

TOWN OF GUEYDAN, LOUISIANA
Financial Report
Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Jude Reese, Mayor,
and Members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town'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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of December 31, 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 required supplementary information on pages 32 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing 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.

The Town of Gueydan has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires 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 an opinion on the financial statements that collectively comprise the Town of Gueydan, Louisiana's basic financial statements. The other supplementary information on pages 39 through 42 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of justice system funding is presented for purposes of additional analysis as required by Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and is not a required part of the basic financial statements.

The accompanying schedule of justice system funding is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 justice system funding schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information on pages 39 through 42 has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2021 on our consideration of the Town of Gueydan, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Gueydan, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
June 9, 2021

BASIC FINANCIAL STATEMENTS

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Net Position

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$1,538,863	\$658,846	\$2,197,709
Receivables, net	39,608	146,999	186,607
Prepaid expense	2,991	-	2,991
Restricted assets:			
Interest bearing deposits	-	31,161	31,161
Capital assets:			
Non-depreciable	26,950	-	26,950
Depreciable, net	7,817,251	1,915,573	9,732,824
Total assets	<u>9,425,663</u>	<u>2,752,579</u>	<u>12,178,242</u>
LIABILITIES			
Accounts and other payables	51,502	127,807	179,309
Customers' deposits	-	31,161	31,161
Total liabilities	<u>51,502</u>	<u>158,968</u>	<u>210,470</u>
NET POSITION			
Net investment in capital assets	7,844,201	1,915,573	9,759,774
Restricted	1,384,133	-	1,384,133
Unrestricted	145,827	678,038	823,865
Total net position	<u>\$ 9,374,161</u>	<u>\$ 2,593,611</u>	<u>\$ 11,967,772</u>

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2020

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 417,253	\$ 77,664	\$ -	\$ (339,589)	\$ -	\$ (339,589)
Public safety	483,601	-	57,961	(425,640)	-	(425,640)
Public works	556,807	-	-	(556,807)	-	(556,807)
Culture and recreation	30,905	4,912	-	(25,993)	-	(25,993)
Total governmental activities	1,488,566	82,576	57,961	(1,348,029)	-	(1,348,029)
Business-type activities:						
Electricity	1,036,046	1,326,550	-	-	290,504	290,504
Gas	116,666	179,288	-	-	62,622	62,622
Water	249,560	169,900	16,500	-	(63,160)	(63,160)
Sewer	193,934	136,613	-	-	(57,321)	(57,321)
Total business-type activities	1,596,206	1,812,351	16,500	-	232,645	232,645
Total	<u>\$ 3,084,772</u>	<u>\$ 1,894,927</u>	<u>\$ 74,461</u>	<u>(1,348,029)</u>	<u>232,645</u>	<u>(1,115,384)</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				17,302	-	17,302
Sales and use taxes, levied for general purposes				184,540	-	184,540
Beer taxes				2,097	-	2,097
Interest and investment earnings				5,911	2,271	8,182
Miscellaneous				15,548	-	15,548
Transfers				848,570	(848,570)	-
Total general revenues and transfers				<u>1,073,968</u>	<u>(846,299)</u>	<u>227,669</u>
Change in net position				(274,061)	(613,654)	(887,715)
Net position - beginning				<u>9,648,222</u>	<u>3,207,265</u>	<u>12,855,487</u>
Net position - ending				<u>\$ 9,374,161</u>	<u>\$ 2,593,611</u>	<u>\$ 11,967,772</u>

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

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF GUEYDAN, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2020

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash	\$ 91,774	\$ 419,513	\$ 168	\$ 511,455
Interest-bearing deposits	82,619	944,789	-	1,027,408
Receivables:				
Taxes Receivable	3,945	35,248	-	39,193
Accrued interest	-	415	-	415
Prepaid insurance	<u>2,991</u>	<u>-</u>	<u>-</u>	<u>2,991</u>
Total assets	<u>\$ 181,329</u>	<u>\$ 1,399,965</u>	<u>\$ 168</u>	<u>\$ 1,581,462</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,546	\$ 16,000	\$ -	\$ 21,546
Accrued expenses	<u>29,956</u>	<u>-</u>	<u>-</u>	<u>29,956</u>
Total liabilities	<u>35,502</u>	<u>16,000</u>	<u>-</u>	<u>51,502</u>
Fund balances:				
Nonspendable - prepaids	2,991	-	-	2,991
Restricted	-	1,383,965	168	1,384,133
Unassigned	<u>142,836</u>	<u>-</u>	<u>-</u>	<u>142,836</u>
Total fund balances	<u>145,827</u>	<u>1,383,965</u>	<u>168</u>	<u>1,529,960</u>
Total liabilities and fund balances	<u>\$ 181,329</u>	<u>\$ 1,399,965</u>	<u>\$ 168</u>	<u>\$ 1,581,462</u>

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

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2020

Total fund balances for governmental funds	\$ 1,529,960
Capital assets, net	<u>7,844,201</u>
Total net position of governmental activities	<u>\$ 9,374,161</u>

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2020

	General	Sales Tax Special Revenue	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 17,302	\$ 184,540	\$ -	\$ 201,842
Licenses and permits	68,441	-	-	68,441
Intergovernmental	60,058	-	-	60,058
Charges for services	6,261	-	-	6,261
Fines and forfeitures	7,158	-	-	7,158
Interest	432	5,479	-	5,911
Other	<u>16,264</u>	<u>-</u>	<u>-</u>	<u>16,264</u>
Total revenues	<u>175,916</u>	<u>190,019</u>	<u>-</u>	<u>365,935</u>
Expenditures:				
Current -				
General government	277,791	115,660	-	393,451
Public safety	549,827	-	-	549,827
Public works	285,246	-	-	285,246
Culture and recreation	30,905	-	-	30,905
Capital outlays	<u>-</u>	<u>33,695</u>	<u>-</u>	<u>33,695</u>
Total expenditures	<u>1,143,769</u>	<u>149,355</u>	<u>-</u>	<u>1,293,124</u>
(Deficiency) excess of revenues over expenditures	<u>(967,853)</u>	<u>40,664</u>	<u>-</u>	<u>(927,189)</u>
Other financing sources:				
Transfers in	966,985	-	-	966,985
Transfers out	<u>-</u>	<u>(118,415)</u>	<u>-</u>	<u>(118,415)</u>
Total other financing sources (uses)	<u>966,985</u>	<u>(118,415)</u>	<u>-</u>	<u>848,570</u>
Net changes in fund balances	(868)	(77,751)	-	(78,619)
Fund balances, beginning	<u>146,695</u>	<u>1,461,716</u>	<u>168</u>	<u>1,608,579</u>
Fund balances, ending	<u>\$ 145,827</u>	<u>\$ 1,383,965</u>	<u>\$ 168</u>	<u>\$ 1,529,960</u>

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

TOWN OF GUEYDAN, 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 December 31, 2020

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (78,619)
Capital assets:		
Capital outlay	\$ 33,695	
Depreciation expense	<u>(317,625)</u>	(283,930)
Effect of the change in net pension liability, deferred outflows/inflows of resources		<u>88,488</u>
Total changes in net position per Statement of Activities		<u>\$ (274,061)</u>

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

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Net Position
December 31, 2020

ASSETS

Current assets:

Cash	\$ 438,648
Interest-bearing deposits	220,198
Accounts receivable, net of allowance	122,896
Unbilled utility receivables	<u>24,103</u>
Total current assets	<u>805,845</u>

Noncurrent assets:

Restricted assets -	
Interest-bearing deposits	31,161
Capital assets, net of accumulated depreciation	<u>1,915,573</u>
Total noncurrent assets	<u>1,946,734</u>
Total assets	<u>2,752,579</u>

LIABILITIES

Current liabilities:

Accounts payable	123,779
Accrued expenses	342
Other payable	<u>3,686</u>
Total current liabilities	127,807

Noncurrent liabilities:

Customers' deposits	<u>31,161</u>
Total liabilities	<u>158,968</u>

NET POSITION

Net investment in capital assets	1,915,573
Unrestricted	<u>678,038</u>
Total net position	<u>\$ 2,593,611</u>

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

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended December 31, 2020

Operating revenues:	
Charges for services	\$ 1,799,490
Miscellaneous	<u>12,861</u>
Total operating revenues	<u>1,812,351</u>
Operating expenses:	
Electric department expenses	1,031,542
Gas department expenses	90,020
Water department expenses	139,648
Sewerage department expenses	148,957
Depreciation	<u>186,039</u>
Total operating expenses	<u>1,596,206</u>
Operating income	<u>216,145</u>
Nonoperating revenues (expenses):	
Grant revenues	16,500
Interest income	<u>2,271</u>
Total nonoperating revenues (expenses)	<u>18,771</u>
Income before transfers	234,916
Transfers in	21,430
Transfers out	<u>(870,000)</u>
Change in net position	(613,654)
Net position, beginning	<u>3,207,265</u>
Net position, ending	<u>\$ 2,593,611</u>

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 1,800,371
Payments to suppliers	(1,138,159)
Payments to employees	(204,192)
Other receipts	<u>13,257</u>
Net cash provided by operating activities	<u>471,277</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	21,430
Transfers to other funds	(870,000)
Net meter deposits	<u>3,634</u>
Net cash used by noncapital financing activities	<u>(844,936)</u>
Cash flows from capital and related financing activities:	
Grants and other contributions	16,500
Acquisition of capital assets	<u>(63,754)</u>
Net cash used by capital and related financing activities	<u>(47,254)</u>
Cash flows from investing activities:	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	441,157
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(182,160)
Interest on investments	<u>2,271</u>
Net cash provided by investing activities	<u>261,268</u>
Net change in cash and cash equivalents	(159,645)
Cash and cash equivalents, beginning of period	<u>667,492</u>
Cash and cash equivalents, end of period	<u>\$ 507,847</u>

(continued)

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

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund (continued)
For the Year Ended December 31, 2020

Cash flows from operating activities:

Operating income	\$ 216,145
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	186,039
(Increase) decrease in operating assets	
Accounts receivable	1,750
Unbilled utilities receivable	(869)
Other assets	396
Increase (decrease) in operating liabilities	
Accounts payable	67,481
Accrued expenses	1
Other payable	<u>334</u>
Net cash provided by operating activities	<u>\$ 471,277</u>

Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:

Cash and cash equivalents, beginning of period -	
Cash- unrestricted	\$ 500,382
Interest-bearing deposits, unrestricted	580,740
Interest-bearing deposits, restricted	27,527
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(441,157)</u>
Total cash and cash equivalents	<u>667,492</u>

Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:

Cash and cash equivalents, end of period -	
Cash- unrestricted	438,648
Interest-bearing deposits, unrestricted	220,198
Interest-bearing deposits, restricted	31,161
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(182,160)</u>
Total cash and cash equivalents	<u>507,847</u>
Net change	<u>\$ (159,645)</u>

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

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Gueydan (Town) 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 the more significant accounting policies are discussed in subsequent subsection of this note.

A. Financial Reporting Entity

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town of Gueydan has no such component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Town of Gueydan, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund 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. Fund financial statements report detailed information about the Town.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on 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 Town or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that 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 and deferred outflows of resources, liabilities and 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 Town are described below:

Governmental Funds –

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

The Sales Tax Special Revenue Fund accounts for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Enterprise Fund –

Utility Fund

The Utility Fund is 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 Town applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund.

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” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

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

- a. 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.
- b. 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.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Basis of Accounting

In the government-wide statement 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.

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 fund utilizes 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 Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of indirect expenses

The Town 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 identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

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

Cash and interest-bearing deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Interfund receivables and payables

During the course of 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.

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 ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2020, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customers' utility receivables at December 31, 2020 was \$33,386. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items.

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 or 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 Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

TOWN OF GUEYDAN, LOUISIANA

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

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. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	25-50 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.

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Sick and vacation leave is awarded on a calendar year basis and cannot be carried over to the next year; therefore, no liability for compensated absences is recorded in the financial statements.

Restricted Assets

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

In the government-wide statements, net position is displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be 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.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance as follows. Proprietary fund equity is classified the same as in the government-wide statements.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board of Aldermen is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by board members.

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. Under the Town's adopted policy, only board members may assign amounts for specific purposes.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Unassigned – all other spendable amounts.

Restricted fund balances are composed of the following:

	Sales Tax Special Revenue	Nonmajor Funds	Total Governmental Funds
Restricted:			
Tax dedications	\$ 1,383,965	\$ -	\$ 1,383,965
Other purposes	<u>-</u>	<u>168</u>	<u>168</u>
Total fund balances	<u>\$ 1,383,965</u>	<u>\$ 168</u>	<u>\$ 1,384,133</u>

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

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.

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 Fund - By Operating and Non-operating

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

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

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.

F. Revenue Restrictions

The Town 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 4

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Town 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 Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. The Town 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 the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Deposit balances (bank balances), are secured as follows:

Bank balances	<u>\$ 2,270,209</u>
Deposits are secured as follows:	
Insured Deposits	602,115
Uninsured and collateral held by the pledging bank, not in the Town's name	<u>1,668,094</u>
Total	<u>\$ 2,270,209</u>

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town on December 1 and are due by February 28. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

(4) Dedication of Proceeds and Flow of Funds - 1 Percent Sales and Use Tax

A one percent sales and use tax levied by the Town is dedicated to the following purposes:

Fifty percent of the net proceeds can be used for constructing, acquiring, improving and maintaining the Town's natural gas, waterworks and sewer systems, or for any one or more of said purposes, including payment of principal and interest on any bonded or funded indebtedness of the Town incurred for any of said purposes; and the Town shall be further authorized to fund the proceeds of the tax into bonds from time to time for any one or more of the aforesaid purposes. Fifty percent of the net proceeds can be used for paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(5) Receivables

Receivables consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$122,896	\$ 122,896
Unbilled utility	-	-	24,103	24,103
Taxes	3,945	35,248	-	39,193
Interest	<u>-</u>	<u>415</u>	<u>-</u>	<u>415</u>
Totals	<u>\$ 3,945</u>	<u>\$ 35,663</u>	<u>\$146,999</u>	<u>\$ 186,607</u>

(6) Restricted Assets - Proprietary Fund Type (Enterprise Utility Fund)

Restricted assets consisted of customers' deposits totaling \$31,161.

(7) On-behalf Payments

The Town has recognized \$16,750 as revenue and expenditure for on-behalf salary payments made by the State of Louisiana.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(8) Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 26,950	\$ -	\$ -	\$ 26,950
Construction in progress	134,920	-	134,920	-
Other capital assets:				
Buildings	839,628	-	-	839,628
Infrastructure	12,518,474	-	-	12,518,474
Equipment, furniture and fixtures	961,234	168,615	40,745	1,089,104
Improvements other than buildings	1,176,990	-	-	1,176,990
Totals	<u>15,658,196</u>	<u>168,615</u>	<u>175,665</u>	<u>15,651,146</u>
Less accumulated depreciation				
Buildings	386,606	24,749	-	411,355
Infrastructure	5,417,955	219,224	-	5,637,179
Equipment, furniture and fixtures	840,448	48,004	40,745	847,707
Improvements other than buildings	885,056	25,648	-	910,704
Total accumulated depreciation	<u>7,530,065</u>	<u>317,625</u>	<u>40,745</u>	<u>7,806,945</u>
Governmental activities, capital assets, net	<u>\$ 8,128,131</u>	<u>\$ (149,010)</u>	<u>\$ 134,920</u>	<u>\$ 7,844,201</u>
Business-type activities:				
Capital assets being depreciated				
Electric system	\$ 1,410,914	\$ -	\$ 13,401	\$ 1,397,513
Gas system	1,550,303	-	-	1,550,303
Water system	3,622,052	-	2,633	3,619,419
Sewer system	3,552,143	63,754	5,242	3,610,655
Totals	<u>10,135,412</u>	<u>63,754</u>	<u>21,276</u>	<u>10,177,890</u>
Less accumulated depreciation				
Electric system	1,401,422	4,504	13,401	1,392,525
Gas system	1,152,328	26,646	-	1,178,974
Water system	2,544,038	109,912	2,633	2,651,317
Sewer system	2,999,766	44,977	5,242	3,039,501
Total accumulated depreciation	<u>8,097,554</u>	<u>186,039</u>	<u>21,276</u>	<u>8,262,317</u>
Business-type activities, capital assets, net	<u>\$ 2,037,858</u>	<u>\$ (122,285)</u>	<u>\$ -</u>	<u>\$ 1,915,573</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

Depreciation expense was charged to governmental activities as follows:

General government	\$ 23,802
Public safety	22,262
Public works	<u>271,561</u>
Total depreciation expense	<u>\$ 317,625</u>

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

Electric	\$ 4,504
Gas	26,646
Water	109,912
Sewer	<u>44,977</u>
Total depreciation expense	<u>\$ 186,039</u>

(9) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 21,546	\$ 123,779	\$ 145,325
Other liabilities	<u>29,956</u>	<u>4,028</u>	<u>33,984</u>
Totals	<u>\$ 51,502</u>	<u>\$ 127,807</u>	<u>\$ 179,309</u>

(10) Risk Management

The Town 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. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

(11) Commitments and Contingencies

At December 31, 2020, there is no pending litigation against the Town of Gueydan.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(12) Interfund Transfers

Transfers consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 966,985	\$ -
Sales Tax Special Revenue Fund	-	118,415
Total major governmental funds	966,985	118,415
Enterprise Fund	21,430	870,000
Total	<u>\$ 988,415</u>	<u>\$ 988,415</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.

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

A detail of compensation, benefits, and other payments paid to Mayor Chris Theriot for the year ended was as follows:

Purpose	Amount
Salary	<u>\$ 16,800</u>

(14) Compensation of Town Officials

A detail of compensation paid to the Board of Aldermen for the year ended was as, follows:

Anita Dupuis	3,000
John Laseter	3,000
Claudette Price	3,000
Jason Suire	3,000
Scott Vallo	3,000
	<u>\$ 15,000</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2020

	Budget			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 20,000	\$ 20,000	\$ 17,302	\$ (2,698)
Licenses and permits	67,292	67,457	68,441	984
Intergovernmental	29,281	29,300	60,058	30,758
Charges for services	11,700	7,600	6,261	(1,339)
Fines and forfeitures	8,000	7,000	7,158	158
Interest	350	350	432	82
Other	17,244	15,688	16,264	576
Total revenues	<u>153,867</u>	<u>147,395</u>	<u>175,916</u>	<u>28,521</u>
Expenditures:				
Current -				
General government	229,740	260,553	277,791	(17,238)
Public safety	492,518	529,233	549,827	(20,594)
Public works	205,470	226,786	285,246	(58,460)
Culture and recreation	37,163	30,746	30,905	(159)
Capital outlays	<u>15,000</u>	<u>40,568</u>	<u>-</u>	<u>40,568</u>
Total expenditures	<u>979,891</u>	<u>1,087,886</u>	<u>1,143,769</u>	<u>(55,883)</u>
Deficiency of revenues over expenditures	(826,024)	(940,491)	(967,853)	(27,362)
Other financing sources (uses):				
Transfers in	991,000	956,985	966,985	10,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>991,000</u>	<u>956,985</u>	<u>966,985</u>	<u>10,000</u>
Net change in fund balance	164,976	16,494	(868)	(17,362)
Fund balance, beginning	<u>146,695</u>	<u>146,695</u>	<u>146,695</u>	<u>-</u>
Fund balance, ending	<u>\$ 311,671</u>	<u>\$ 163,189</u>	<u>\$ 145,827</u>	<u>\$ (17,362)</u>

TOWN OF GUEYDAN, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended December 31, 2020

	Budget			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 200,000	\$ 200,000	\$ 184,540	\$ (15,460)
Interest	<u>3,650</u>	<u>3,652</u>	<u>5,479</u>	<u>1,827</u>
Total revenue	<u>203,650</u>	<u>203,652</u>	<u>190,019</u>	<u>(13,633)</u>
Expenditures:				
Current -				
General government	-	-	115,660	(115,660)
Capital outlay	<u>-</u>	<u>108,995</u>	<u>33,695</u>	<u>75,300</u>
Total expenditures	<u>-</u>	<u>108,995</u>	<u>149,355</u>	<u>(40,360)</u>
Excess of revenues over expenditures	203,650	94,657	40,664	(53,993)
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(27,415)</u>	<u>(118,415)</u>	<u>(91,000)</u>
Net change in fund balance	203,650	67,242	(77,751)	(144,993)
Fund balance, beginning	<u>1,461,716</u>	<u>1,461,716</u>	<u>1,461,716</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,665,366</u>	<u>\$ 1,528,958</u>	<u>\$ 1,383,965</u>	<u>\$ (144,993)</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Budgetary Comparison Schedule

(1) Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

- (a) The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
- (b) 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.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- (d) 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 a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- (e) 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.
- (f) All budgetary appropriations lapse at the end of each fiscal year.
- (g) Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen.

At December 31, 2020, the General Fund and Sales Tax Special Revenue Fund reported excess expenditures over appropriations.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Police Department Narcotics Seizure Fund -

To account for the collection and disbursement of the Town's share of proceeds from drug related seizure sales.

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Balance Sheet
December 31, 2020

Police
Department
Narcotics
Seizure Fund

ASSETS

Cash	\$ <u>168</u>
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LIABILITIES AND FUND BALANCES

Liabilities	\$ -
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Fund balance: Restricted	 <u>168</u>
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Total liabilities and fund balance	<u>\$ 168</u>
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TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Year Ended December 31, 2020

	Police Department Narcotics Seizure Fund
	<hr/>
Revenues	\$ -
Expenditures:	
Current-	
General government	-
Culture and recreation	-
Total expenditures	<hr/> -
Deficiency of revenues over expenditures	-
Fund balance, beginning	<hr/> 168
Fund balance, ending	<hr/> <hr/> \$ 168

TOWN OF GUEYDAN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
December 31, 2020 and 2019

Records maintained by the Town indicated the following number of customers were being serviced during the month of December 31, 2020 and 2019:

<u>Department</u>	<u>2020</u>	<u>2019</u>
Electricity (metered)	787	806
Gas (metered)	539	570
Water	679	672
Sewerage	671	664

TOWN OF GUEYDAN, LOUISIANA

Enterprise Fund

Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	Electricity		Gas		Water		Sewer		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating revenues:										
Charges for services	\$1,317,136	\$1,478,407	\$ 178,016	\$ 214,962	\$ 168,694	\$ 167,527	\$ 135,644	\$ 133,962	\$ 1,799,490	\$ 1,994,858
Other revenues	9,414	16,975	1,272	2,468	1,206	1,924	969	1,538	12,861	22,905
Total operating revenues	<u>1,326,550</u>	<u>1,495,382</u>	<u>179,288</u>	<u>217,430</u>	<u>169,900</u>	<u>169,451</u>	<u>136,613</u>	<u>135,500</u>	<u>1,812,351</u>	<u>2,017,763</u>
Operating expenses:										
Salaries - plant	85,433	82,152	-	4,383	37,951	37,534	39,203	37,662	162,587	161,731
Fuel purchased	616,968	709,604	53,902	75,400	-	-	-	-	670,870	785,004
Insurance	20,269	17,500	855	2,504	6,112	6,749	2,098	900	29,334	27,653
Insurance - employees	10,287	8,787	-	3,629	10,388	8,787	8,868	4,396	29,543	25,599
Materials and supplies	56,079	32,112	2,348	4,725	4,889	3,609	17,561	29,928	80,877	70,374
Auditing and accounting	3,533	3,450	3,533	3,450	3,534	3,450	3,533	3,450	14,133	13,800
Printing, stationary, and supplies	5,468	5,988	-	-	-	-	-	-	5,468	5,988
Depreciation	4,504	6,536	26,646	27,935	109,912	110,252	44,977	50,605	186,039	195,328
Repairs and maintenance	134,313	23,582	9,077	16,360	3,157	29,360	34,235	105,818	180,782	175,120
Seminars and workshops	11,537	-	-	5,313	-	155	-	936	11,537	6,404
Utilities	110	155	403	400	18,806	19,212	20,646	22,623	39,965	42,390
Payroll taxes	6,472	6,476	-	335	2,705	2,827	2,886	2,937	12,063	12,575
Bad debt expense	(8,307)	2,155	474	232	614	244	668	276	(6,551)	2,907
Miscellaneous	89,380	1,162	19,428	13,726	51,492	67,713	19,259	14,015	179,559	96,616
Total operating expenses	<u>1,036,046</u>	<u>899,659</u>	<u>116,666</u>	<u>158,392</u>	<u>249,560</u>	<u>289,892</u>	<u>193,934</u>	<u>273,546</u>	<u>1,596,206</u>	<u>1,621,489</u>
Net operating income (loss)	<u>\$ 290,504</u>	<u>\$ 595,723</u>	<u>\$ 62,622</u>	<u>\$ 59,038</u>	<u>\$ (79,660)</u>	<u>\$ (120,441)</u>	<u>\$ (57,321)</u>	<u>\$ (138,046)</u>	<u>\$ 216,145</u>	<u>\$ 396,274</u>

TOWN OF GUEYDAN, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended December 31, 2020

Cash Basis Presentation	Six Month Period Ended 6/30/2020	Six Month Period Ended 12/31/2020
Beginning Balance of Amounts Collected		
Add: Collections		
Civil Fees	3,192	878
Criminal Court Costs/Fees	609	238
Criminal Fines - Contempt	262	89
Restitution	415	23
Other	218	287
Subtotal Collections	4,696	1,515
Less: Disbursements To Governments & Nonprofits:		
Acadiana Criminalistics Laboratory	30	-
DHH-Traumatic Head & Spinal Cord Trust	25	-
LA Comm on Law Enforcement	192	-
Judicial Administration CMIS	25	-
LA Judicial College Collection	13	-
Less: Amounts Retained by Collecting Agency	-	-
Less: Disbursements to Individuals or Third Party Agencies		
Restitution Payments to Individuals	-	-
Subtotal Disbursements/Retainage	285	-
Total Amounts Collected but not Disbursed/Retained	4,412	1,515

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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 Jude Reese, Mayor
and members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Gueydan, Louisiana's basic financial statements and have issued our report thereon dated June 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Gueydan, 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 Town of Gueydan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gueydan'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 Town'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 were not identified. We did identify certain deficiencies in internal control, which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2020-001 through 2020-004, which we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gueydan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year findings and management's corrective action plan as item 2020-005.

Town of Gueydan's Response to Findings

The Town'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 Town'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 result of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town'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

Abbeville, Louisiana
June 9, 2021

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 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

CONDITION: The Town of Gueydan 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 Town 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 evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2020

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. The Mayor and Town Clerk had implemented policies and procedures where the Mayor reviews and approves reports and reconciliations done by the employees in the accounting department.

2020-002

Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: The Town of Gueydan 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).

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material 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: The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2020

2020-003 Financial Records/Reconciliations

CONDITION: The Town of Gueydan failed to reconcile interfund transactions and subsidiary ledgers on a monthly basis. Additionally, on certain occasions, the bank reconciliations were not adequately reconciled.

CRITERIA: Internal control is a process - effected 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. The Town's internal controls over financial reporting include those policies and procedures that pertain to the Town's ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements.

CAUSE: The cause of the condition is failure to assign a Town employee with the task of reconciling the accounts mentioned above and the failure to review these reconciliations on a periodic basis.

EFFECT: Failure to reconcile the accounts mentioned above on a periodic basis increases the risk that account balances may not correspond between funds or be in balance. Additionally, unrecorded items may go undetected and the Town may not be able to determine actual cash balances, or if proper funding is available to pay vendors and/or monthly bills.

RECOMMENDATION: We recommend that the Town implement internal controls to ensure that these accounts are reconciled on a periodic basis. Additionally, we recommend that the Town properly train employees assigned to perform bank reconciliations, and review work performed on a monthly basis to determine that reconciliations are being performed correctly and in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Mayor and Town Clerk are seeking assistance with the preparation of these reconciliations so that accounting records will be reconciled correctly and timely.

2020-004 Inadequate Controls Over Inventory and Assets

CONDITION: The Town does not maintain a list of the inventory and assets of the Town or departments on a perpetual basis.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2020

CRITERIA: Internal control is a process - effected 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 Town does not have adequate controls or policies and procedures established to ascertain that inventory and assets are properly maintained and tracked.

EFFECT: Failure to have adequate controls over inventory and assets increases the risk that misappropriation of the inventory or assets could go undetected.

RECOMMENDATION: The Town should implement control procedures to ensure assets are properly monitored and annual inventory inspections reconcile to the Town's inventory listing.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Town is implementing control procedures immediately to ensure assets are properly monitored within each department and inventory inspections are performed at least annually.

B. Compliance

2020-005

Budget noncompliance

CONDITION: Expenditures of the General Fund exceeded the total budgeted expenditures by more than 5%, revenues of the Sales Tax Fund failed to meet the total budgeted revenues by more than 5% and expenditures of the Sales Tax Fund exceeded total budgeted expenditures by more than 5%.

CRITERIA: LSA-RS 39:1311 et seq, Budget Authority and Control, provides for the following:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2020

- (1) Total revenues and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.”

CAUSE: The condition is a result of failure to properly monitor the revenues and expenditures of the General Fund and Sales Tax Fund

EFFECT: The Town may not prevent and/or detect compliance violations due to revenue shortfalls or over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

MANAGEMENT'S CORRECTIVE ACTION PLAN: As a result of two major natural disasters, bills for services, repairs and equipment along with supplies that had to be purchased and repairs made, some invoices were not received before the amended budget was prepared causing the deficiency. The Sales Tax revenues were down due to Covid and the 2 disasters, as businesses had no utilities to operate.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2020

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of Accounting Functions

CONDITION: The Town of Gueydan did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2020-001.

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

CONDITION: The Town of Gueydan 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.

2019-003 Financial Records/Reconciliations

CONDITION: The Town of Gueydan failed to reconcile interfund transactions, subsidiary ledgers and bank statements on a monthly basis. Additionally, on certain occasions, the bank reconciliations were not in agreement with general ledger balances.

RECOMMENDATION: We recommend that the Town implement internal controls to ensure that these accounts are reconciled on a periodic basis. Additionally, we recommend that the Town properly train employees assigned to perform bank reconciliations, and review work performed on a monthly basis to determine that reconciliations are being performed correctly and in a timely manner.

CURRENT STATUS: Unresolved. See item 2020-003.

TOWN OF GUEYDAN, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2020

2019-004 Inadequate Controls Over Inventory and Assets

CONDITION: The Town does not maintain a list of the inventory and assets of the Town or departments on a perpetual basis.

RECOMMENDATION: The Town should implement control procedures to ensure assets are properly monitored and annual inventory inspections reconcile to the Town's inventory listing.

CURRENT STATUS: Unresolved. See item 2020-004.

B. Compliance

2019-005 Budget noncompliance

CONDITION: Revenues of the Sales Tax Fund failed to meet total budgeted revenues and expenditures by more than 5%.

RECOMMENDATION: The Town should periodically compare actual activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

CURRENT STATUS: Unresolved. See 2020-005.