

VILLAGE OF FLORIEN, LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
SEPTEMBER 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village of Florien, Louisiana as of September 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 management's discussion and analysis, and budgetary comparison information on pages 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### Other Information

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of the Village of Florien, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Florien, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana  
March 26, 2021

## BASIC FINANCIAL STATEMENTS

Statement of Net Position  
September 30, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 130,353	\$ 209,591	\$ 339,944
Receivables:			
Franchise taxes	2,167	-	2,167
Sales taxes	22,136	-	22,136
Accounts	-	47,936	47,936
Occupational license	1,202	-	1,202
Due from other funds	4,387	-	4,387
Restricted assets - cash	114,240	-	114,240
Capital assets not being depreciated	108,361	31,350	139,711
Capital assets being depreciated - net	1,567,318	2,424,905	3,992,223
Total assets	<u>\$ 1,950,164</u>	<u>\$ 2,713,782</u>	<u>\$ 4,663,946</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	\$ 82,702	\$ -	\$ 82,702
Total assets and deferred outflows of resources	<u>\$ 2,032,866</u>	<u>\$ 2,713,782</u>	<u>\$ 4,746,648</u>
<b>LIABILITIES</b>			
Cash overdraft	\$ 9,866	\$ -	\$ 9,866
Accounts payable	11,244	4,649	15,893
Payroll taxes payable	2,473	573	3,046
Retirement payable	1,609	-	1,609
Due to other funds	-	4,387	4,387
Long term debt:			
Due within one year	10,343	-	10,343
Due in more than one year	25,585	-	25,585
Net pension liability	98,837	-	98,837
Customer deposits	25	20,205	20,230
Total liabilities	<u>\$ 159,982</u>	<u>\$ 29,814</u>	<u>\$ 189,796</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	\$ 6,332	\$ -	\$ 6,332
Deferred franchise tax revenue	48,000	-	48,000
Total deferred inflows of resources	<u>\$ 54,332</u>	<u>\$ -</u>	<u>\$ 54,332</u>
Total liabilities and deferred inflows of resources	<u>\$ 214,314</u>	<u>\$ 29,814</u>	<u>\$ 244,128</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 1,675,679	\$ 2,456,255	\$ 4,131,934
Restricted for:			
Sales tax dedications	122,911	-	122,911
Unrestricted	19,962	227,713	247,675
Total net position	<u>\$ 1,818,552</u>	<u>\$ 2,683,968</u>	<u>\$ 4,502,520</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,032,866</u>	<u>\$ 2,713,782</u>	<u>\$ 4,746,648</u>

The accompanying notes are an integral part of this statement.

Statement of Activities  
For the Year Ended September 30, 2020

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Fees, Fines and Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government and administration	\$ 161,820	\$ 1,188	\$ -	\$ 26,566	\$ (134,066)	\$ -	\$ (134,066)
Public safety	223,041	149,872	-	-	(73,169)	-	(73,169)
Public works	228,934	79,649	354,334	-	205,049	-	205,049
Recreation	10,053	-	-	-	(10,053)	-	(10,053)
Total governmental activities	\$ 623,848	\$ 230,709	\$ 354,334	\$ 26,566	\$ (12,239)	\$ -	\$ (12,239)
Business-type activities:							
Water and sewer	\$ 312,207	\$ 243,473	\$ -	\$ -	\$ -	\$ (68,734)	\$ (68,734)
Total government	\$ 936,055	\$ 474,182	\$ 354,334	\$ 26,566	\$ (12,239)	\$ (68,734)	\$ (80,973)
General revenues:							
Taxes:							
Ad valorem taxes					\$ 79,912	\$ -	\$ 79,912
Sales taxes					276,309	-	276,309
Franchise tax					27,037	-	27,037
Occupational licenses and permits					30,712	-	30,712
Investment earnings					130	24	154
Rental income					2,525	-	2,525
Sale of assets					476	5,710	6,186
Nonemployer pension revenue					2,331	-	2,331
Miscellaneous					476	28	504
Total general revenues and transfers					\$ 419,908	\$ 5,762	\$ 425,670
Change in net position					\$ 407,669	\$ (62,972)	\$ 344,697
Net position at beginning of year					1,410,883	2,746,940	4,157,823
Net position at end of year					\$ 1,818,552	\$ 2,683,968	\$ 4,502,520

The accompanying notes are an integral part of this statement.

Balance Sheet  
Governmental Funds  
September 30, 2020

	Major Funds				Total Governmental Funds
	General	Special Revenue Fund	Capital Project Fund		
		Sales Tax Fund	LCDBG Fund		
<b>ASSETS</b>					
Cash	\$ 130,353	\$ -	\$ -		\$ 130,353
Receivables:					
Sales taxes	-	22,136	-		22,136
Franchise taxes	2,167	-	-		2,167
Occupational license	1,202	-	-		1,202
Due from other funds	4,387	-	-		4,387
Restricted cash and cash equivalents	-	114,240	-		114,240
<b>Total assets</b>	<b>\$ 138,109</b>	<b>\$ 136,376</b>	<b>\$ -</b>		<b>\$ 274,485</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Cash overdraft	\$ -	\$ 9,866	\$ -		\$ 9,866
Accounts payable	8,819	2,425	-		11,244
Payroll withholdings payable	1,299	1,174	-		2,473
Retirement payable	1,609	-	-		1,609
Customer deposits	25	-	-		25
<b>Total liabilities</b>	<b>\$ 11,752</b>	<b>\$ 13,465</b>	<b>\$ -</b>		<b>\$ 25,217</b>
<b>Deferred Inflows of Resources:</b>					
Deferred franchise tax revenue	\$ 48,000	\$ -	\$ -		\$ 48,000
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 59,752</b>	<b>\$ 13,465</b>	<b>\$ -</b>		<b>\$ 73,217</b>
<b>Fund Balances:</b>					
Restricted	\$ -	\$ 122,911	\$ -		\$ 122,911
Unassigned	78,357	-	-		78,357
<b>Total fund balances</b>	<b>\$ 78,357</b>	<b>\$ 122,911</b>	<b>\$ -</b>		<b>\$ 201,268</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 138,109</b>	<b>\$ 136,376</b>	<b>\$ -</b>		<b>\$ 274,485</b>

The accompanying notes are an integral part of this statement.



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

Total fund balance - total governmental funds	\$	201,268
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		1,675,679
Pension-related changes in net pension liability that are only reported in the statement of Net Position as deferred outflows		82,702
Pension-related changes in net pension liability that are only reported in the statement of Net Position as deferred inflows		(6,332)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Long term debt	\$	(35,928)
Net pension liability		(98,837)
		<u>(134,765)</u>
Net position of governmental activities	\$	<u>1,818,552</u>

The accompanying notes are an integral part of this statement.

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

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
		Sales Tax Fund	LCDBG Fund	
<b>Revenues</b>				
Taxes:				
Ad valorem	\$ 79,912	\$ -	\$ -	\$ 79,912
Sales	-	276,309	-	276,309
Franchise	27,037	-	-	27,037
Charges for services	72,667	8,170	-	80,837
Intergovernmental:				
Federal grants	26,566	-	354,334	380,900
Occupational licenses and permits	30,712	-	-	30,712
Fines and forfeitures	149,872	-	-	149,872
Investment income	-	130	-	130
Rentals	2,525	-	-	2,525
Other revenues	476	-	-	476
<b>Total revenues</b>	<b>\$ 389,767</b>	<b>\$ 284,609</b>	<b>\$ 354,334</b>	<b>\$ 1,028,710</b>
<b>Expenditures</b>				
General government	\$ 157,899	\$ -	\$ -	\$ 157,899
Public safety	163,250	-	-	163,250
Public works	42,377	164,989	-	207,366
Recreation	7,358	-	-	7,358
Debt service:				
Principal	16,726	-	-	16,726
Interest	1,956	-	-	1,956
Capital outlay	28,946	70,638	356,843	456,427
<b>Total expenditures</b>	<b>\$ 418,512</b>	<b>\$ 235,627</b>	<b>\$ 356,843</b>	<b>\$ 1,010,982</b>
Excess (deficiency) of revenues over expenditures	\$ (28,745)	\$ 48,982	\$ (2,509)	\$ 17,728
Other financing sources (uses)				
Sale of assets	\$ -	\$ 476	\$ -	\$ 476
Transfer in	70,000	-	2,509	72,509
Transfer out	-	(72,509)	-	(72,509)
<b>Total other financing sources (uses)</b>	<b>\$ 70,000</b>	<b>\$ (72,033)</b>	<b>\$ 2,509</b>	<b>\$ 476</b>
Net change in fund balance	\$ 41,255	\$ (23,051)	\$ -	\$ 18,204
Fund balances at beginning of year	37,102	145,962	-	183,064
Fund balances at end of year	\$ 78,357	\$ 122,911	\$ -	\$ 201,268

The accompanying notes are an integral part of this statement.

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

Net change in fund balances - total governmental funds	\$ 18,204
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	456,427
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	-
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.	(22,467)
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(61,221)
Repayment of principal on long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of long term debt repayments.	<u>16,726</u>
Change in net position of governmental activities	<u>\$ 407,669</u>

The accompanying notes are an integral part of this statement.

Statement of Net Position  
 Proprietary Fund  
 September 30, 2020

	Business-type Activities - Enterprise Fund Water and Sewer
ASSETS	
Current Assets	
Cash	\$ 209,591
Receivables:	
Accounts	47,936
Total current assets	<u>\$ 257,527</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 31,350
Capital assets being depreciated - net	2,424,905
Total noncurrent assets	<u>\$ 2,456,255</u>
 Total assets	 <u><u>\$ 2,713,782</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 4,649
Payroll taxes payable	573
Due to other funds	4,387
Total current liabilities	<u>\$ 9,609</u>
Noncurrent Liabilities	
Customer deposits	<u>\$ 20,205</u>
 Total liabilities	 <u>\$ 29,814</u>
NET POSITION	
Net investment in capital assets	\$ 2,456,255
Unrestricted	227,713
Total net position	<u>\$ 2,683,968</u>
 Total liabilities and net position	 <u><u>\$ 2,713,782</u></u>

The accompanying notes are an integral part of this statement.

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

	Business-type Activities - Enterprise Fund Water and Sewer
Operating revenues	
Charges for services	\$ 243,473
Operating expenses	
Personal services	\$ 72,209
Supplies	33,839
Contractual services	100,468
Depreciation	105,691
Total operating expenses	\$ 312,207
Income (loss) from operations	\$ (68,734)
Nonoperating revenues (expenses)	
Investment income	\$ 24
Sale of assets	5,710
Miscellaneous	28
Total nonoperating revenues (expenses)	\$ 5,762
Change in net position	\$ (62,972)
Net position at beginning of year	2,746,940
Net position at end of year	\$ 2,683,968

The accompanying notes are an integral part of this statement.

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

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 244,196
Cash payments to suppliers for goods and services	(164,883)
Cash payments to employees for services	(72,071)
Net cash provided by operating activities	<u>\$ 7,242</u>
Cash flows from capital financing activities:	
Gain on asset sale	\$ 5,710
Acquisition of capital assets	(84,270)
Net cash used by capital financing activities	<u>\$ (78,560)</u>
Cash flows from noncapital financing activities:	
Cash paid to other funds	\$ (7,611)
Miscellaneous	28
Net cash used by noncapital financing activities	<u>\$ (7,583)</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>\$ 24</u>
Net increase (decrease) in cash and cash investments	\$ (78,877)
Cash and cash investments, beginning	288,468
Cash and cash investments, ending	<u>\$ 209,591</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:	
Income from operations	\$ (68,734)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	\$ 105,691
Change in assets and liabilities:	
Increase in accounts receivable	(1,877)
Increase in payroll taxes payable	138
Decrease in accounts payable	(30,576)
Increase in customer deposits	2,600
Net cash provided by operating activities	<u>\$ 7,242</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Village of Florien, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended September 30, 2020

**INTRODUCTION**

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

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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



Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

The Capital Projects Fund accounts for funds received from the Louisiana Community Development Block Grant (LCDBG) program along with the Village's matching funds for street improvements in the Village.

The Village reports the following major proprietary fund:

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

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

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

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

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

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

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

**C. Deposits**

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

**D. Receivables and Payables**

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

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

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

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

Property Tax Calendar	
Assessment date	January 1, 2019
Levy date	June 30, 2019
Tax bills mailed	October 15, 2019
Total taxes are due	December 31, 2019
Penalties & interest due	January 31, 2020
Lien date	January 31, 2020
Tax sale	May 31, 2020

For the year ended September 30, 2020, taxes of 7.38 mills were levied on property with an assessed valuation totaling \$9,263,196, and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General corporate tax	7.38	7.38	Annually

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

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

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

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Boise Cascade Wood Products, L.L.C.	Plywood plant	\$ 5,242,720	56.60%	\$ 38,691

*Sales Taxes*

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

**E. Prepaid Items**

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

**F. Restricted Assets**

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

**G. Capital Assets**

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

**H. Compensated Absences**

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

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

**I. Long-Term Obligations**

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

**J. Restricted Net Position**

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

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

**K. Extraordinary and Special Items**

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

**L. Estimates**

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

**M. Fund Balances**

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

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

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

Notes to the Financial Statements (Continued)

**N. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System (MPERS) and additions to/deductions from MPERS's fiduciary net positions have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing MPERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the Village's proportionate share of the plans net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

Financial reporting information pertaining to the Village's participation in the MPERS is prepared in accordance with Governmental Accounting Standards Board "GASB" Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which have been adopted by the City for the fiscal year ended September 30, 2020.

**O. Deferred Outflows/Inflows of Resources**

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS:* The following individual funds have actual expenditures over budgeted appropriations for the year ended September 30, 2020.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 990,000	\$ 410,000	\$ 418,512	\$ 8,512

**3. CASH AND CASH EQUIVALENTS**

At September 30, 2020, the Village has cash and cash equivalents (book balances) totaling \$454,184 as follows:

Demand deposits	\$ 315,046
NOW accounts	48,327
Petty cash	1,441
Money market investment accounts	89,370
Total	\$ 454,184

The cash and cash equivalents of the Village of Florien, Louisiana are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Village's name.

At September 30, 2020, the Village has \$439,739 in deposits (collected bank balances). These deposits are secured from risk by \$388,975 of federal deposit insurance and \$50,764 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the Village and are therefore properly collateralized.

**4. RECEIVABLES**

The receivables of \$73,441 at September 30, 2020, are as follows:

Class of receivable	General Fund	Special Revenue Fund	Proprietary Fund	Total
Taxes:				
Sales and use	\$ -	\$ 22,136	\$ -	\$ 22,136
Franchise	2,167	-	-	2,167
Accounts	-	-	47,936	47,936
Occupational license	1,202	-	-	1,202
Total	\$ 3,369	\$ 22,136	\$ 47,936	\$ 73,441

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2020, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 69,661	\$ -	\$ -	\$ 69,661
Construction in progress	78,540	356,843	396,683	38,700
Total capital assets not being depreciated	<u>\$ 148,201</u>	<u>\$ 356,843</u>	<u>\$ 396,683</u>	<u>\$ 108,361</u>
Capital assets being depreciated				
Vehicles	\$ 140,863	\$ -	\$ 4,800	\$ 136,063
Buildings	97,608	-	-	97,608
Improvements other than buildings	1,097,017	467,321	-	1,564,338
Machinery and equipment	123,562	28,946	-	152,508
Total capital assets being depreciated	<u>\$ 1,459,050</u>	<u>\$ 496,267</u>	<u>\$ 4,800</u>	<u>\$ 1,950,517</u>
Less accumulated depreciation for:				
Vehicles	\$ 68,168	\$ 14,147	\$ 4,800	\$ 77,515
Buildings	27,137	4,227	-	31,364
Improvements other than buildings	173,633	30,941	-	204,574
Machinery and Equipment	57,840	11,906	-	69,746
Total accumulated depreciation	<u>\$ 326,778</u>	<u>\$ 61,221</u>	<u>\$ 4,800</u>	<u>\$ 383,199</u>
Total capital assets being depreciated, net	<u>\$ 1,132,272</u>	<u>\$ 435,046</u>	<u>\$ -</u>	<u>\$ 1,567,318</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 31,350	\$ -	\$ -	\$ 31,350
Work in progress	2,000	10,934	12,934	-
Total capital assets not being depreciated	<u>\$ 33,350</u>	<u>\$ 10,934</u>	<u>\$ 12,934</u>	<u>\$ 31,350</u>
Capital assets being depreciated				
Utility plant	\$ 4,010,447	\$ 12,934	\$ -	\$ 4,023,381
Machinery and equipment	264,525	71,336	13,495	322,366
Vehicles	33,283	-	5,000	28,283
Total capital assets being depreciated	<u>\$ 4,308,255</u>	<u>\$ 84,270</u>	<u>\$ 18,495</u>	<u>\$ 4,374,030</u>
Less accumulated depreciation for:				
Utility plant	\$ 1,713,914	\$ 89,245	\$ -	\$ 1,803,159
Machinery and equipment	143,015	10,790	13,495	140,310
Vehicles	5,000	5,656	5,000	5,656
Total accumulated depreciation	<u>\$ 1,861,929</u>	<u>\$ 105,691</u>	<u>\$ 18,495</u>	<u>\$ 1,949,125</u>
Total business-type assets being depreciated, net	<u>\$ 2,446,326</u>	<u>\$ (21,421)</u>	<u>\$ -</u>	<u>\$ 2,424,905</u>

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

Depreciation expense of \$61,221 for the year ended September 30, 2020, was charged to the following governmental functions:

Recreation	\$	2,695
Public works		19,870
Public safety		34,735
General administration		3,921
Total	<u>\$</u>	<u>61,221</u>

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

The payables of \$50,644 at September 30, 2020, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Payroll taxes	\$ 1,299	\$ 1,174	\$ 573	\$ 3,046
Retirement	1,609	-	-	1,609
Accounts	8,819	2,425	4,649	15,893
Customer deposits	25	-	20,205	20,230
Cash overdraft	-	9,866	-	9,866
Total	<u>\$ 11,752</u>	<u>\$ 13,465</u>	<u>\$ 25,427</u>	<u>\$ 50,644</u>

**7. RESTRICTED FUND BALANCE**

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

Restricted assets:	
Cash	\$ 114,240
Sales taxes receivable	22,136
Total restricted assets	<u>\$ 136,376</u>
Less:	
Liabilities payable from restricted assets:	
Accounts payable	\$ 2,425
Payroll taxes payable	1,174
Cash overdraft	9,866
Total liabilities payable from restricted assets	<u>\$ 13,465</u>
Restricted fund balance	<u>\$ 122,911</u>

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

The composition of interfund balances on September 30, 2020, are as follows:

	Due to	Due from
General fund	\$ -	\$ 4,387
Utility fund	4,387	-
Total	<u>\$ 4,387</u>	<u>\$ 4,387</u>

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



Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

**9. INTERFUND TRANSFERS**

	<u>Transfer in</u>	<u>Transfer out</u>
LCDBG fund	\$ 2,509	\$ -
General fund	70,000	-
Sales tax fund	-	72,509
Total	<u>\$ 72,509</u>	<u>\$ 72,509</u>

Transfers out of the special revenue sales tax fund are made to other various funds as required by law. Other transfers are made between funds as needed for certain financing activities.

**10. DEFERRED FRANCHISE TAX REVENUE**

For the year ending September 30, 2014, the Village of Florien entered into a fifteen year franchise tax agreement with Southwest Electric Power Company (SWEPCO). The agreement called for SWEPCO to pay a sum of \$80,000 to the Village of Florien that represents 1% of the gross receipts of electricity sales expected within the corporate limits of the Village over the term of the agreement which is fifteen years. As a result of this agreement, the initial payment of \$80,000 will be amortized over this fifteen year agreement and shown each year as deferred franchise tax revenue on the balance sheet of the general fund. As of September 30, 2020, the unamortized balance of the franchise tax payment is \$48,000.

**11. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended September 30, 2020.

	<u>Governmental Funds</u>		
	<u>Note Payable</u>	<u>Net Pension Liability</u>	<u>Total</u>
Long-term obligations at beginning of year	\$ 52,654	\$ -	\$ 52,654
Additions	-	111,953	111,953
Deductions	(16,726)	(13,116)	(29,842)
Long-term obligations at end of year	<u>\$ 35,928</u>	<u>\$ 98,837</u>	<u>\$ 134,765</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of September 30, 2020.

	<u>Governmental Funds</u>		
	<u>Note Payable</u>	<u>Net Pension Liability</u>	<u>Total</u>
Current portion	\$ 10,343	\$ -	\$ 10,343
Long-term portion	25,585	98,837	124,422
Total	<u>\$ 35,928</u>	<u>\$ 98,837</u>	<u>\$ 134,765</u>

Note Payable outstanding at September 30, 2020 for \$2,313 has maturities from 2017 – 2020 and interest at the rate of 3.57%. Note principal and interest payable in the next fiscal year are \$2,313 and \$14 respectively.

Note Payable outstanding at September 30, 2020 for \$32,985 has maturities from 2020 – 2024 and interest at the rate of 4.34%. Note principal and interest payable in the next fiscal year are \$8,030 and \$1,345 respectively.

<u>Bond</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Note Payable	\$ 34,641	3.57%	12/26/2020	\$ 14	\$ 2,313	General fund revenues
Note Payable	\$ 42,075	4.34%	8/10/2024	\$ 3.104	\$ 33,615	General fund revenues

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

Year Ending September 30,	Principal Payments	Interest Payments	Total
2021	\$ 10,343	\$ 1,359	\$ 11,702
2022	8,398	977	9,375
2023	8,783	592	9,375
2024	8,404	190	8,594
Total	<u>\$ 35,928</u>	<u>\$ 3,118</u>	<u>\$ 39,046</u>

**12. RETIREMENT SYSTEMS**

Substantially all of the police employees of the Village of Florien are members of the Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by separate boards of trustees. Pertinent information relative to the plan follows:

A. Municipal Police Employees Retirement System of Louisiana (System)

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 10% for MPERS of their annual covered salary and the Village of Florien is required to contribute at an actuarially determined rate. The current rate is 33.75% for MPERS of annual covered payroll. The contribution requirements of plan members and the Village of Florien are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Florien's contributions to the System for the years ending September 30, 2020, 2019 and 2018, were \$13,116, \$-0-, and \$-0- respectively, equal to the required contributions for each year.

*Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2020, the Village reported a liability of \$98,837 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2020 the Village's proportion was .010694%, which was an increase of .010694% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Village recognized pension expense of \$37,713. At September 30, 2020, the Village recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,893
Changes of assumptions	2,349	2,439
Net difference between projected and actual earnings on pension plan investments	11,858	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	66,113	-
Village contributions subsequent to the measurement date	2,382	-
Total	<u>\$ 82,702</u>	<u>\$ 6,332</u>

The \$2,382 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:		
2021	\$	22,431
2022		25,049
2023		24,256
2024		2,252
Total	\$	<u>73,988</u>

*Actuarial Methods and Assumptions*

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the Village of Florien as of June 30, 2020 are as follows:

Total Pension Liability	\$ 340,173
Plan Fiduciary Net Pension	(241,336)
Total Net Pension Liability	<u>\$ 98,837</u>

The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	6.95%, net of investment expense

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

Expected Remaining Service Lives	2020 – 4 years 2019 – 4 years 2018 – 4 years 2017 – 4 years						
Inflation Rate	2.50%						
Salary increases, including inflation and merit	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;"><u>Years of Service</u></td> <td style="text-align: center;"><u>Salary Growth Rate</u></td> </tr> <tr> <td style="text-align: center;">1 – 2</td> <td style="text-align: center;">12.30%</td> </tr> <tr> <td style="text-align: center;">Above 2</td> <td style="text-align: center;">4.70%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1 – 2	12.30%	Above 2	4.70%
<u>Years of Service</u>	<u>Salary Growth Rate</u>						
1 – 2	12.30%						
Above 2	4.70%						
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>						
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.						

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. A change was made with full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System’s target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.08%
Fixed income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	4.64%
Inflation		2.55%
Expected Arithmetic Return		7.19%

Village of Florien, Louisiana

Notes to the Financial Statements (Concluded)

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity to Changes in Discount Rate*

The following presents the net pension liability of the Village of Florien calculated using the discount rate of 6.95%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.95%, or one percentage point higher 7.95% than the current rate as of June 30, 2020:

	Changes in Discount Rate:		
	1.00% Decrease 5.95%	Current Discount Rate 6.95%	1.00% Increase 7.95%
Net Pension Liability	\$ 138,856	\$ 98,837	\$ 65,384

REQUIRED SUPPLEMENTAL INFORMATION

General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 65,000	\$ 65,000	\$ 79,912	\$ 14,912
Franchise fees	29,800	29,800	27,037	(2,763)
Charges for services	77,700	66,700	72,667	5,967
Intergovernmental:				
Federal grants	-	25,000	26,566	1,566
State grants	529,000	-	-	-
Occupational licenses and permits	37,000	37,000	30,712	(6,288)
Fines and forfeitures	210,500	150,500	149,872	(628)
Rentals	6,000	6,000	2,525	(3,475)
Donations	-	-	-	-
Other revenue	-	-	476	476
Total revenues	<u>\$ 955,000</u>	<u>\$ 380,000</u>	<u>\$ 389,767</u>	<u>\$ 9,767</u>
Expenditures				
General government and administration	\$ 231,900	\$ 228,400	\$ 157,899	\$ 70,501
Public safety	175,100	127,600	163,250	(35,650)
Public works	54,000	54,000	42,377	11,623
Recreation	-	-	7,358	(7,358)
Debt service:				
Principal	-	-	16,726	(16,726)
Interest	-	-	1,956	(1,956)
Capital outlay	529,000	-	28,946	(28,946)
Total expenditures	<u>\$ 990,000</u>	<u>\$ 410,000</u>	<u>\$ 418,512</u>	<u>\$ (8,512)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (35,000)</u>	<u>\$ (30,000)</u>	<u>\$ (28,745)</u>	<u>\$ 1,255</u>
Other financing sources				
Transfer in	<u>\$ 82,000</u>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>
Net change in fund balance	\$ 47,000	\$ 40,000	\$ 41,255	\$ 1,255
Fund balances at beginning of year	<u>35,000</u>	<u>37,102</u>	<u>37,102</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 82,000</u></u>	<u><u>\$ 77,102</u></u>	<u><u>\$ 78,357</u></u>	<u><u>\$ 1,255</u></u>

Special Revenue Fund  
Sales Tax Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 220,000	\$ 277,900	\$ 276,309	\$ (1,591)
Intergovernmental:				
State grants	399,900	-	-	-
Charges for services	7,000	7,000	8,170	1,170
Investment income	100	100	130	30
Total revenues	<u>\$ 627,000</u>	<u>\$ 285,000</u>	<u>\$ 284,609</u>	<u>\$ (391)</u>
Expenditures				
Public works	\$ 545,000	\$ 240,000	\$ 164,989	\$ 75,011
Capital Outlay		-	70,638	(70,638)
Total expenditures	<u>\$ 545,000</u>	<u>\$ 240,000</u>	<u>\$ 235,627</u>	<u>\$ 4,373</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 82,000</u>	<u>\$ 45,000</u>	<u>\$ 48,982</u>	<u>\$ 3,982</u>
Other financing sources (uses)				
Transfers out	\$ (82,000)	\$ (70,000)	\$ (72,509)	\$ (2,509)
Sale of assets	-	-	476	476
Total other financing sources (uses)	<u>\$ (82,000)</u>	<u>\$ (70,000)</u>	<u>\$ (72,033)</u>	<u>\$ (2,033)</u>
Net change in fund balance	\$ -	\$ (25,000)	\$ (23,051)	\$ 1,949
Fund balances at beginning of year	<u>140,000</u>	<u>145,962</u>	<u>145,962</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 140,000</u></u>	<u><u>\$ 120,962</u></u>	<u><u>\$ 122,911</u></u>	<u><u>\$ 1,949</u></u>



OTHER SUPPLEMENTAL SCHEDULES

Schedule of Per Diem Paid to Board Members  
Year Ended September 30, 2020

<u>Board Members</u>	<u>Total Paid</u>
Bradley Marr	\$ 2,100
Suzanne Williams	2,100
Tanja Charles	1,975
	<u>\$ 6,175</u>

Schedule of Compensation, Benefits and  
Other Payments to Agency Head  
Year Ended September 30, 2020

Mayor Eddie Jones, Jr.

Purpose	Amount
Salary	\$ 11,500
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Cell phone	721

Balance Sheet  
 For the Year Ended September 30, 2020

	Capital Project Fund LCDBG Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
Total assets	\$ -
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Contracts payable	\$ -
Fund Balances:	
Restricted	\$ -
Unrestricted	-
Total fund balances	\$ -
Total liabilities and fund balances	\$ -

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended September 30, 2020

	<u>Capital Project Fund LCDBG Fund</u>
Revenues	
Intergovernmental	
Federal grant	<u>\$ 354,334</u>
Expenditures	
Engineering	\$ 26,225
Consulting	19,250
Construction	311,163
Filing fees	205
Total expenditures	<u>\$ 356,843</u>
Excess (deficiency) of revenues over expenditures	\$ (2,509)
Other financing sources (uses)	
Transfers in	<u>\$ 2,509</u>
Net change in fund balances	\$ -
Fund balances at beginning of year	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>

## OTHER REPORTS

Schedule of Prior Year Audit Findings  
Year Ended September 30, 2020

There were no prior year audit findings as of September 30, 2019.

Schedule of Current Year Audit Findings and Management's Response  
Year Ended September 30, 2020

There were no current year audit findings as of September 30, 2020.



# Windham & Reed, L.L.C.

*Certified Public Accountants*

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Village of Florien, Louisiana as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Village of Florien, Louisiana's basic financial statements, and have issued our report thereon dated March 26, 2021.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Florien, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Eddie Jones, Jr., Mayor  
Village of Florien, Louisiana

**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.

A handwritten signature in black ink that reads "J. Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana  
March 26, 2021

# Windham & Reed, L.L.C.

*Certified Public Accountants*

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Village of Florien, Louisiana, on the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the Village of Florien, Louisiana's LCDBG Street Improvement Project as of and for the year ended September 30, 2020. The Village of Florien, Louisiana is responsible for the presentation of the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the LCDBG Street Improvement Project as of and for the year ended September 30, 2020 in accordance with accounting standards generally accepted in the United States of America. The sufficiency of these procedures is solely the responsibility of the Village of Florien, Louisiana. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Trace balances per the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the Village of Florien, Louisiana as of and for the year ended September 30, 2020 to the underlying records used in the audit of the financial statements of the Village of Florien, Louisiana as of and for the year September 30, 2020.

*No exceptions were noted.*

2. Verify the mathematical accuracy of the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the Village of Florien, Louisiana as of and for the year ended September 30, 2020.

*No exceptions were noted.*

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report.

We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion on the Balance Sheet and the Schedule of Revenues, Expenditures and Changes in Fund Balances for the Village of Florien, Louisiana as of and for the year ended September 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Village of Florien, Louisiana and is not intended to be and should not be used for any other purpose.



DeRidder, Louisiana  
March 26, 2021