

VILLAGE OF LOREAUVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

*A Professional Accounting Corporation

The Honorable Brad Clifton, Mayor
and the Members of the Board of Aldermen
Village of Loreauville, 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 Loreauville, 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 Loreauville, 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.

Auditors' 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 auditors' 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 Loreauville, 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 and notes on pages 35 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Loreauville, Louisiana's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information (pages 39-43) 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 September 4, 2020 on our consideration of the Village of Loreauville, 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 effectiveness of the Village of Loreauville, 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 Loreauville, Louisiana's internal control over financial reporting and compliance.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
September 4, 2020

BASIC FINANCIAL STATEMENTS

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

VILLAGE OF LOREAUVILLE

Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,036,362	\$ 240,508	\$ 1,276,870
Receivables, net	35,260	35,221	70,481
Prepaid items	6,273	2,234	8,507
Total current assets	<u>1,077,895</u>	<u>277,963</u>	<u>1,355,858</u>
Noncurrent assets:			
Restricted cash	136,238	30,893	167,131
Capital assets, net	2,248,538	1,440,882	3,689,420
Total noncurrent assets	<u>2,384,776</u>	<u>1,471,775</u>	<u>3,856,551</u>
Total assets	<u>3,462,671</u>	<u>1,749,738</u>	<u>5,212,409</u>
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	3,208	5,486	8,694
Bonds payable	23,000	-	23,000
Total current liabilities	<u>26,208</u>	<u>5,486</u>	<u>31,694</u>
Noncurrent liabilities:			
Bonds payable	388,900	-	388,900
Customer deposits payable	-	30,893	30,893
Total noncurrent liabilities	<u>388,900</u>	<u>30,893</u>	<u>419,793</u>
Total liabilities	<u>415,108</u>	<u>36,379</u>	<u>451,487</u>
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	1,836,638	1,440,882	3,277,520
Restricted	136,238	-	136,238
Unrestricted	1,074,687	272,477	1,347,164
Total net position	<u>\$ 3,047,563</u>	<u>\$ 1,713,359</u>	<u>\$ 4,760,922</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

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	\$ 114,455	\$ 47,272	\$ -	\$ -	\$ (67,183)	\$ -	\$ (67,183)
Public safety	88,705	-	-	-	(88,705)	-	(88,705)
Public works	162,690	-	-	-	(162,690)	-	(162,690)
Interest on long-term debt	15,247	-	-	-	(15,247)	-	(15,247)
Total governmental activities	<u>381,097</u>	<u>47,272</u>	<u>-</u>	<u>-</u>	<u>(333,825)</u>	<u>-</u>	<u>(333,825)</u>
Business-type activities:							
Wastewater	214,159	155,455	-	-	-	(58,704)	(58,704)
Total business-type activities	<u>214,159</u>	<u>155,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,704)</u>	<u>(58,704)</u>
Total	<u>\$ 595,256</u>	<u>\$ 202,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(333,825)</u>	<u>(58,704)</u>	<u>(392,529)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					19,537	19,080	38,617
Sales and use taxes, levied for general purposes					214,550	-	214,550
Franchise and other taxes					117,210	-	117,210
Grants and contributions not restricted to specific programs					32,618	-	32,618
Miscellaneous					6,021	3,173	9,194
Transfers					12,321	(12,321)	-
Total general revenues and transfers					<u>402,257</u>	<u>9,932</u>	<u>412,189</u>
Change in net position					68,432	(48,772)	19,660
Net Position - July 1, 2019					<u>2,979,131</u>	<u>1,762,131</u>	<u>4,741,262</u>
Net Position - June 30, 2020					<u>\$3,047,563</u>	<u>\$1,713,359</u>	<u>\$4,760,922</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund -

To account for the receipt and use of proceeds of the Village's 1 1/2% sales and use tax. These taxes may be used as described in Note (7).

Enterprise Fund

Sewerage and Garbage Fund -

To account for the provision of sewer, garbage, and recycling and curbside debris removal services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF LOREAUVILLE

Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and interest-bearing deposits	\$ 499,455	\$ 673,145	\$ 1,172,600
Due from other funds	73,734	-	73,734
Receivables:			
Taxes and licenses	-	20,122	20,122
Other	15,138	-	15,138
Prepaid items	<u>5,047</u>	<u>1,226</u>	<u>6,273</u>
Total assets	<u>\$ 593,374</u>	<u>\$ 694,493</u>	<u>\$ 1,287,867</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ -	\$ 73,734	\$ 73,734
Accounts payable	<u>2,755</u>	<u>82</u>	<u>2,837</u>
Total liabilities	<u>2,755</u>	<u>73,816</u>	<u>76,571</u>
Fund balances -			
Nonspendable	5,047	1,226	6,273
Restricted	136,238	-	136,238
Assigned	-	619,451	619,451
Unassigned	<u>449,334</u>	<u>-</u>	<u>449,334</u>
Total fund balances	<u>590,619</u>	<u>620,677</u>	<u>1,211,296</u>
Total liabilities and fund balances	<u>\$ 593,374</u>	<u>\$ 694,493</u>	<u>\$ 1,287,867</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

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

Total fund balances for governmental funds at June 30, 2020 \$ 1,211,296

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$	23,027	
Construction in progress		21,906	
Buildings and improvements, net of \$135,957 accumulated depreciation		49,447	
Vehicles, net of \$209,134 accumulated depreciation		22,221	
Furniture and equipment, net of \$149,923 accumulated depreciation		163,608	
Water system, net of \$1,645,507 accumulated depreciation		1,292,066	
Infrastructure, net of \$347,570 accumulated depreciation		<u>676,263</u>	\$ 2,248,538

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Bonds payable		(411,900)	
Compensated absences payable		<u>(371)</u>	<u>(412,271)</u> <u>1,836,267</u>

Total net position of governmental activities at June 30, 2020 \$ 3,047,563

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

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

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Total</u>
Revenues:			
Taxes	\$ 136,747	\$ 214,550	\$ 351,297
Licenses and permits	47,272	-	47,272
Grants	2,100	-	2,100
Intergovernmental	30,518	-	30,518
Miscellaneous	4,668	1,353	6,021
Total revenues	<u>221,305</u>	<u>215,903</u>	<u>437,208</u>
Expenditures:			
Current -			
General government	88,738	23,212	111,950
Public safety	78,479	-	78,479
Public works	35,373	-	35,373
Debt service	38,247	-	38,247
Capital outlay	54,477	-	54,477
Total expenditures	<u>295,314</u>	<u>23,212</u>	<u>318,526</u>
Excess (deficiency) of revenues over expenditures	<u>(74,009)</u>	<u>192,691</u>	<u>118,682</u>
Other financing sources (uses):			
Operating transfers in	131,821	-	131,821
Operating transfers out	<u>-</u>	<u>(119,500)</u>	<u>(119,500)</u>
Total other financing sources (uses)	<u>131,821</u>	<u>(119,500)</u>	<u>12,321</u>
Net changes in fund balances	57,812	73,191	131,003
Fund balances, beginning	<u>532,807</u>	<u>547,486</u>	<u>1,080,293</u>
Fund balances, ending	<u>\$ 590,619</u>	<u>\$ 620,677</u>	<u>\$ 1,211,296</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

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 balances for the year ended June 30, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 131,003
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The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 54,476	
Depreciation expense for the year ended June 30, 2020	<u>(140,047)</u>	(85,571)

Governmental funds report proceeds from a bond issuance as an other
financing source and principal debt payments as an expenditure. However,
in the statement of activities, those proceeds are recorded as a liability, and
principal debt payments are recorded as a reduction in the related
liability.

Debt payments	<u>23,000</u>
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Total changes in net position for the year ended June 30, 2020 per Statement of Activities	<u>\$ 68,432</u>
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The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

Statement of Net Position
 Proprietary Fund
 June 30, 2020

	<u>Sewerage and Garbage Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 240,508
Receivables:	
Accounts (net)	35,221
Prepaid items	2,234
Total current assets	<u>277,963</u>
Noncurrent assets:	
Restricted cash	30,893
Capital assets, net of accumulated depreciation	<u>1,440,882</u>
Total noncurrent assets	<u>1,471,775</u>
Total assets	<u>1,749,738</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	5,486
Customers' deposits	<u>30,893</u>
Total current liabilities	<u>36,379</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Investment in capital assets	1,440,882
Restricted	-
Unrestricted	<u>272,477</u>
Total net position	<u>\$ 1,713,359</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

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

	<u>Sewerage and Garbage Fund</u>
Operating revenues:	
Charges for services:	
Sewerage	\$ 88,087
Garbage	55,041
Fire protection	12,327
Penalties	<u>3,149</u>
Total operating revenues	<u>158,604</u>
Operating expenses:	
Chemicals and chlorine	1,624
Depreciation	78,988
Garbage collection	54,201
Insurance	4,460
Legal and accounting	8,423
Office supplies	2,854
Miscellaneous	1,835
Professional services	12,838
Repairs and maintenance	3,593
Salaries	8,197
Sewer analysis	3,370
Supplies	410
Payroll taxes	643
Telephone and utilities	<u>32,723</u>
Total operating expenses	<u>214,159</u>
Operating loss	<u>(55,555)</u>
Nonoperating revenues (expenses):	
Property taxes	19,080
Miscellaneous	<u>24</u>
Total nonoperating revenues	<u>19,104</u>
Loss before transfers	<u>(36,451)</u>
Operating transfers:	
Transfers out	<u>(12,321)</u>
Total operating transfers out	<u>(12,321)</u>
Change in net position	(48,772)
Net position, beginning	<u>1,762,131</u>
Net position, ending	<u>\$ 1,713,359</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

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

	<u>Sewerage and Garbage Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 156,438
Payments to suppliers	(125,536)
Payments to employees	<u>(8,197)</u>
Net cash provided by operating activities	<u>22,705</u>
Cash flows from noncapital financing activities:	
Operating transfers out to other funds	(12,321)
Ad valorem tax receipts	19,080
Other receipts	<u>24</u>
Net cash provided by noncapital financing activities	<u>6,783</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>-</u>
Net cash used by capital and related financing activities	<u>-</u>
Cash flows from investing activities	<u>-</u>
Net increase in cash and cash equivalents	29,488
Cash and cash equivalents, beginning of period	<u>241,913</u>
Cash and cash equivalents, end of period	<u>\$ 271,401</u>

(continued)

VILLAGE OF LOREAUVILLE

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2020

	<u>Sewerage and Garbage Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (55,555)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	78,988
Changes in current assets and liabilities:	
Decrease in accounts receivable	(2,166)
Increase in prepaid items	
Increase in accounts payable and accrued liabilities	1,438
Total adjustments	<u>78,260</u>
Net cash provided by operating activities	<u>\$ 22,705</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	\$ 212,445
Cash - restricted	<u>29,468</u>
Total cash and cash equivalents	<u>241,913</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	240,508
Cash - restricted	<u>30,893</u>
Total cash and cash equivalents	<u>271,401</u>
Net increase	<u>\$ 29,488</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The Village operates under the Lawrason Act. The act provides for the Mayor-Board of Trustees form of government. The Village's operations include police and fire protection, streets and drainage, and general administration services. The Village owns and operates one enterprise activity, a sewerage and garbage fund, which provides sewerage and garbage services.

The accompanying financial statements of the Village of Loreauville (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 the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. The Village has no component units.

The Village of Loreauville's oversight and responsibilities in the management, operation, and financial accountability of the Loreauville Volunteer Fire Department are remote. For this reason, the Department is not considered to be a component unit of the Village and accordingly, is not included in the Village's audited financial statements.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village'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.

Fund Financial Statements

The accounts of the Village 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.

The various funds of the Village are classified into two categories: governmental and proprietary (enterprise). 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 Village or meets the following criteria:

- a. Total assets, liabilities, 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, liabilities, 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.

All funds of the Village are considered to be major funds and are described below:

Governmental Funds -

General Fund -

The General Fund is the general operating fund of the Village. It is used to account for and report all financial resources not accounted for and reported in another fund.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Special Revenue Fund -

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Sales Tax Fund –

To account for the receipt and use of proceeds of the Village's 1 1/2% sales and use tax. These taxes may be used as described in Note (7).

Proprietary Fund -

Sewerage and Garbage Fund -

The sewerage and garbage fund is used to account for the provision of sewer, garbage, and recycling and curbside debris removal services to residents of the Village. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

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.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when 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.

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

Cash, interest-bearing deposits, and investments

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 Village. 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.

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.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 taxes. Business-type activities report customer's utility service receivables as their major receivables.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Village's threshold for capitalization is \$500.

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:

Buildings and improvements	10-40 years
Vehicles	5-15 years
Furniture and equipment	5-25 years
Water and sewer systems	10-50 years
Infrastructure	10-40 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.

Prior to the adoption of GASB 34, it was the Village's policy not to record infrastructure; however, these assets have been included in the accompanying financial statements valued at historical cost.

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments that are legally restricted as to their use. The restricted assets are related to mosquito control tax revenues not yet spent in the governmental activities and utility meter deposits in the business-type activities.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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 earn annual and sick leave in varying amounts depending upon length of service. At the end of each year, employees may carry forward annual and sick leave earned but not taken. Unused annual leave is paid to an employee upon retirement at hourly rates being earned by that employee upon separation. Unused sick leave is not paid.

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 revenues 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.

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of 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.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

- 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. Fund balance is further classified as follows. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

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 is the highest level of decision-making authority for the Village of Loreauville. 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 Village's policy, only Board members may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

As of June 30, 2020, fund balances are composed of the following:

	General	Sales Tax Special Revenue	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 5,047	\$ 1,226	\$ 6,273
Restricted:			
Mosquito control	136,238	-	136,238
Assigned:			
Sales taxes	-	619,451	619,451
Unassigned	<u>449,334</u>	<u>-</u>	<u>449,334</u>
 Total fund balances	 <u>\$ 590,619</u>	 <u>\$ 620,677</u>	 <u>\$ 1,211,296</u>

When an expenditure is incurred for 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 balances 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 Board of Aldermen have provided otherwise in their commitment or assignment actions.

E. Capitalization of Interest Expense

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest incurred for the year ended June 30, 2020.

F. 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 and liabilities 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.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) 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 certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the Village has cash and interest-bearing deposits (book balances) totaling \$1,444,001.

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 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. 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 within 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. Deposit balances (bank balances) at June 30, 2020 are secured as follows:

Bank balances	<u>\$ 1,429,968</u>
At June 30, 2020 the deposits are secured as follows:	
Federal deposit insurance	508,798
Pledged securities	<u>921,170</u>
Total	<u>\$ 1,429,968</u>

Deposits in the amount of \$ 921,170 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Village's name. The Village does not have a policy for custodial credit risk.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Receivables

Receivables at June 30, 2020 of \$ 70,481 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Sewerage and Garbage</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 36,221	\$ 36,221
Allowance	-	-	(1,000)	(1,000)
Taxes:				
Sales tax	-	20,122	-	20,122
Franchise tax	9,758	-	-	9,758
Fines, licenses, etc.	5,331	-	-	5,331
Other	49	-	-	49
Totals	<u>\$ 15,138</u>	<u>\$ 20,122</u>	<u>\$ 35,221</u>	<u>\$ 70,481</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance 07/01/19	Additions	Deletions	Balance 06/30/20
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 23,027	\$ -	\$ -	\$ 23,027
Construction in progress	14,613	7,293	-	21,906
Total assets not being depreciated	<u>37,640</u>	<u>7,293</u>	<u>-</u>	<u>44,933</u>
Capital assets being depreciated:				
Buildings and improvements	170,756	14,648	-	185,404
Vehicles	232,444	613	(1,702)	231,355
Furniture and equipment	313,531	-	-	313,531
Water system	2,905,650	31,922	-	2,937,572
Infrastructure	1,023,833	-	-	1,023,833
Total assets being depreciated	<u>4,646,214</u>	<u>47,183</u>	<u>(1,702)</u>	<u>4,691,695</u>
Less accumulated depreciation:				
Buildings and improvements	131,793	4,164	-	135,957
Vehicles	205,287	5,549	(1,702)	209,134
Furniture and equipment	133,423	16,500	-	149,923
Water system	1,562,609	82,897	-	1,645,506
Infrastructure	316,633	30,937	-	347,570
Total accumulated depreciation	<u>2,349,745</u>	<u>140,047</u>	<u>(1,702)</u>	<u>2,488,090</u>
Governmental activities, net	<u>\$ 2,334,109</u>	<u>\$ (85,571)</u>	<u>\$ -</u>	<u>\$ 2,248,538</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total assets not being depreciated	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Capital assets being depreciated:				
Sewer plant	2,627,514	-	-	2,627,514
Machinery and equipment	93,735	-	-	93,735
Total assets being depreciated	<u>2,721,249</u>	<u>-</u>	<u>-</u>	<u>2,721,249</u>
Less accumulated depreciation:				
Sewer plant	1,141,110	70,018	-	1,211,128
Machinery and equipment	65,269	8,970	-	74,239
Total accumulated depreciation	<u>1,206,379</u>	<u>78,988</u>	<u>-</u>	<u>1,285,367</u>
Business-type activities, net	<u>\$ 1,519,870</u>	<u>\$ (78,988)</u>	<u>\$ -</u>	<u>\$ 1,440,882</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 2,505
Public safety	10,226
Public works	<u>127,316</u>
Total depreciation expense	<u>\$ 140,047</u>

(5) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 2,837	\$ 5,362	\$ 8,199
Compensated absences payable	<u>371</u>	<u>124</u>	<u>495</u>
Totals	<u>\$ 3,208</u>	<u>\$ 5,486</u>	<u>\$ 8,694</u>

(6) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village of Loreauville, Louisiana for the year ended June 30, 2020. The revenue bonds relate to governmental activities. Payments were made from the general fund. In the past, payments on long-term debt that pertained to the Village's governmental activities were made by the governmental funds, and those that pertained to the business-type activities were made by the enterprise fund.

Long-term debt at July 1, 2019	\$ 434,900
Debt assumed	-
Debt retired	<u>(23,000)</u>
Long-term debt at June 30, 2020	<u>\$ 411,900</u>

Long-term debt at June 30, 2020 is comprised of the following:

\$1,310,000 Taxable Water Revenue Bonds, Series 2012; due in annual installments of \$21,000 to \$35,900; from October 1, 2014 to October 1, 2033; interest rate of 2.95 percent; secured by income and revenues of the Village.	<u>\$ 411,900</u>
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VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at June 30, 2020 are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 23,000	\$ 11,812	\$ 34,812
2022	24,000	11,119	35,119
2023	25,000	10,396	35,396
2024	26,000	9,644	35,644
2025	27,000	8,862	35,862
2026-2030	150,000	31,550	181,550
2031-2034	<u>136,900</u>	<u>8,236</u>	<u>145,136</u>
Totals	<u>\$ 411,900</u>	<u>\$ 91,619</u>	<u>\$ 503,519</u>

(7) Dedication of Sales and Use Tax Revenues

Proceeds of a 1 1/2 percent sales and use tax were dedicated to the following purposes:

- A. 1% is for constructing and maintaining sewerage, drainage, street and other works of permanent public improvement in the Village, title to which shall be in the public. On November 21, 1987, the voters of the Village approved a rededication of the use of the sales taxes collected which now permits the use of these revenues to pay for any expenditures lawfully incurred.
- B. An additional ½% was passed effective January 1, 1995 to be dedicated and used, in supplement of other sales tax revenues, to operate and maintain the Loreauville Police Department. In November 2002, the voters of the Village approved the rewording of the dedication to include contracting with the Iberia Parish Sheriff's Office in lieu of operating the Loreauville Police Department.

(8) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 73,734	\$ -
Sales Tax Special Revenue Fund	<u>-</u>	<u>73,734</u>
Total	<u>\$ 73,734</u>	<u>\$ 73,734</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The above balances are the result of amounts loaned between funds related to the bond issuance. These balances are expected to be eliminated through transfers within the next fiscal year.

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2020:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 131,821	\$ -
Sales Tax Special Revenue Fund	-	119,500
Enterprise Fund:		
Sewerage and Garbage Fund	-	12,321
Total	<u>\$ 131,821</u>	<u>\$ 131,821</u>

Transfers are used to (1) 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 (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(9) Ad Valorem Taxes

For the year ended June 30, 2020, taxes of 10.08 mills were levied on property with assessed valuations totaling \$3,846,017 and were dedicated as follows:

General alimony	5.08 mills
Sewerage tax	5.00 mills

Total taxes levied were \$38,767 of which all had been collected at June 30, 2020. The taxes are levied and assessed around September or October of each year and tax bills are mailed in November. Billed taxes are due by December 31 and become delinquent if unpaid as of January 1.

(10) Potential Misappropriation of Funds

During the fiscal year ended June 30, 2011, the Village of Loreauville learned of a situation involving excessive amounts of fuel purchases. Information has been submitted to both the District Attorney's office as well as the Sheriff's office. The outcome of this external investigation is still uncertain at this time.

VILLAGE OF LOREAUVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

(11) Restricted Assets

Restricted assets were composed of checking and savings accounts at June 30, 2020 and were restricted as follows:

	Governmental Activities	Business-Type Activities	Total
Mosquito control	\$ 136,238	\$ -	\$ 136,238
Customers' deposits	-	30,893	30,893
	\$ 136,238	\$ 30,893	\$ 167,131

(12) Litigation

There is no litigation pending against the Village at June 30, 2020.

(13) Compensation of Village Officials

A detail of compensation paid to Village officials for the year ended June 30, 2020 follows:

Brad Clifton, Mayor	\$ 12,000
Aldermen:	
Eric Borne	2,700
Joseph J. DeCourt	2,700
Sandy Sonnier	2,700
Total	\$ 20,100

(14) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards, health care, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the current year or preceding two years.

(15) Lease of Water System

The Village owns a water system which is being leased to Louisiana Water Company (LAWCO). All expenses related to running the system are borne by LAWCO and all revenues derived from providing the service to customers is the property of LAWCO. The Village receives lease revenue annually. The revenue for the current year related to this lease was \$1,950.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Act 706 – Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity Head

Under Act 706, Village of Loreauville is required to disclose the compensation, reimbursements, benefits, and other payments made to the Mayor, in which the payments are related to the position. The following is a schedule of payments made to the Mayor for the year ended June 30, 2020.

Agency Head Name: Brad Clifton

Salary	\$ 12,000
Conference travel expense reimbursement	<u>419</u>
Total compensation to agency head	<u>\$ 12,419</u>

(17) Subsequent Event

The COVID-19 outbreak in the United States has caused business disruption through mandated closings, reduction of operating hours, or operational restrictions for nonessential businesses, including retail stores, restaurants, personal service businesses and all entertainment venues. While the disruption is expected to be temporary, there is still uncertainty around the duration of and the implications of the closings. The Village of Loreauville expects this matter to negatively impact availability of resources and operating results. The financial impact cannot be reasonably estimated at this time.

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF LOREAUVILLE
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 106,120	\$ 140,703	\$ 136,747	\$ (3,956)
Licenses and permits	47,235	47,235	47,272	37
Grants	-	-	2,100	2,100
Intergovernmental	27,340	27,340	30,518	3,178
Miscellaneous	3,825	3,825	4,668	843
Total revenues	184,520	219,103	221,305	2,202
Expenditures:				
General government	89,294	89,782	88,738	1,044
Public safety - Police	76,850	79,150	78,479	671
Public works	48,720	48,720	35,373	13,347
Debt service	38,327	38,327	38,247	80
Capital outlay	35,500	126,013	54,477	71,536
Total expenditures	288,691	381,992	295,314	86,678
Deficiency of revenues over expenditures	(104,171)	(162,889)	(74,009)	88,880
Other financing sources:				
Transfer from Sales Tax Fund	91,172	150,172	119,500	(30,672)
Transfer from Utility Fund	13,000	13,000	12,321	(679)
Total other financing sources	104,172	163,172	131,821	(31,351)
Net change in fund balances	1	283	57,812	57,529
Fund balance, beginning	518,256	532,807	532,807	-
Fund balance, ending	\$ 518,257	\$ 533,090	\$ 590,619	\$ 57,529

VILLAGE OF LOREAUVILLE
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 177,000	\$ 190,000	\$ 214,550	\$ 24,550
Miscellaneous - interest and other	<u>900</u>	<u>900</u>	<u>1,353</u>	<u>453</u>
Total revenues	<u>177,900</u>	<u>190,900</u>	<u>215,903</u>	<u>25,003</u>
Expenditures:				
General government				
Conventions	600	600	588	12
Insurance	5,420	5,420	2,731	2,689
Legal and accounting	8,500	8,500	8,423	77
Salaries and payroll taxes	8,500	8,500	8,840	(340)
Office expense	960	960	685	275
Collection fees	<u>3,600</u>	<u>3,600</u>	<u>1,945</u>	<u>1,655</u>
Total expenditures	<u>27,580</u>	<u>27,580</u>	<u>23,212</u>	<u>4,368</u>
Excess of revenues over expenditures	<u>150,320</u>	<u>163,320</u>	<u>192,691</u>	<u>29,371</u>
Other financing uses:				
Transfer out to General Fund	(91,172)	(150,172)	(119,500)	30,672
Transfer out to Sewer Fund	<u>(47,040)</u>	<u>(47,040)</u>	<u>-</u>	<u>47,040</u>
Total other financing uses	<u>(138,212)</u>	<u>(197,212)</u>	<u>(119,500)</u>	<u>77,712</u>
Net change in fund balances	12,108	(33,892)	73,191	107,083
Fund balance, beginning	<u>530,060</u>	<u>547,487</u>	<u>547,486</u>	<u>1</u>
Fund balance, ending	<u>\$ 542,168</u>	<u>\$ 513,595</u>	<u>\$ 620,677</u>	<u>\$ 107,084</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

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

(1) Budget and Budgetary Accounting

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

- A. The municipal clerk prepares a proposed budget and submits this to the Mayor and Board of Aldermen at least fifteen days prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- B. The budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- C. 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.
- D. All budgetary appropriations lapse at the end of each fiscal year.
- E. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF LOREAUVILLE
General Fund

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

	Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes:			
General alimony	\$ 18,000	\$ 19,537	\$ 1,537
Waterline assessment	81,383	79,616	(1,767)
Franchise taxes	41,320	37,594	(3,726)
Total taxes	140,703	136,747	(3,956)
 Licenses and permits	 47,235	 47,272	 37
 Grants	 -	 2,100	 2,100
Intergovernmental:			
Beer tax	3,640	2,495	(1,145)
2% fire insurance tax	3,700	3,965	265
Mosquito control tax	20,000	24,058	4,058
Total intergovernmental	27,340	30,518	3,178
Miscellaneous:			
Interest	50	469	419
Water lease	2,025	1,950	(75)
Other	1,750	2,249	499
Total miscellaneous	3,825	4,668	843
 Total revenues	 \$ 219,103	 \$ 221,305	 \$ 2,202

VILLAGE OF LOREAUVILLE
General Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Current:			
General government -			
Advertising	\$ 1,233	\$ 272	\$ 961
Conventions	2,000	419	1,581
Coroner	500	100	400
Dues	516	351	165
Insurance	13,363	11,164	2,199
Legal and accounting	10,000	8,833	1,167
Mayor and council	20,100	20,100	-
Miscellaneous	538	536	2
Payroll taxes	4,356	5,452	(1,096)
Repairs and maintenance	1,500	431	1,069
Salaries	15,996	16,838	(842)
Utilities	7,080	12,468	(5,388)
Professional fees	4,800	4,094	706
Auto and truck	700	23	677
Office expense	<u>7,100</u>	<u>7,657</u>	<u>(557)</u>
Total general government	<u>89,782</u>	<u>88,738</u>	<u>1,044</u>
Public safety -			
Law enforcement	60,000	60,000	-
Auto and truck	2,000	1,427	573
Insurance	12,500	11,902	598
Repairs and maintenance	2,000	578	1,422
Office Expenses	250	620	(370)
Professional Fees	-	437	(437)
Utilities	<u>2,400</u>	<u>3,515</u>	<u>(1,115)</u>
Total public safety	<u>79,150</u>	<u>78,479</u>	<u>671</u>

(continued)

VILLAGE OF LOREAUVILLE
General Fund

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

	Budget	Actual	Variance with Final Budget Positive (Negative)
Public works -			
Auto and truck	2,000	1,370	630
Repairs and maintenance	3,000	1,961	1,039
Salaries	20,000	15,716	4,284
Supplies	5,000	2,933	2,067
Utilities	18,720	13,393	5,327
Total public works	48,720	35,373	13,347
Debt service -			
Principal	23,000	23,000	-
Interest	12,490	12,490	-
Other	2,837	2,757	80
Total debt service	38,327	38,247	80
Capital outlay -			
Sidewalks	35,000	5,419	29,581
Fire Station	-	7,293	(7,293)
Equipment	91,013	41,765	49,248
Total capital outlay	126,013	54,477	71,536
Total expenditures	\$ 381,992	\$ 295,314	\$ 86,678

VILLAGE OF LOREAUVILLE, LOUISIANA

Schedule of Insurance in Force
June 30, 2020

<u>Description of Coverage</u>	<u>Name of Insurer</u>	<u>Coverage Amounts</u>	<u>Expiration Date</u>
Workmen's compensation -			
Bodily injury by accident	LMRMA	\$ 100,000	06/01/2021
Bodily injury by disease	LMRMA	500,000	06/01/2021
Bodily injury by disease	LMRMA	100,000	06/01/2021
Surety bonds -			
Public employees - Town clerk	Western Surety	5,000	02/10/2021
Public employees - Assistant	Western Surety	5,000	03/12/2021
Public employees - Mayor	Western Surety	10,000	01/01/2021
Equipment Floater	Arch Ins. Co.	37,175	05/30/2021
General Liability	Arch Ins. Co.	500,000	06/01/2021
Commercial auto	LMRMA	500,000	06/01/2021
Package	Continental Casualty	2,395,972	09/19/2020
Errors and omissions	Arch Ins. Co.	500,000	06/01/2021
Property and contents	Great Lakes Ins.	387,280	09/19/2020

VILLAGE OF LOREAUVILLE, LOUISIANA

Schedule of Number of Water Customers
June 30, 2020

Records maintained by the Village indicated the following number of customers were being serviced during the month of June 30, 2020:

<u>Customer Type</u>	<u>Number</u>
Metered	398
Unmetered	-

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

Champagne & Company, LLC

Certified Public Accountants

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

The Honorable Brad Clifton, Mayor
and Members of the Board of Aldermen
Village of Loreauville, 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 Loreauville, 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 Loreauville, Louisiana's basic financial statements, and have issued our report thereon dated September 4, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of

deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, identified as item 2020-001, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, identified as item 2020-002, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Loreauville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one 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 prior and current year audit findings and management's corrective action plan as item 2020-003.

Village of Loreauville, Louisiana's Response to Findings

The Village of Loreauville, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. The Village of Loreauville, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
September 4, 2020

VILLAGE OF LOREAUVILLE
Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2020

I. Prior Year Findings:

Internal Control Over Financial Reporting

2019-001 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees the Village did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 2020-001.

2019-002 – Inadequate Controls Over Financial Statement Preparation

Finding: The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 2020-002.

Compliance

There were no findings reported at June 30, 2019.

Management Letter Items

There were no items reported at June 30, 2019 .

(continued)

VILLAGE OF LOREAUVILLE

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2020

II. Current Year Findings and Management's Corrective Action Plan:

Internal Control Over Financial Reporting

2020-001 – Inadequate Segregation of Accounting Functions; Year Initially Occurred---Unknown

Condition and Criteria:

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

Effect:

This condition represents a material weakness in the internal control of the Village.

Cause:

The condition resulted because of the small number of employees in the accounting department.

Recommendation:

No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Management's Corrective Action Plan:

Mr. Brad Clifton, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

2020-002 – Inadequate Controls Over Financial Statement Preparation; Year Initially Occurred--Unknown

Condition and Criteria:

The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements.

Effect:

This condition represents a significant deficiency in the internal control of the Village.

(continued)

VILLAGE OF LOREAUVILLE

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2020

Cause:

The condition resulted because Village personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation:

The Village should consider outsourcing 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.

Management's Corrective Action Plan:

Mr. Brad Clifton, Mayor, 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 interest of the government 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.

Compliance

2020-003 –Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred—
06/30/2020

Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1301-1314, known as the Local Government Budget Act, requires that the budget be amended when actual revenues and other sources plus projected revenues and other sources are failing to meet the budgeted revenues and other sources by five percent or more. The Village revenues and other sources of the General Fund failed to meet the budgeted revenue by approximately 7.63%.

Effect:

This condition represents a violation of the Louisiana Local Government Budget Act.

Cause:

The condition resulted because the Village did not amend budgeted transfers when it was determined that a large transfer was not needed.

Recommendation:

The Village should evaluate the need for the budgeted transfers as the year progresses and amend the budget, if necessary.

(continued)

VILLAGE OF LOREAUVILLE

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2020

Management's Corrective Action Plan:

Prior to the end of the June 30, 2020 fiscal year, we failed to ask for a motion to amend the general fund budget to reduce the budgeted sales tax transfers. Periodically during fiscal year ending June 30, 2021, the budgeted sales tax transfers will be closely compared to the actual general fund revenue by the Clerk to determine the need for the budgeted transfers. If necessary, amendments will be presented to the board of aldermen to either reduce or remove budgeted transfers to the general fund.

Management Letter Items

There are no items reported at June 30, 2020.