recommend that closer attention should be made to which funds monies are being deposited into. Individuals involved in financial statement preparation should be aware of the revenues and expenditures/ expenses that are associated with the different funds of the village. Also as I verbally recommended last year an individual with accounting experience should be hired to oversee and review the financial statements at least on a quarterly basis and at year end.

Date of Original Occurrence: September 30, 2015

Corrective Action Taken: Yes

Schedule of Current Year Audit Findings and Management's Response  
 Year Ended September 30, 2016

Finding – Financial Statement Audit

Audit Finding No. 2016-1

Budget Variances Greater Than Five-Percent

- Condition: The general fund had variances of actual amount budgetary basis expenditures over final budgeted expenditures of 6.36%.
- Criteria: The local governmental budget act states that when actual amount budgetary basis expenditures exceed budgeted expenditures by more than 5% the local governing body is to be notified and the budget should be amended to keep the variance within 5% as required by state law.
- Cause and Condition: The budgets for the three funds of the Village are done on a consolidated basis. When the general fund budget was broken out the budget variance was greater than 5%.
- Effect of Condition: The failure to budget capital outlay left variances between actual budgetary expenditures and budgetary expenditures that were greater than the 5% as required by state law. This created a violation of the Louisiana Local Governmental Budget Act.
- Recommendation: We recommend that all future budgets and amended budgets be closely reviewed for any missing revenues or expenditures. I also feel that a third party accountant be contracted with to help with budget preparation and review. The budgets should also be kept separately for each fund in order to more accurately track budget variances.

This has been a repeat comment since September 30, 2014.

Schedule of Current Year Audit Findings and Management's Response  
Year Ended September 30, 2016

Finding – Financial Statement Audit

Audit Finding No. 2016-2

Deficit Budgeted in the General Fund

Condition:	Both the original and final amended budgets had deficits budgeted in the ending fund balances.
Criteria:	The Louisiana Local Government Budget Act states that in no event shall a budget or a budget amendment be adopted that proposes expenditures that exceed the total of estimated funds available for the fiscal year.
Cause and Condition:	The general fund had a negative beginning fund balance and the original budget balanced budgeted revenues with budgeted expenditures leaving the same negative fund balance budgeted. The amended budget actually budgeted expenditures in excess of revenues also leaving a negative fund balance budgeted.
Effect of Condition:	Violation of the Louisiana Local Government Budget Act by budgeting deficits in ending fund balances.
Recommendation:	We recommend that all sources of revenues and expenditures be budgeted by the Village and that adopted budgets have budgeted revenues and expenditures that leave a positive budgeted fund balance.

This is a repeat comment from September 30, 2015.

# Village of Florien

Mayor – Eddie Jones, Jr.

Council – Bradley Marr, Tanja Charles, Suzanne Williams

Clerk/Treasurer – Geri Alford

Chief of Police – Herman R. Love

March 30, 2017

Mr. Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
PO Box 94937  
Baton Rouge, La. 70804-9397

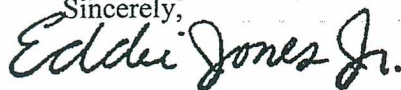
Finding Financial Audit:  
*Audit Finding No. 2016-1*  
*Audit Finding No. 2016-2*

Dear Sir,

The Village of Florien received our audit comments and there were two audit findings. One finding was related to Budget Variance Greater Than Five-Percent. Our CPA assisted with the amended budget process however wasn't contracted prior to the initial budget being passed by council. For the 2016-17 fiscal year, the budget will be stringently monitored to prevent this condition for occurring. The second audit finding was related to a budgeted deficit. Again, our CPA wasn't contracted at the original inception of the budget process. The budget process will be stringently monitored to prevent this condition from occurring. In the past, the Village of Florien has operated on one Budget for the General Fund, Sales Tax Fund, and the Utility Fund. This possibly could pose as one of the reasons of the two above conditions. The council will visit on April 3, 2017 the option of separating the budget into three separate budgets to allow the receivables and expenditures depict a clearer picture of the three separate funds.

I respectfully submit this response and humbly request that you find in favor of the Village of Florien. Our municipality runs with a minimal number of employees and we strive to be as transparent and free of negative findings as possible. The Village of Florien will continue to operate under the Louisiana Government Budget Act with due diligence.

Sincerely,



Eddie Jones, Jr.  
Mayor

EJ/ga

Village of Florien • P.O. Box 68 • Florien, LA 71429

Phone (318)-586-7286 • Fax (318)-586-7310

Equal Opportunity Employer

# Windham & Reed, L.L.C.

*Certified Public Accountants*

1620 North Pine Street  
DeRidder, LA 70634  
Tel: (337) 462-3211  
Fax: (337) 462-0640

John A. Windham, CPA  
Charles M. Reed, Jr., CPA

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

The Honorable Eddie Jones, Jr., Mayor  
and Members of the Board of Aldermen  
Village of Florien, 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 and each major fund of the Village of Florien, Louisiana as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Village of Florien, Louisiana's basic financial statements, and have issued our report thereon dated March 27, 2017.

### **Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, we considered the Village of Florien, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Florien, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Florien, Louisiana's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying schedule of current year audit findings and management's response we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of current year audit findings and management's response to be a material weakness. Audit Finding No. 2016-1 and No. 2016-2.

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. We consider the deficiency described in the accompany schedule of current year audit findings and management's response Audit finding No. 2016-1 and No. 2016-2 to be significant deficiency.

**Compliance and Other Matters**

As part of Obtaining reasonable assurance about whether the Village of Florien, Louisiana’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings and management’s response as items Audit Finding No. 2016-1 and No. 2016-2.

**Village of Florien’s Response to Finding**

The Village of Florien, Louisiana’s response to the finding identified in our audit is described in a separate management’s response letter. The Village of Florien, Louisiana’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.



DeRidder, Louisiana  
March 27, 2017