

VILLAGE OF MOREAUVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Beryl Holmes, Mayor
and Members of the Board of Aldermen
Village of Moreauville, 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 Moreauville, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Moreauville, Louisiana'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 Moreauville, Louisiana, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 33 and 35 be presented to supplement the basic financial statements. Such information, although not 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.

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 Moreauville, Louisiana's basic financial statements. The other financial information on pages 38 through 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2020, on our consideration of the Village of Moreauville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Moreauville, Louisiana's 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 Moreauville, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 18, 2020

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 101,994	\$ 205,458	\$ 307,452
Due from other governmental units	-	26,500	26,500
Receivables, net	27,105	79,494	106,599
Accrued interest	411	1,585	1,996
Inventory	-	4,940	4,940
Prepaid items	26,637	13,787	40,424
Restricted assets:			
Cash and cash equivalents	-	128,586	128,586
Capital assets:			
Nondepreciable	19,053	23,655	42,708
Depreciable capital assets, net	<u>960,929</u>	<u>2,418,640</u>	<u>3,379,569</u>
Total assets	<u>1,136,129</u>	<u>2,902,645</u>	<u>4,038,774</u>
LIABILITIES			
Accounts and other payables	18,002	63,483	81,485
Due to other governmental units	3,117	-	3,117
Customers deposits	-	128,586	128,586
Long-term liabilities:			
Capital lease obligations due within one year	-	36,124	36,124
Bonds payable due within one year	-	15,923	15,923
Capital lease obligations due in more than one year	-	199,816	199,816
Bonds payable due in more than one year	<u>-</u>	<u>22,181</u>	<u>22,181</u>
Total liabilities	<u>21,119</u>	<u>466,113</u>	<u>487,232</u>
NET POSITION			
Net investment in capital assets	979,982	2,168,251	3,148,233
Restricted for:			
Public safety and public works	68,631	-	68,631
Unrestricted net position	<u>66,397</u>	<u>268,281</u>	<u>334,678</u>
Total net position	<u>\$ 1,115,010</u>	<u>\$ 2,436,532</u>	<u>\$ 3,551,542</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2020

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government -							
Finance and administrative	\$ 169,396	\$ -	\$ -	\$ -	\$ (169,396)	\$ -	\$ (169,396)
Public safety:							
Police	256,712	51,973	15,717	-	(189,022)	-	(189,022)
Fire	21,044	-	-	-	(21,044)	-	(21,044)
Recreation	39,273	5,740	-	16,000	(17,533)	-	(17,533)
Public works	67,101	-	5,293	-	(61,808)	-	(61,808)
Total governmental activities	<u>553,526</u>	<u>57,713</u>	<u>21,010</u>	<u>16,000</u>	<u>(458,803)</u>	<u>-</u>	<u>(458,803)</u>
Business-type activities:							
Gas and water	575,055	671,906	-	-	-	96,851	96,851
Sewer	196,852	108,783	-	26,500	-	(61,569)	(61,569)
Total business-type activities	<u>771,907</u>	<u>780,689</u>	<u>-</u>	<u>26,500</u>	<u>-</u>	<u>35,282</u>	<u>35,282</u>
Total	<u>\$ 1,325,433</u>	<u>\$ 838,402</u>	<u>\$21,010</u>	<u>\$ 42,500</u>	<u>(458,803)</u>	<u>35,282</u>	<u>(423,521)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					22,005	-	22,005
Sales and use taxes, levied for general purposes					190,196	-	190,196
Franchise taxes					46,773	-	46,773
Licenses and permits					50,697	-	50,697
Interest and investment earnings					197	2,710	2,907
Miscellaneous					23,329	-	23,329
Transfers					57,855	(57,855)	-
Total general revenues					<u>391,052</u>	<u>(55,145)</u>	<u>335,907</u>
Change in net position					(67,751)	(19,863)	(87,614)
Net position-beginning					<u>1,182,761</u>	<u>2,456,395</u>	<u>3,639,156</u>
Net position - ending					<u>\$ 1,115,010</u>	<u>\$ 2,436,532</u>	<u>\$ 3,551,542</u>

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

FUND FINANCIAL STATEMENTS (FFS)

VILLAGE OF MOREAUVILLE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 43,405	\$ 40,279	\$ 83,684
Interest-bearing deposits	3,234	15,076	18,310
Receivables:			
Taxes	10,413	16,380	26,793
Accrued interest	222	189	411
Other	312	-	312
Prepaid items	<u>26,637</u>	<u>-</u>	<u>26,637</u>
Total assets	<u>\$ 84,223</u>	<u>\$ 71,924</u>	<u>\$ 156,147</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 17,826	\$ 176	\$ 18,002
Due to other governmental agencies	<u>-</u>	<u>3,117</u>	<u>3,117</u>
Total liabilities	<u>17,826</u>	<u>3,293</u>	<u>21,119</u>
Fund balances:			
Nonspendable	26,637	-	26,637
Restricted for public safety and public works	-	68,631	68,631
Unassigned	<u>39,760</u>	<u>-</u>	<u>39,760</u>
Total fund balances	<u>66,397</u>	<u>68,631</u>	<u>135,028</u>
Total liabilities and fund balances	<u>\$ 84,223</u>	<u>\$ 71,924</u>	<u>\$ 156,147</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds	\$ 135,028
Capital assets, net	<u>979,982</u>
Net position at June 30, 2020	<u>\$ 1,115,010</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

For the Year Ended June 30, 2020

	General	Sales Tax Fund	Totals
Revenues:			
Taxes	\$ 68,778	\$ 190,196	\$ 258,974
Licenses and permits	48,125	-	48,125
Intergovernmental	39,489	-	39,489
Fines and forfeits	51,973	-	51,973
Rental income	5,740	-	5,740
Miscellaneous	23,449	170	23,619
Total revenues	<u>237,554</u>	<u>190,366</u>	<u>427,920</u>
Expenditures:			
Current -			
General government	164,619	2,231	166,850
Public safety:			
Police	244,154	222	244,376
Fire	5,166	15,878	21,044
Recreation	17,819	-	17,819
Public works	33,610	-	33,610
Capital outlay	29,397	-	29,397
Total expenditures	<u>494,765</u>	<u>18,331</u>	<u>513,096</u>
Excess (deficiency) of revenues over expenditures	<u>(257,211)</u>	<u>172,035</u>	<u>(85,176)</u>
Other financing sources (uses):			
Transfers in	268,220	-	268,220
Transfers out	-	(210,365)	(210,365)
Total other financing sources (uses)	<u>268,220</u>	<u>(210,365)</u>	<u>57,855</u>
Net changes in fund balances	11,009	(38,330)	(27,321)
Fund balances, beginning	<u>55,388</u>	<u>106,961</u>	<u>162,349</u>
Fund balances, ending	<u>\$ 66,397</u>	<u>\$ 68,631</u>	<u>\$ 135,028</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

Total net changes in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (27,321)
Capital assets:		
Capital outlay	29,397	
Depreciation expense	<u>(69,827)</u>	<u>(40,430)</u>
Total changes in net position per Statement of Activities		<u>\$ (67,751)</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Net Position
 Proprietary Funds
 June 30, 2020

	Gas and Water Utility	Sewer Utility	Totals
ASSETS			
Current asset:			
Cash and cash equivalents	\$ 174,097	\$ 31,361	\$ 205,458
Receivables:			
Accounts, net	64,943	14,551	79,494
Accrued interest	1,581	4	1,585
Due from other governmental agencies	26,500	-	26,500
Inventory	4,940	-	4,940
Prepaid items	<u>12,876</u>	<u>911</u>	<u>13,787</u>
Total current assets	<u>284,937</u>	<u>46,827</u>	<u>331,764</u>
Noncurrent assets:			
Restricted assets -			
Cash and cash equivalents	128,586	-	128,586
Capital assets:			
Nondepreciable	23,655	-	23,655
Depreciable capital assets, net	<u>799,884</u>	<u>1,618,756</u>	<u>2,418,640</u>
Total noncurrent assets	<u>952,125</u>	<u>1,618,756</u>	<u>2,570,881</u>
Total assets	<u>1,237,062</u>	<u>1,665,583</u>	<u>2,902,645</u>
LIABILITIES			
Current liabilities, payable from current assets:			
Accounts payable	57,175	6,308	63,483
Revenue bonds payable	-	15,923	15,923
Capital lease payable	<u>36,124</u>	<u>-</u>	<u>36,124</u>
Total current liabilities, payable from current assets	<u>93,299</u>	<u>22,231</u>	<u>115,530</u>
Noncurrent liabilities:			
Customers' deposits	128,586	-	128,586
Revenue bonds payable	-	22,181	22,181
Capital lease payable	<u>199,816</u>	<u>-</u>	<u>199,816</u>
Total noncurrent liabilities	<u>328,402</u>	<u>22,181</u>	<u>350,583</u>
Total liabilities	<u>421,701</u>	<u>44,412</u>	<u>466,113</u>
NET POSITION			
Net investment in capital assets	587,599	1,580,652	2,168,251
Unrestricted net position	<u>227,762</u>	<u>40,519</u>	<u>268,281</u>
Total net position	<u>\$ 815,361</u>	<u>\$ 1,621,171</u>	<u>\$ 2,436,532</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

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

	Gas and Water Utility	Sewer Utility	Totals
Operating revenues:			
Charges for services -			
Gas charges	\$ 419,187	\$ -	\$ 419,187
Water service charges	224,207	-	224,207
Sewer service charges	-	108,783	108,783
Installation and other charges	<u>28,512</u>	<u>-</u>	<u>28,512</u>
Total operating revenues	<u>671,906</u>	<u>108,783</u>	<u>780,689</u>
Operating expenses:			
Salaries and related benefits	126,824	45,568	172,392
Gas purchased	100,427	-	100,427
Water purchased	115,587	-	115,587
Supplies	48,523	8,921	57,444
Maintenance and repairs	17,980	25,653	43,633
Gas and oil	11,938	2,793	14,731
Utilities and telephone	4,334	24,017	28,351
Depreciation expense	67,038	83,841	150,879
Other operating expenses	<u>73,904</u>	<u>4,315</u>	<u>78,219</u>
Total operating expenses	<u>566,555</u>	<u>195,108</u>	<u>761,663</u>
Operating income (loss)	<u>105,351</u>	<u>(86,325)</u>	<u>19,026</u>
Nonoperating revenues (expenses):			
Grant revenues	26,500	-	26,500
Interest income	2,710	-	2,710
Interest expense	<u>(8,500)</u>	<u>(1,744)</u>	<u>(10,244)</u>
Total nonoperating revenues (expenses)	<u>20,710</u>	<u>(1,744)</u>	<u>18,966</u>
Income (loss) before transfers	126,061	(88,069)	37,992
Transfers in (out):			
Transfers in	14,995	40,877	55,872
Transfers (out)	<u>(113,727)</u>	<u>-</u>	<u>(113,727)</u>
Operating transfers in (out)	<u>(98,732)</u>	<u>40,877</u>	<u>(57,855)</u>
Change in net position	27,329	(47,192)	(19,863)
Net position, beginning	<u>788,032</u>	<u>1,668,363</u>	<u>2,456,395</u>
Net position, ending	<u>\$ 815,361</u>	<u>\$ 1,621,171</u>	<u>\$ 2,436,532</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2020

	Gas and Water Utility	Sewer Utility	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 664,369	\$ 106,644	\$ 771,013
Payments to suppliers	(360,617)	(61,560)	(422,177)
Payments to employees	<u>(126,824)</u>	<u>(45,568)</u>	<u>(172,392)</u>
Net cash provided (used) by operating activities	<u>176,928</u>	<u>(484)</u>	<u>176,444</u>
Cash flows from noncapital financing activities:			
Transfers (to) from other funds	<u>(98,732)</u>	<u>40,877</u>	<u>(57,855)</u>
Cash flows from capital and related financing activities:			
Interest and fiscal charges paid on revenue bonds and lease	(8,500)	(1,744)	(10,244)
Principal paid on bonds and lease	(34,942)	(15,337)	(50,279)
Capital purchases	<u>(14,088)</u>	<u>-</u>	<u>(14,088)</u>
Net cash used by capital and related financing activities	<u>(57,530)</u>	<u>(17,081)</u>	<u>(74,611)</u>
Cash flows from investing activities:			
Net increase in investments	(1,419)	-	(1,419)
Interest received on interest-bearing deposits	<u>2,710</u>	<u>-</u>	<u>2,710</u>
Net cash provided by investing activities	<u>1,291</u>	<u>-</u>	<u>1,291</u>
Net increase in cash and cash equivalents	21,957	23,312	45,269
Cash and cash equivalents, beginning of period	<u>33,070</u>	<u>8,049</u>	<u>41,119</u>
Cash and cash equivalents, end of period	<u>\$ 55,027</u>	<u>\$ 31,361</u>	<u>\$ 86,388</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2020

	Gas and Water Utility	Sewer Utility	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 105,351	\$ (86,325)	\$ 19,026
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	67,038	83,841	150,879
(Increase) decrease in assets:			
Accounts receivable	(12,446)	(2,139)	(14,585)
Inventory	4,220	-	4,220
Prepaid items	3,313	234	3,547
Increase (decrease) in liabilities:			
Accounts payable	4,543	3,905	8,448
Customer deposits	4,909	-	4,909
Net cash provided (used) by operating activities	<u>\$ 176,928</u>	<u>\$ (484)</u>	<u>\$ 176,444</u>
Reconciliation of cash and cash equivalents per statement of cash flows to statement of net position:			
Cash and cash equivalents, beginning of period -			
Cash and cash equivalents - unrestricted	\$ 155,630	\$ 8,049	\$ 163,679
Cash and cash equivalents- restricted	123,677	-	123,677
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(246,237)</u>	<u>-</u>	<u>(246,237)</u>
Total cash and cash equivalents, beginning of period	<u>33,070</u>	<u>8,049</u>	<u>41,119</u>
Cash and cash equivalents, end of period -			
Cash and cash equivalents - unrestricted	174,097	31,361	205,458
Cash and cash equivalents - restricted	128,586	-	128,586
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(247,656)</u>	<u>-</u>	<u>(247,656)</u>
Total cash and cash equivalents, end of period	<u>55,027</u>	<u>31,361</u>	<u>86,388</u>
Net increase in cash and cash equivalents	<u>\$ 21,957</u>	<u>\$ 23,312</u>	<u>\$ 45,269</u>

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

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Moreauville (hereinafter, “the Village”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Moreauville was incorporated in 1904 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

This report includes all funds which are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village is determined based on budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, the volunteer fire department, as a governmental organization, is not part of the Village and is thus excluded from the accompanying financial statements. This organization is staffed by volunteers and although the Village does provide some of its financing, no control is exercised over its operations. These financial statements include only expenditures incurred directly by the Village for fire protection and does not include operating expenditures paid with self-generated funds of the volunteer fire department.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Village as an economic unit. The government-wide financial statements report the Village’s ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds, each of which is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

Governmental Funds –

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

The Sales Tax Fund accounts for the proceeds of a 1 1/2% sales and use tax that is legally restricted to expenditures for specific purposes.

Proprietary Funds –

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income, financial position, and cash flows.

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Gas and Water Utility Fund and the Sewer Utility Fund comprise the Village's Enterprise Funds.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues, expenditures, expenses, and transfers – and assets, deferred outflows of resources, liabilities, and deferred inflows of resources – are recognized in the accounts and reported in the financial statements.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recover), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statements of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Village's taxpayers of citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Allocation of indirect expenses

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identifiable by function and is included in the direct expense of each function. Interest on long-term debt related to business activities, is reported in the statement of activities as direct expenses in the functions of Gas and Water and Sewer in the amount of \$8,500 and \$1,744, respectively.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash, cash equivalents and interest-bearing deposits

For purposes of the statement of net position, cash and cash equivalents include all demand accounts, savings accounts, certificates of deposits, and interest-bearing deposits of the Village.

For the purposes of the proprietary fund statement of cash flows, cash and cash equivalents include all demand deposits, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise fees. Business-type activities report

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

customers' utility service receivables as their major receivables. Uncollectible amounts due from customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the receivable is uncollectible. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading billing and the end of the month, are recorded at year-end. The total allowance for doubtful accounts reported at June 30, 2020 is \$1,332.

Interfund receivables and payables

During operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Inventory

Purchases of various operating supplies are recorded as expenditures at the time purchased and are valued at cost. Inventory is adjusted at year-end. The first-in first-out method of inventory valuation is used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary funds that are legally restricted as to their use. The restricted assets are related to the utility customer deposits.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, 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 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 \$1,000 or more for capitalizing capital assets.

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. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Lines and other system installations	10 - 50 years
Vehicles and movable equipment	5 - 25 years
Buildings	10 - 60 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists of revenue bonds payable and capital lease payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Employees of the Village may accumulate up to a total of 20 days of vacation and sick time each year. Upon resignation or termination employees are not paid for any accumulated time.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenue until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

1. Net investment in capital assets - consists of net capital assets, reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
2. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
3. Unrestricted net position – consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classification based on the constraints imposed on the use of these resources. As such, fund balances of the governmental funds are classified as follows:

1. Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. The Village’s non-spendable fund balance includes prepaid items.
2. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Village’s Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by board members.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the Mayor and Board of Aldermen.
5. Unassigned – all other spendable amounts.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village has provided otherwise in its commitment or assignment actions.

Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services.

It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Ad Valorem Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in October and are billed to taxpayers in November. Billed taxes become delinquent on March 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Funds - By Operating and Nonoperating

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

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

F. Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 2
Gas, water and sewer revenue	Debt service, utility operations, other lawful corporate purposes

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Dedication of Proceeds and Flow of Funds – Sales and Use Taxes

Proceeds of the 1% sales and use tax are dedicated to the following purposes:

1. Specifically, for the purpose of paying the cost of constructing sewers and sewerage disposal works and maintaining and operating the same; title to which shall be in the public.
2. Generally, for the constructing, re-surfacing, lighting and improving of public streets, sidewalks and bridges; constructing, purchasing, improving, maintaining and operating recreational facilities and equipment; and constructing, acquiring or improving lands, buildings, any work of permanent public improvement, including equipment and furnishing, therefore, title to which shall be in the public.

Proceeds of the 1/2% sales tax are dedicated to operating, maintaining, and purchasing of supplies for the police, fire, and street departments. The 1/2% sales tax is allocated 1/8% to police, 1/8% to fire, and 1/4% to streets.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(3) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issues or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered, or the Village will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. The Village does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security 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 bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances of \$445,117 (bank balances) were fully secured by federal deposit insurance at June 30, 2020.

(4) Restricted Assets - Proprietary Fund Type

Restricted assets in the amount of \$128,586 consisted of customer deposit funds.

(5) Capital Assets

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,250	\$ 12,803	\$ -	\$ 19,053
Other capital assets:				
Infrastructure	560,251	16,594	-	576,845
Buildings	711,875	-	-	711,875
Equipment, furniture and fixtures	<u>223,788</u>	<u>-</u>	<u>-</u>	<u>223,788</u>
Totals	<u>1,502,164</u>	<u>29,397</u>	<u>-</u>	<u>1,531,561</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation:				
Infrastructure	96,470	35,068	-	131,538
Buildings	226,557	16,797	-	243,354
Equipment, furniture and fixtures	158,725	17,962	-	176,687
Total accumulated depreciation	<u>481,752</u>	<u>69,827</u>	<u>-</u>	<u>551,579</u>
Governmental activities, capital assets, net	<u>\$ 1,020,412</u>	<u>\$ (40,430)</u>	<u>\$ -</u>	<u>\$ 979,982</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 2,546
Police	12,336
Recreation	21,454
Streets	<u>33,491</u>
Total depreciation expense	<u>\$ 69,827</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 22,614	\$ -	\$ -	\$ 22,614
Right of ways	1,041	-	-	1,041
Other capital assets:				
Gas and water system	2,265,622	26,500	-	2,292,122
Sewer system	4,022,915	-	-	4,022,915
Machinery and equipment	226,390	11,088	-	237,478
Totals	<u>6,538,582</u>	<u>37,588</u>	<u>-</u>	<u>6,576,170</u>
Less accumulated depreciation:				
Gas and water system	1,498,759	55,721	-	1,554,480
Sewer system	2,289,231	71,401	-	2,360,632
Machinery and equipment	195,006	23,757	-	218,763
Total accumulated depreciation	<u>3,982,996</u>	<u>150,879</u>	<u>-</u>	<u>4,133,875</u>
Business-type activities, capital assets, net	<u>\$ 2,555,586</u>	<u>\$ (113,291)</u>	<u>\$ -</u>	<u>\$ 2,442,295</u>

Depreciation expense was charged to business-type activities as follows:

Gas and water	\$ 67,038
Sewer	<u>83,841</u>
Total depreciation expense	<u>\$ 150,879</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(6) Changes in Long-Term Liabilities

The following is a summary of debt transactions of the Village:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>	<u>Due in One Year</u>
Business-Type Activities					
Revenue bonds	\$ 53,441	\$ -	\$ 15,337	\$ 38,104	\$15,923
Capital lease	<u>270,882</u>	<u>-</u>	<u>34,942</u>	<u>235,940</u>	<u>36,124</u>
Total	<u>\$ 324,323</u>	<u>\$ -</u>	<u>\$ 50,279</u>	<u>\$ 274,044</u>	<u>\$52,047</u>

Debts outstanding at June 30, 2020 were comprised of the following:

\$105,000 of Utilities Revenue Bonds, Series 2015, dated October 1, 2015, due in monthly installments of \$1,423 through October 2022; interest at 3.756%, secured by enterprise fund revenues.	\$ 38,104
\$366,948 Lease Purchase Agreement, dated April 11, 2016, due in monthly installments of \$3,620 through June 2026; interest at 3.334%, secured by water and gas meters.	<u>235,940</u>
Total bond and lease payable	<u>\$ 274,044</u>

Annual debt service requirements to maturity are as follows:

Year ending June 30,	<u>Business-type Activities</u>		
	<u>Principal payments</u>	<u>Interest payments</u>	<u>Total</u>
2021	\$ 15,923	\$ 1,159	\$ 17,082
2022	16,531	550	17,081
2023	<u>5,650</u>	<u>44</u>	<u>5,694</u>
Total	<u>\$ 38,104</u>	<u>\$ 1,753</u>	<u>\$ 39,857</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

Capital lease is due as follows:

Year ending June 30,	Business-type Activities		
	Principal payments	Interest payments	Total
2021	\$ 36,124	\$ 7,318	\$ 43,442
2022	37,347	6,095	43,442
2023	38,612	4,730	43,342
2024	39,919	3,523	43,442
2025	41,270	2,172	43,442
2026	<u>42,668</u>	<u>774</u>	<u>43,442</u>
Total	<u>\$ 235,940</u>	<u>\$ 24,612</u>	<u>\$ 260,552</u>

Leased assets being depreciated consisted of water and gas meters with an original cost of \$386,121 and accumulated depreciation of \$54,057 as of June 30, 2020. Depreciation expense on equipment under capital lease was \$15,445.

(7) Compensation, Benefits, and Other Payments to Mayor

A detail of compensation, and other payments paid to Beryl Holmes, Mayor are as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 8,750
Travel	399
Reimbursements	<u>191</u>
Total	<u>\$ 9,340</u>

(8) Compensation of Village Officials

A detail of compensation paid to the Alderman is as follows:

<u>Elected Official</u>	<u>Office</u>	<u>Term</u>	<u>Salary</u>	<u>Term Expiration</u>
Shannon Sampson	Alderman	4 years	\$ 3,750	December 31, 2022
Felix Benjamin	Alderman	4 years	3,750	December 31, 2022
Oscar Goody, Jr.	Alderman	4 years	<u>3,750</u>	December 31, 2022
			<u>\$ 11,250</u>	

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(9) On-Behalf Payments

The State of Louisiana paid the Village’s policemen \$15,717 of supplemental pay during the year ended June 30, 2020. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(10) Interfund Transactions

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General fund	\$ 268,220	\$ -
Sales tax fund	<u>-</u>	<u>210,365</u>
Total governmental funds	268,220	210,365
Enterprise funds:		
Gas and water utility fund	14,995	113,727
Sewer utility fund	<u>40,877</u>	<u>-</u>
Total enterprise funds	<u>55,872</u>	<u>113,727</u>
Total	<u>\$ 324,092</u>	<u>\$ 324,092</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(11) Litigation and Claims

At June 30, 2020, the Village is a defendant in pending litigation. While damages are alleged, the outcome of this litigation cannot be predicted with certainty. An uninsured judgement has been awarded against the Village; however, appropriations to pay this judgement have not been authorized by the Board of Aldermen.

(12) Risk Management

The Village is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers’ compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded insurance coverage for the past three years.

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(13) New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The statement increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows and outflows of resources based on the payment provisions of the lease. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provision of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The effect of implementation on the Village's financial statements has not been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 81,078	\$ 81,078	\$ 68,778	\$ (12,300)
Licenses and permits	49,594	49,594	48,125	(1,469)
Intergovernmental	69,686	69,686	39,489	(30,197)
Fines and forfeits	39,077	39,077	51,973	12,896
Rental Income	4,578	4,578	5,740	1,162
Miscellaneous	<u>5,467</u>	<u>5,467</u>	<u>23,449</u>	<u>17,982</u>
Total revenues	<u>249,480</u>	<u>249,480</u>	<u>237,554</u>	<u>(11,926)</u>
Expenditures:				
General government -				
Finance and administrative	186,956	186,956	164,619	22,337
Public safety -				
Police	207,302	207,302	244,154	(36,852)
Fire	20,670	20,670	5,166	15,504
Public works -				
Streets and sidewalks	38,464	38,464	33,610	4,854
Recreation	22,836	22,836	17,819	5,017
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>29,397</u>	<u>(4,397)</u>
Total expenditures	<u>501,228</u>	<u>501,228</u>	<u>494,765</u>	<u>6,463</u>
Deficiency of revenues over expenditures	<u>(251,748)</u>	<u>(251,748)</u>	<u>(257,211)</u>	<u>(5,463)</u>
Other financing sources:				
Operating transfers in	<u>265,000</u>	<u>265,000</u>	<u>268,220</u>	<u>3,220</u>
Net change in fund balance	13,252	13,252	11,009	(2,243)
Fund balance, beginning	<u>55,388</u>	<u>55,388</u>	<u>55,388</u>	<u>-</u>
Fund balance, ending	<u>\$ 68,640</u>	<u>\$ 68,640</u>	<u>\$ 66,397</u>	<u>\$ (2,243)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes -				
Sales	\$ 161,455	\$ 161,455	\$ 190,196	\$ 28,741
Other	<u>195</u>	<u>195</u>	<u>170</u>	<u>(25)</u>
Total revenues	<u>161,650</u>	<u>161,650</u>	<u>190,366</u>	<u>28,716</u>
Expenditures:				
General government	-	-	2,231	(2,231)
Public safety -				
Police	-	-	222	(222)
Fire	<u>-</u>	<u>-</u>	<u>15,878</u>	<u>(15,878)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>18,331</u>	<u>(18,331)</u>
Excess of revenues over expenditures	<u>161,650</u>	<u>161,650</u>	<u>172,035</u>	<u>10,385</u>
Other financing (uses):				
Transfers (out)	<u>(210,000)</u>	<u>(210,000)</u>	<u>(210,365)</u>	<u>(365)</u>
Net change in fund balance	(48,350)	(48,350)	(38,330)	10,020
Fund balance, beginning	<u>106,961</u>	<u>106,961</u>	<u>106,961</u>	<u>-</u>
Fund balance, ending	<u>\$ 58,611</u>	<u>\$ 58,611</u>	<u>\$ 68,631</u>	<u>\$ 10,020</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Notes to Required Supplementary Information
For the Year Ended June 30, 2020

(1) Budget and Budgetary Accounting

The Village follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor meets with the Board of Aldermen and Village Clerk to review the prior year revenue and expenditures as a basis for projecting the current fiscal year budget.
2. Anticipated changes from the prior year are considered and reflected in the projections.
3. Once adopted, the budget is made available for public inspection and a budget summary is published in the Village's designated official journal.
4. The Village does not formally integrate its budget as a management tool.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. 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 by the Mayor and Board of Alderman. Such amendments were not material in relation to the original appropriation.

(2) Excess of Expenditures Over Appropriations

The Village incurred expenditures in excess of appropriations in the Sales Tax Fund.

OTHER SUPPLEMENTARY INFORMATION

OTHER INFORMATION

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Taxes:				
Ad valorem	\$ 22,534	\$ 22,534	\$ 22,005	\$ (529)
Franchise -				
Electric	50,358	50,358	36,857	(13,501)
Telephone	1,718	1,718	2,112	394
Cable TV	<u>6,468</u>	<u>6,468</u>	<u>7,804</u>	<u>1,336</u>
Total taxes	<u>81,078</u>	<u>81,078</u>	<u>68,778</u>	<u>(12,300)</u>
Licenses and permits:				
Insurance licenses	31,643	31,643	29,940	(1,703)
Occupational licenses	16,299	16,299	17,910	1,611
Building permits	<u>1,652</u>	<u>1,652</u>	<u>275</u>	<u>(1,377)</u>
Total licenses and permits	<u>49,594</u>	<u>49,594</u>	<u>48,125</u>	<u>(1,469)</u>
Intergovernmental:				
Avoyelles Parish School Board	-	-	16,000	16,000
State of Louisiana -				
State grants	62,000	62,000	-	(62,000)
Beer taxes	2,486	2,486	2,572	86
Supplemental pay	-	-	15,717	15,717
Department of Transportation -				
Grass cutting	<u>5,200</u>	<u>5,200</u>	<u>5,200</u>	<u>-</u>
Total intergovernmental	<u>69,686</u>	<u>69,686</u>	<u>39,489</u>	<u>(30,197)</u>
Fines and forfeits:				
Fines and court costs	<u>39,077</u>	<u>39,077</u>	<u>51,973</u>	<u>12,896</u>
Recreation:				
Rental income	<u>4,578</u>	<u>4,578</u>	<u>5,740</u>	<u>1,162</u>
Miscellaneous:				
Interest	10	10	27	17
Casino funds	4,500	4,500	-	(4,500)
Street light income	-	-	5,293	5,293
Other sources	<u>957</u>	<u>957</u>	<u>18,129</u>	<u>17,172</u>
Total miscellaneous	<u>5,467</u>	<u>5,467</u>	<u>23,449</u>	<u>17,982</u>
Total revenues	<u>\$ 249,480</u>	<u>\$ 249,480</u>	<u>\$ 237,554</u>	<u>\$ (11,926)</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
General government:				
Administration:				
Salaries	\$ 91,840	\$ 91,840	\$ 108,827	\$ (16,987)
Payroll taxes	16,508	16,508	6,869	9,639
Insurance	13,617	13,617	11,418	2,199
Legal and professional fees	6,720	6,720	12,078	(5,358)
Benefits	17,288	17,288	1,541	15,747
Other	<u>40,983</u>	<u>40,983</u>	<u>23,886</u>	<u>17,097</u>
Total general government	<u>186,956</u>	<u>186,956</u>	<u>164,619</u>	<u>22,337</u>
Public safety -				
Police:				
Salaries	136,870	136,870	160,022	(23,152)
Payroll taxes	-	-	13,344	(13,344)
Automobile expense	10,777	10,777	11,179	(402)
Insurance	23,808	23,808	18,552	5,256
Benefits	-	-	3,527	(3,527)
Supplies and equipment	1,470	1,470	5,533	(4,063)
Other	<u>34,377</u>	<u>34,377</u>	<u>31,997</u>	<u>2,380</u>
Total police	<u>207,302</u>	<u>207,302</u>	<u>244,154</u>	<u>(36,852)</u>
Fire:				
Insurance	<u>20,670</u>	<u>20,670</u>	<u>5,166</u>	<u>15,504</u>
Recreation -				
Tennis courts and park:				
Materials and supplies	<u>7,500</u>	<u>7,500</u>	<u>6,696</u>	<u>804</u>
Community center:				
Insurance	5,536	5,536	997	4,539
Other	<u>9,800</u>	<u>9,800</u>	<u>10,126</u>	<u>(326)</u>
Total community center	<u>15,336</u>	<u>15,336</u>	<u>11,123</u>	<u>4,213</u>
Total recreation	<u>22,836</u>	<u>22,836</u>	<u>17,819</u>	<u>5,017</u>

(continued)

VILLAGE OF MOREAUVILLE, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Streets and sidewalks -				
Street lights and power	28,097	28,097	24,500	3,597
Maintenance	9,864	9,864	9,110	754
Animal control	503	503	-	503
Total streets and sidewalks	<u>38,464</u>	<u>38,464</u>	<u>33,610</u>	<u>4,854</u>
Capital outlay:				
General government	-	-	12,803	(12,803)
Streets and sidewalks	25,000	25,000	-	25,000
Recreation department	-	-	16,594	(16,594)
Total capital outlay	<u>25,000</u>	<u>25,000</u>	<u>29,397</u>	<u>(4,397)</u>
 Total expenditures	 <u>\$ 501,228</u>	 <u>\$ 501,228</u>	 <u>\$ 494,765</u>	 <u>\$ 6,463</u>

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
Years Ended June 30, 2020 and 2019

Records maintained by the Village indicated the following number of customers were being serviced during the month of June, 2020 and 2019:

Department	2020	2019
Water and Gas:		
Commercial	39	36
Residential	<u>1,465</u>	<u>1,456</u>
Total	<u>1,504</u>	<u>1,492</u>
Sewerage:		
Commercial	19	10
Residential	<u>459</u>	<u>461</u>
Total	<u>478</u>	<u>471</u>

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Insurance In Force
June 30, 2020

<u>Description of Coverage</u>	<u>Asset Covered</u>	<u>Amount of Coverage</u>	<u>Insurance Company</u>	<u>Policy Number</u>	<u>Expiration Date</u>
Workers' Compensation	Employees	\$100,000 each accident, \$100,000 each employee \$500,000 policy limit	1st Insurance	155500-S	4/1/2021
Property Policy	Community Center	\$350,000/\$50,000	1st Insurance	PEN0005129-00	4/1/2021
	City Hall	\$350,000/\$50,000			4/1/2021
	125,000 G Water Tower	\$350,000			
	50,000 G Water Tower	\$150,000			
	Building at Towers	\$50,000			
	Building at Sewer Plant	\$100,000			
General Liability	N/A	\$500,000 occurrence \$1,000,000 General Aggregate	1st Insurance	PEN0005129-00	4/1/2021
Physical Damage	Vehicles	\$500,000	1st Insurance	PEN0005129-00	4/1/2021
Inland Marine	Contractor's Equipment	\$164,572	1st Insurance	PEN0005129-00	4/1/2021
	Water & Gas Meters	\$366,949			
Bond Insurance	Various Employees	\$50,000	CNA Surety	601-18198437	3/3/2021

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund - Utility Fund

Comparative Schedule of Revenues and Expenses
Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Gas sales	\$ 419,187	\$ 428,160
Water sales	224,207	215,505
Sewerage sales	108,783	107,202
Installation and other charges	28,512	42,834
Total operating revenues	780,689	793,701
Operating expenses:		
Gas purchased	100,427	119,142
Water purchased	115,587	116,458
Salaries and related benefits	172,392	155,103
Depreciation	150,879	162,391
Maintenance and repairs	43,633	29,143
Supplies	57,444	64,670
Insurance	32,929	37,393
Truck and tractor expenses	1,490	5,833
Office expense	10,644	10,457
Legal and professional	20,690	24,084
Utilities and telephone	28,351	28,166
Testing and sludge removal	8,920	5,196
Gas and oil	14,731	13,010
Miscellaneous	3,546	9,240
Total operating expenses	761,663	780,286
Net operating income (loss)	\$ 19,026	\$ 13,415

VILLAGE OF MOREAUVILLE, LOUISIANA
 Enterprise Fund
 Utility Fund

Utility Rate Schedule
 June 30, 2020

Records maintained by the Village indicated utility rates as follows:

<u>Water, Sewerage, and Gas Department</u>	<u>Rate per Unit</u>	<u>Flat Rate</u>	<u>Minimum Charge</u>
Water rates	\$4.50 per thousand gallons after 2,000 gallons	-	\$15.50 up to 2,000 gallons
Sewer rates	\$3.00 per thousand gallons	-	\$5.00 base fees
Gas rates - in town	.01316 per unit of mcf after 1,000 mcf	\$ 7.00	\$.00716 per 1,000 mcf
Gas rates - out of town	.01336 per unit of mcf after 1,000 mcf	\$ 8.00	\$.00716 per 1,000 mcf

VILLAGE OF MOREAUVILLE, LOUISIANA
Enterprise Fund
Utility Fund

Accounts Receivable Aging Schedule
June 30, 2020

Records maintained by the Village indicated accounts receivables aging as follows:

<u>Department</u>	<u>2020</u>
Water, Sewerage and Gas:	
Current	\$ 56,441
30 to 60 days	21,721
61 to 90 days	-
Over 90 days	<u>1,332</u>
Total	<u>\$ 79,494</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

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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 Beryl Holmes, Mayor
and Members of the Board of Aldermen
Village of Moreauville, 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 Moreauville, Louisiana as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Moreauville, Louisiana's basic financial statements and have issued our report thereon dated December 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Moreauville, Louisiana's internal control over financial reporting (internal control) as a basis for designing 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 Moreauville, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Moreauville, Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-001 and 2020-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-003.

Village of Moreauville, Louisiana's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
December 18, 2020

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2020

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Village of Moreauville did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Village does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village concurs with the audit finding. Due to the size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are made to segregate duties where feasible. In an effort to establish more sound controls the Board of Aldermen monitors activity and account balances in all funds.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2020

2020-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2007

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principle, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The Village's internal control over financial reporting includes policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receives annual training related to their job duties and we carefully review the financial statements, related notes, and all proposed adjustments. All questions are adequately addressed by our auditors which allows us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

B. Compliance

2020-003 Budget noncompliance

Fiscal year finding initially occurred: 2018

CONDITION: Actual expenditures in the Sales Tax fund exceed budgeted expenditures by more than five percent.

CRITERIA: Louisiana State Statute RS 39:1311 Budgetary Authority and Control

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to monitor expenditures in the Sales Tax Fund.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2020

EFFECT: The Village may not prevent and/or detect overspending in the Sales Tax Fund in a timely manner.

RECOMMENDATION: Management should periodically compare actual expenditures to budgeted expenditures in the Sales Tax Fund to identify the need for budget amendments in a timelier manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has agreed to prepare actual vs budget reports for review on a periodic basis and propose budget amendments as required under Louisiana State Statue RS 39:1311.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of Functions

CONDITION: The Village of Moreauville did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2020-001.

2019-002 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Village of Moreauville does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2020-002.

VILLAGE OF MOREAUVILLE, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2020

B. Compliance

2019-003 Budget noncompliance

CONDITION: Actual expenditures in the Sales Tax fund exceed budgeted expenditures by more than five percent.

RECOMMENDATION: Management should periodically compare actual expenditures to budgeted expenditures in the Sales Tax Fund to identify the need for budget amendments in a timelier manner.

CURRENT STATUS: Unresolved. See item 2020-003.

2019-004 Budget Preparation

CONDITION: The Village budgeted expenditures in the General Fund that were in excess of current and estimated funds available at June 30, 2019.

RECOMMENDATION: Management should review its current policies and procedures over Budget preparation to ensure that the Village is budgeting expenditures within its current means and available resources.

CURRENT STATUS: Resolved.