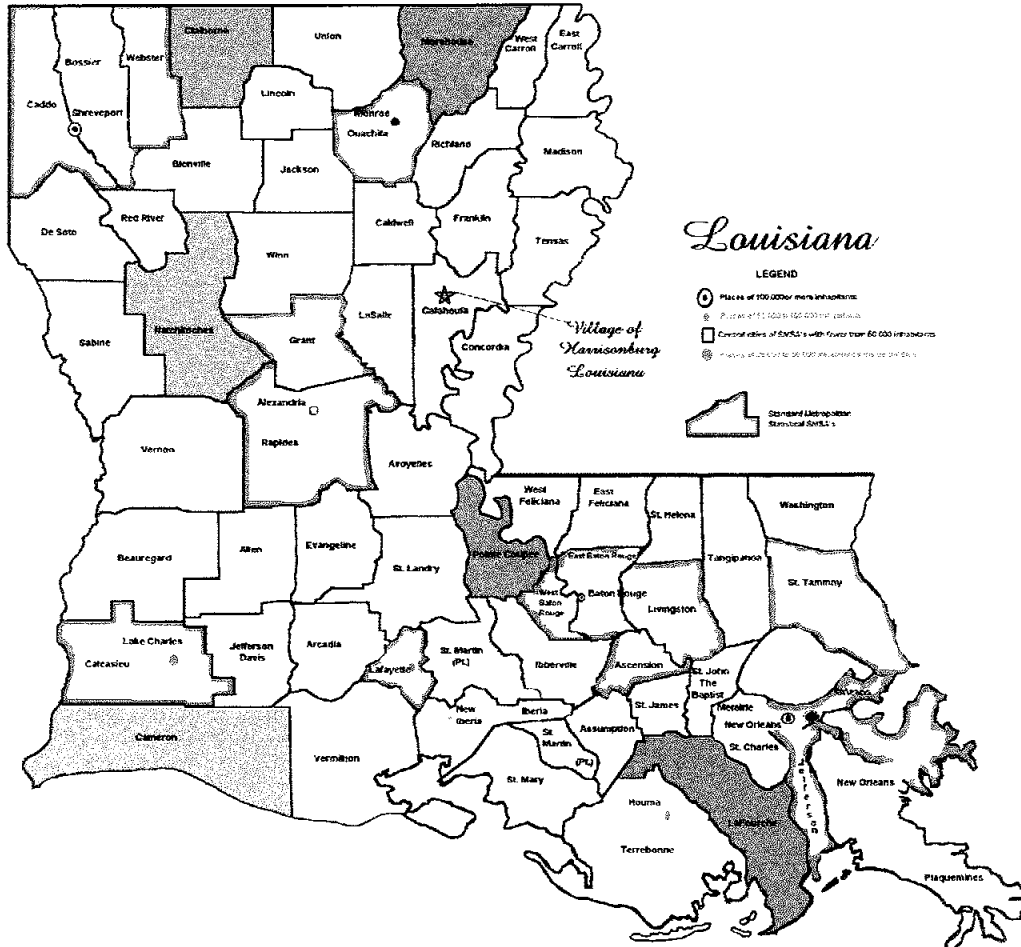


VILLAGE OF HARRISONBURG, LOUISIANA

Annual Financial Statements

JUNE 30, 2016

VILLAGE OF HARRISONBURG HARRISONBURG, LOUISIANA



The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

Village of Harrisonburg, Louisiana
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INDEPENDENT AUDITOR'S REPORT

The Honorable Michael Tubre, Mayor
& Members of the Village Council
Harrisonburg, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Village of Harrisonburg, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Village of Harrisonburg'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 the aggregate remaining fund

information of the Village of Harrisonburg, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Harrisonburg's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was 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 Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer is 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 November 21, 2016, on our consideration of the Village of Harrisonburg'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 Harrisonburg's internal control over financial reporting and compliance.

The Vercher Group

November 21, 2016
Jena, Louisiana

Village of Harrisonburg

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Harrisonburg's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$561,043 (*net position*). This is a \$56,381 decrease from last year.
- The Village had total revenue of \$159,467. This is a \$24,836 increase from last year's revenues, mainly due to an increase in grant monies in the amount of \$25,000.
- The Village had total expenditures of \$179,838, which is a \$6,652 decrease from last year, mainly due to a decrease in capital expenditures in the amount of \$23,048.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$2,182,801 (*net position*). This is a \$132,199 decrease from last year.
- The Village had total revenue of \$703,043. This is a \$485,008 decrease from last year, mainly due to a decrease in DOTD reimbursements in the amount of \$369,541.
- The Village had total expenses of \$828,670. This is a \$29,633 decrease from last year, mainly due to a decrease in cost of sales and services in the amount of \$52,116.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using capital contributions and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

Governmental Funds

Comparative Statement of Net Position as of June 30, 2016:

	<u>2015</u>	<u>2016</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 73,981	\$ 70,515	-4.7
Receivables (Net)	16,220	7,222	-55.5
Capital Assets, Net of Accumulated Depreciation	530,484	487,902	-8.0
Total Assets	<u>620,685</u>	<u>565,639</u>	-8.9
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	3,261	4,596	40.9
Total Liabilities	<u>3,261</u>	<u>4,596</u>	40.9
Net Position			
Net Investment in Capital Assets	530,484	487,902	-8.0
Unrestricted	86,940	73,141	-15.9
Total Net Position	<u>\$ 617,424</u>	<u>\$ 561,043</u>	-9.1

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2016:

	<u>2015</u>	<u>2016</u>	<u>% Change</u>
Revenues			
Fees & Charges	\$ 51,422	\$ 46,871	-8.9
Taxes	67,120	56,487	-15.8
Fines	16,021	13,878	-13.4
Other Revenue	68	17,231	25,239.7
Total Revenues	<u>134,631</u>	<u>134,467</u>	-0.1
Expenditures			
General Government	86,106	108,115	25.6
Public Safety	14,957	9,739	-34.9
Fire	6,487	14,212	119.1
Sanitation	42,588	47,772	12.2
Capital Outlay	23,048	-0-	-100.0
Total Expenditures	<u>173,186</u>	<u>179,838</u>	3.8
Excess (Deficiency) of Revenues Over Under Expenditures	<u>(38,555)</u>	<u>(45,371)</u>	17.7
Other Financing Sources (Uses)			
Transfers In/(Out)	13,101	6,572	-49.8
Total Other Financing Sources (Uses)	<u>13,101</u>	<u>6,572</u>	-49.8
Capital Contributions	-0-	25,000	100.0
Net Change in Fund Balance	(25,454)	(13,799)	-45.8
Fund Balances - Beginning	112,394	86,940	-22.7
Fund Balances - Ending	<u>\$ 86,940</u>	<u>\$ 73,141</u>	-15.9

MD&A

Enterprise Funds

Comparative Statement of Net Position as of June 30, 2016:

Assets	2015	2016	% Change
Cash & Cash Equivalents	\$ 108,023	\$ 76,717	-29.0
Receivables (Net)	45,280	40,963	-9.5
Restricted Assets	23,836	30,107	26.3
Capital Assets, Net of Accumulated Depreciation	2,562,133	2,438,563	-4.8
Total Assets	<u>2,739,272</u>	<u>2,586,350</u>	-5.6
Liabilities & Net Position			
Accounts, Salaries, & Other Payables	27,124	18,112	-33.2
Due to Other Funds	10,221	10,261	0.4
Current Bonds & Interest Payable	15,356	16,131	5.1
Bonds Payable	371,571	359,045	-3.4
Total Liabilities	<u>424,272</u>	<u>403,549</u>	-4.9
Net Position			
Net Investment in Capital Assets	2,184,222	2,063,387	-5.5
Restricted	6,647	12,025	80.9
Unrestricted	124,131	107,389	-13.5
Total Net Position	<u>\$ 2,315,000</u>	<u>\$ 2,182,801</u>	-5.7

Comparative Statement of Revenues, Expenses & Changes in Net Position for the year ended June 30, 2016.

Operating Revenues	2015	2016	% Change
Water Sales	\$ 142,072	\$ 122,147	-14.0
Sewer Charges	120,251	98,656	-18.0
Gas Sales	508,909	482,207	-5.3
Total Operating Revenues	<u>771,232</u>	<u>703,010</u>	-8.9
Operating Expenses			
Cost of Sales & Services	417,773	365,657	-12.5
Administration	299,683	323,465	7.9
Depreciation	124,284	123,570	-0.6
Total Operating Expenses	<u>841,740</u>	<u>812,692</u>	-3.5
Operating Income (Loss)	<u>(70,508)</u>	<u>(109,682)</u>	55.6
Nonoperating Revenues (Expenses)			
DOTD Reimbursements	369,541	-0-	-100.0
Interest Earnings	28	33	17.9
Interest Expense	(16,563)	(15,978)	-3.5
Total Nonoperating Revenues (Expenses)	<u>353,006</u>	<u>(15,945)</u>	-104.5
Income Before Contributions & Transfers	<u>282,498</u>	<u>(125,627)</u>	-144.5
Transfers In/(Out)	<u>(13,101)</u>	<u>(6,572)</u>	-49.8
Capital Contributions	<u>47,250</u>	<u>-0-</u>	-100.0
Change in Net Position	316,647	(132,199)	-141.8
Total Net Position - Beginning	<u>1,998,353</u>	<u>2,315,000</u>	15.9
Total Net Position - Ending	<u>\$ 2,315,000</u>	<u>\$ 2,182,801</u>	-5.7

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2016, the Village had \$489,302 invested in capital assets, including the following:

	Capital Assets at Year-End	
	2015	2016
Land (Not Depreciated)	\$ 12,000	\$ 12,000
Capital Assets	969,797	969,797
Accumulated Depreciation	(451,313)	(492,495)
Total	\$ 530,484	\$ 489,302

Capital Assets – Enterprise Funds

At June 30, 2016, the Village had \$2,438,563 invested in capital assets, including the following:

	Capital Assets at Year-End	
	2015	2016
Land (Not Depreciated)	\$ 10,485	\$ 10,485
Gas System	1,833,423	1,833,423
Water System	1,045,377	1,045,377
Sewer System	1,912,762	1,912,762
Accumulated Depreciation	(2,239,914)	(2,363,484)
Total	\$ 2,562,133	\$ 2,438,563

CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Michael Tubre at the Village Hall, phone number (318) 744-5794.

Basic Financial Statements

Village of Harrisonburg, Louisiana
Statement of Net Position
June 30, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets			
Cash & Cash Equivalents	\$ 70,515	\$ 76,717	\$ 147,232
Receivables (Net of Allowances)	7,222	40,963	48,185
Restricted Assets	-0-	30,107	30,107
Capital Assets (Net of Accumulated Depreciation)	487,902	2,438,563	2,926,465
Total Assets	565,639	2,586,350	3,151,989
Current Liabilities			
Accounts, Salaries, & Other Payables	4,596	18,112	22,708
Due to Other Funds	-0-	10,261	10,261
Current Bonds & Interest (Payable from Restricted Assets)	-0-	16,131	16,131
Total Current Liabilities	4,596	44,504	49,100
Non Current Liabilities			
Revenue Bonds & Notes Payable	-0-	359,045	359,045
Total Non Current Liabilities	-0-	359,045	359,045
Total Liabilities	4,596	403,549	408,145
Net Position			
Net Investment in Capital Assets	487,902	2,063,387	2,551,289
Restricted	-0-	12,025	12,025
Unrestricted	73,141	107,389	180,530
Total Net Position	\$ 561,043	\$ 2,182,801	\$ 2,743,844

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Balance Sheet, Governmental Funds
June 30, 2016

	GENERAL
Assets	
Cash & Cash Equivalents	\$ 70,515
Receivables (Net of Allowances for Uncollectables)	7,222
Total Assets	77,737
 Liabilities	
Accounts, Salaries, & Other Payables	4,596
Total Liabilities	4,596
 Fund Balance	
Unassigned	73,141
Total Fund Balance	73,141
 Total Liabilities & Fund Balance	 \$ -0-

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2016

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$ 73,141
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.	487,902
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	
Other	----- -0-
Net Position of Governmental Activities (Statement A)	\$ <u>561,043</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	GENERAL
Revenues	
Fees & Charges	\$ 46,871
Taxes	56,487
Fines	13,878
Other Revenue	17,231
Total Revenues	134,467
 Expenditures	
General Government	108,115
Public Safety	9,739
Fire	14,212
Sanitation	47,772
Capital Outlay	-0-
Total Expenditures	179,838
 Excess (Deficiency) of Revenues Over Under Expenditures	(45,371)
 Other Financing Sources (Uses)	
Transfers In/(Out)	6,572
Total Other Financing Sources (Uses)	6,572
 Capital Contributions	25,000
 Net Change in Fund Balance	(13,799)
 Fund Balances - Beginning	86,940
Fund Balances - Ending	\$ 73,141

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2016

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ (13,799)

Governmental Funds report capital outlays as expenditure. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Purchases	-0-	
Depr. Expense	(42,582)	
		(42,582)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt Issued	-0-	
Principal Paid	-0-	
		-0-

Changes in Net Position of Governmental Activities, Statement B \$ (56,381)

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2016

	Enterprise Funds
Current Assets	
Cash & Cash Equivalents	\$ 76,717
Receivables (Net of Allowances for Uncollectibles)	40,963
Total Current Assets	117,680
Non-Current Assets	
Restricted Assets	30,107
Capital Assets (Net of Accumulated Depreciation)	2,438,563
Total Non-Current Assets	2,468,670
Total Assets	2,586,350
Current Liabilities	
Accounts, Salaries, & Other Payables	18,112
Due to Other Funds	10,261
Total Current Liabilities	28,373
Current Liabilities Payable From Restricted Assets	
Current Bonds & Interest Payable	16,131
Total Current Liabilities Payable From Restricted Assets	16,131
Total Current Liabilities	44,504
Non-Current Liabilities	
Revenue Bonds & Notes Payable	359,045
Total Non-Current Liabilities	359,045
Total Liabilities	403,549
Net Position	
Net Investment in Capital Assets	2,063,387
Restricted	12,025
Unrestricted	107,389
Total Net Position	\$ 2,182,801

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2016

	Enterprise Funds
Operating Revenues	
Charges for Services:	
Water Sales	\$ 122,147
Sewer Charges	98,656
Gas Sales	482,207
Total Operating Revenues	703,010
Operating Expenses	
Cost of Sales & Services	365,657
Administration	323,465
Depreciation	123,570
Total Operating Expenses	812,692
Operating Income (Loss)	(109,682)
Nonoperating Revenues (Expenses)	
Interest Earnings	33
Interest Expense	(15,978)
Total Nonoperating Revenues (Expenses)	(15,945)
Income Before Contributions & Transfers	(125,627)
Transfers In/(Out)	(6,572)
Change in Net Position	(132,199)
Total Net Position - Beginning	2,315,000
Total Net Position - Ending	\$ 2,182,801

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2016

	ENTERPRISE FUNDS
Cash Flows From Operating Activities	
Receipts From Customers & Users	\$ 707,327
Payments to Suppliers	(374,670)
Payments to Employees	(323,425)
Net Cash Provided (Used) by Operating Activities	9,232
Cash Flows From NonCapital Financing Activities	
Transfers to Other Funds	(6,572)
Net Cash Provided (Used) by NonCapital Financing Activities	(6,572)
Cash Flows From Capital & Related Financing Activities	
Principal on Capital Debt	(13,941)
Interest Paid on Capital Debt	(13,721)
Net Cash Provided (Used) by Capital & Related Financing Activities	(27,662)
Cash Flows From Investing Activities	
Restricted Assets	(6,271)
Interest and Dividends Received	(33)
Net Cash Provided (Used) by Investing Activities	(6,304)
Net Increase (Decrease) in Cash & Cash Equivalents	(31,306)
Cash & Cash Equivalents, Beginning of Year	108,023
Cash & Cash Equivalents, End of Year	76,717
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(109,682)
Depreciation Expense	123,570
(Increase) Decrease in Accounts Receivable	4,317
Increase (Decrease) in Accounts Payables	(9,013)
Increase (Decrease) in Due to Other Funds	40
Total Adjustments	118,914
Net Cash Provided (Used) by Operating Activities	\$ 9,232

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Fiduciary Net Position
June 30, 2016

		<u>PAYROLL AGENCY FUND</u>
Assets		
Cash & Cash Equivalents	\$	2,212
Due From Other Funds		10,261
Total Assets		<u>12,473</u>
Liabilities		
Accrued Payroll & Taxes		12,473
Total Liabilities		<u>12,473</u>
Net Position		
Held in Trust For	\$	<u>-0-</u>

The accompanying notes are an integral part of this statement.

**Notes To The Basic
Financial Statements**

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Impact of Recently Issued Accounting Principles

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012.

The accounting and reporting policies of the Village of Harrisonburg 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.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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) Capital Contributions and contributions that are restricted to meetings 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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 recognized as revenues in the year for which they are levied. Capital contributions 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.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

- Water Fund
- Sewer Fund
- Gas Fund

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

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

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

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Invested in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

Restricted Net Position - Net position with constraints placed on their 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.

Unrestricted Net Position - All other net position that does not meet the definition of “restricted” or “invested in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

D. CASH, CASH EQUIVALENTS, & INVESTMENTS – (C.D.’S IN EXCESS OF 90 DAYS)

Deposits

It is the Village’s policy for deposits (demand checking accounts, savings accounts, and certificate of deposits) to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village’s deposits are categorized to give an

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

indication of the level of risk assumed by the Village at year end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the Village or by its agent in the Village’s name.
- *Category 2* – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Village’s name.
- *Category 3* – Uncollateralized.

	Southern Heritage	Catahoula LaSalle	Concordia Bank	Total
Bank Balances	\$ 154,873	\$ 37,085	\$ 10,447	\$ 202,405
<i>Secured As Follows</i>				
FDIC (<i>Category 1</i>)	154,873	37,085	10,447	202,405
Securities (<i>Category 2</i>)	-0-	-0-	-0-	-0-
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-	-0-
Total	\$ 154,873	\$ 37,085	\$ 10,447	\$ 202,405

All deposits were fully secured as of June 30, 2016.

E. INVENTORIES

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

F. ACCOUNTS RECEIVABLE & ALLOWANCES FOR BAD DEBTS

Uncollectable amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectables of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

	General Fund	Enterprise Funds	Total
Accounts Receivable	\$ 7,222	\$ 42,989	\$ 50,211
Allowances for Bad Debt	-0-	(2,026)	(2,026)
Total	\$ 7,222	\$ 40,963	\$ 48,185

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

2. AD VALOREM TAXES

For the year ended June 30, 2016, taxes of 7.05 mills were levied on property with assessed valuations totaling, \$1,572,102 and were dedicated as follows:

General Corporate Purposes 7.05

Total taxes levied were \$11,083. Taxes are due October 15 of each year and become delinquent January 1.

3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets were applicable to the following at June 30, 2016:

	Sewer	Water	Gas	Total
Customer Deposits	\$ -0-	\$ -0-	\$ 1,702	\$ 1,702
Sewer Revenue Reserve	8,348	-0-	-0-	8,348
Bond Reserve Account	-0-	3,933	-0-	3,933
Depreciation Reserve Account	6,631	3,939	-0-	10,570
Revenue Sinking	-0-	5,305	-0-	5,305
DRA Grant Account	249	-0-	-0-	249
Total	\$ 15,228	\$ 13,177	\$ 1,702	\$ 30,107

4. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of enterprise fund plant and equipment at June 30, 2016, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Gas System*	\$ 1,843,423	\$ -0-	\$ -0-	\$ 1,843,423
Water System*	1,045,862	-0-	-0-	1,045,862
Sewer System	1,912,762	-0-	-0-	1,912,762
Total	4,802,047	-0-	-0-	4,802,047
Less: Accumulated Depreciation	(2,239,914)	(123,570)	-0-	(2,363,484)
Net	\$ 2,562,133	\$ (123,570)	\$ -0-	\$ 2,438,563

*Land in the amount of \$10,000 in the Gas System is not being depreciated.

*Land in the amount of \$485 in the Water System is not being depreciated.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles and Equipment	5-10 years
Gas, Water, & Sewer Systems	40 years

5. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets*	\$ 981,797	\$ -0-	\$ -0-	\$ 981,797
Accumulated Depreciation	(451,313)	(41,182)	-0-	(492,495)
Net Fixed Position	\$ 530,484	\$ (41,182)	\$ -0-	\$ 489,302

*Land in the amount of \$12,000 is included in the fixed assets and is not being depreciated.

Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives as follows:

Vehicles and Equipment	5-10 years
Parking Lot	20 years

6. CHANGES IN LONG-TERM DEBT

The following is a summary of revenue bond transactions and general obligation debt transactions of the Village of Harrisonburg for the year ended June 30, 2016.

	Water Revenue Bonds	Sewer Revenue Bonds	Total
Bonds & Notes Payable - Beginning	\$ 55,588	\$ 331,339	\$ 386,927
Additions	-0-	-0-	-0-
Principal Retirements	(9,000)	(4,941)	(13,941)
Total	\$ 46,588	\$ 326,398	\$ 372,986

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

Bonds payable at June 30, 2016, are comprised of the following issues:

Revenue Bonds

\$200,000 of 2008 Sewer Revenue Bonds due annually in installments of \$10,868.62 starting 10/21/09 and ending 10/21/48; interest at 4.5%.	\$ 185,284
\$156,000 of 2008 Sewer Revenue Bonds due annually in installments of \$7,447.33 starting 10/21/09 and ending 10/21/48; interest at 3.625%.	141,114
\$ 202,600 of 1980 Water Revenue Bonds due annually in installments of \$1,000 to \$10,600 through July 22, 2020; interest at 5 percent due annually.	<div style="border-top: 1px dashed black;">46,588</div>
Total	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 372,986</div>

The annual requirements to amortize all debt outstanding as of June 30, 2016, including interest payments, are as follows:

Year Ending June 30,	Total
2017	28,796
2018	28,796
2019-2023	114,140
2024-2028	91,580
2029-2033	91,580
2034-2038	91,580
2039-2043	91,580
2044-2048	91,580
2049-2053	18,317
Total	<div style="border-top: 1px dashed black; border-bottom: 3px double black;">\$ 647,949</div>

7. FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUND REVENUE

As of June 30, 2016, the Village of Harrisonburg has one issue of water revenue bonds and three issues of sewer revenue bonds outstanding. The flow of funds and restrictions on use are governed by the bond indentures and the note resolution, the terms of which are summarized as follows:

- (a) For the payment of all expenses of operation and maintenance of each system.
- (b) For the maintenance of a bond or note redemption account, by transferring sufficient amounts to pay all principal and interest falling due in the ensuing twelve months.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

(c) For the maintenance of a reserve account, by making designated payments as follows:

Water Fund - There should be deposited five percent (5%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$12,930.

Sewer Fund - There should be deposited ten percent (10%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$26,500.

(d) For the maintenance of a contingency and depreciation account, by making designated payments as follows:

Water Fund - There should be deposited fifty dollars (\$50.00) per month commencing with the month following completion of the improvements to the system.

Sewer Fund - There should be deposited one hundred fifty-three dollars (\$153.00) per month commencing with the month following completion of the improvements to the system.

The Village records restrictions to indicate that a portion of its net assets/fund balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

Restricted - Revenue Bonds

This amount represents monies restricted as required by the revenue bond indentures.

At June 30, 2016, the Enterprise Fund Net Position were restricted for the purposed noted above as follows:

Bond Sinking Fund	\$	5,305
Revenue Bond Reserve Fund		12,281
Depreciation and Contingencies Fund		10,570
Accrued Interest		(2,190)
Current Bonds Payable		<u>(13,941)</u>
Total	\$	<u>12,025</u>

8. 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 expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED

9. LITIGATION

The Village of Harrisonburg is involved in no litigation at June 30, 2016, which is not covered by the Village's applicable insurance policies or is considered to be significant to the Village's financial statements.

10. ELECTED OFFICIAL'S SALARIES

<u>Name</u>	<u>Term</u>	<u>Title</u>	<u>Annualized Salary</u>
Michael Tubre 757 Bushley St Harrisonburg, LA 71340 (318) 744-5613	2008 - Present	Mayor	\$ 6,000
Judy Cotten PO Box 408 Harrisonburg, LA 71340 (318) 557-8256	2015 - Present	Alderman	\$ 4,800
Greg Terry PO Box 262 Harrisonburg, LA 71340 (318) 744-5547	2008 - Present	Alderman	\$ 4,800
Lisa Sikes 754 Bushley Street Harrisonburg, LA 71340 (318) 715-0613	2015 - Present	Alderman	\$ 4,800
Lyndell Atkins PO Box 443 Harrisonburg, LA 71340 (318) 403-8647	2012 - Present	Chief of Police	\$ 39,010

11. PENSION PLAN

The Village provides benefits for all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The entity contributes 3% of the employee's effective compensation. The Village's contributions for each employee (and interest allocated to the employee account) vest at 3% annually for each year of participation.

The Village's total payroll for the fiscal year ending June 30, 2016, was \$304,252. The Village's contributions were calculated using the base salary amount of \$39,385. Contributions to the plan were \$2,382 for the year ended June 30, 2016, of which \$1,182 was paid by the Village and \$1,200 was paid by employees.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

12. DUE FROM (TO) OTHER FUNDS

	Due From Other Funds	Due To Other Funds
Enterprise Fund	\$ -0-	\$ (10,261)
Agency Fund	10,261	-0-
Total	\$ 10,261	\$ (10,261)

Due From/To are the result of accrued payroll and related expenses.

13. TRANSFERS BETWEEN FUNDS

	Governmental Funds	Enterprise Funds
Transfers In (Out)	\$ 6,572	\$ (6,572)

Transfers were made for operational purposes.

14. PAYROLL AGENCY FUND TRANSACTIONS

	Payroll Agency Fund
Additions	\$ 321,500
Deductions	(321,500)
Change in Net Position	-0-
Net Position – Beginning	-0-
Net Position – Ending	\$ -0-

15. UTILITY RELOCATION ASSISTANCE FUNDING (URAF)

Chapter 3 § 301(c) of the Louisiana Administrative Code states that “URAF funding is neither a loan nor a grant and there is no interest charged on this money. However, the utility must repay this money eventually, or it will not be allowed to locate its facilities within highway right-of-way”.

This transaction, occurring in the 2015 fiscal year, was recorded as a capital grant and capitalized as fixed assets (Utility Relocation) in the enterprise fund in 2015.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

16. WATER, SEWER, & GAS RATES

<u>Water: (365 Customers)</u>	<u>Minimum Charge</u>	<u>Next</u>
Commercial	\$ 15.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
Residential	\$ 12.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
Schools	\$ 50.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
Housing Authority	\$ 81.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
 <u>Sewer: (171 Customers)</u>		
Residential	\$ 13.50 for 1 st 2,000 gals. water used	\$.0015 per gallon water used thereafter
School	\$ 50.00 for 1 st 2,000 gals. water used	\$.002 per gallon water used thereafter
Housing Authority	\$ 50.00 for 1 st 2,000 gals. water used	\$.003 per gallon water used thereafter
 <u>Gas: (566 Customers)</u>		
	Flexible	
Residential	\$ 21.00 for 1 st 2,000 used	
Residential	\$ 20.00 for 1 st 2,000 used	
School	\$ 21.00 for 1 st 2,000 used	
Housing Authority	\$150.00 for 1 st 2,000 used	

17. SCHEDULE OF INSURANCE

<u>Type</u>	<u>Agent</u>	<u>Amount</u>	<u>Date Expired</u>
General Liability	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2018
Law Enforcement Officer – Government Crime Policy	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2018
Errors & Omissions	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2018
Auto Liability	Louisiana Municipal Risk Management Agency	\$500,000	11/25/2018

Required Supplemental Information

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended June 30, 2016

	Budget Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees & Charges	\$ 60,000	\$ 85,000	\$ 46,871	\$ (38,129)
Taxes	65,000	50,000	56,487	6,487
Fines	16,000	14,000	13,878	(122)
Capital Contributions	25,000	25,000	25,000	-0-
Other Revenue	1,000	29,000	17,231	(11,769)
Total Revenues	167,000	203,000	159,467	(43,533)
Expenditures				
General Government	90,000	115,000	108,116	6,886
Public Safety	15,000	12,000	9,739	2,261
Fire	7,000	16,000	14,212	1,788
Sanitation	45,000	50,000	47,772	2,228
Capital Outlay	10,000	25,000	-0-	25,000
Total Expenditures	167,000	218,000	179,838	38,164
Excess (Deficiency) of Revenues Over Under Expenditures	-0-	(15,000)	(20,371)	(5,369)
Other Financing Sources (Uses)				
Transfers In/(Out)	-0-	-0-	6,572	6,572
Total Other Financing Sources (Uses)	-0-	-0-	6,572	6,572
Net Change in Fund Balance	\$ -0-	\$ (15,000)	(13,799)	\$ 1,203
Fund Balances - Beginning			86,940	
Fund Balances - Ending			\$ 73,141	

The accompanying notes are an integral part of this statement.



Other Information

Village of Harrisonburg, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2016

Honorable Michael Tubre, Mayor

Purpose	Amount
Salary	\$ 6,000.00
Benefits-Insurance	-0-
Benefits-Retirement	-0-
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.



Other Reports

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Society of Louisiana
Certified Public Accountants

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 Michael Tubre, Mayor
& Members of the Village Council
Harrisonburg, 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 the aggregate remaining fund information of the Village of Harrisonburg, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Village of Harrisonburg's basic financial statements, and have issued our report thereon dated November 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Harrisonburg'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 Harrisonburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Harrisonburg'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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, 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 deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. **2016-4 Utility Billing System**

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 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. **2016-1 Small Size of Entity, 2016-2 Utility Cut-off Policy, 2016-3 Payroll Tax Reporting**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Harrisonburg'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items: **2016-4 Utility Billing System, 2016-5 Budget Variances, 2016-6 Documentation of Expenditures.**

Village of Harrisonburg's Response to Findings

The Village of Harrisonburg's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Village of Harrisonburg'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.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

November 21, 2016
Jena, Louisiana

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2016**

We have audited the basic financial statements of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2016, and have issued our report thereon dated November 21, 2016. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2016, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Qualified
For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)
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Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2016**

Section II - Financial Statement Findings

2016-1 Small Size of Entity (Internal Control)

Condition: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response and Corrective Action: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Contact Person: Michael Tubre

Anticipated Completion Date: N/A

2016-2 Utility Cut-off Policy (Internal Control)

Condition: As of June 30, 2016, the Village of Harrisonburg had 34 Utility customers, including employees of the Village, receiving utility services in violation of the utility cut-off policy. These customers owed a total \$13,429.

Criteria: The utility cut-off policy requires the Village to terminate services to customers who have not paid by the 27th day of the month following the month the bills were mailed.

Cause of Condition: Not following cutoff policy.

Effect of Condition: Significant deficiency in internal controls.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2016**

Section II - Financial Statement Findings (continued.....)

Recommendation: We recommend that the Village comply with its utility cut-off policy in the future and cut off water and gas services to customers who do not pay within the time limit stated in the policy.

Client Response and Corrective Action: Management will comply with its utility cut-off policy in the future and cut off water and gas services to customers who do not pay within the time limit stated in the policy.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2017

2016-3 Payroll Tax Reporting (Internal Control)

Condition: As of June 30, 2016, \$5,865 of state withholding taxes were not paid to the State of Louisiana and the related withholding form L-1 was not filed.

Criteria: Civil statutes require all taxes withheld or due from employees payroll be paid timely.

Cause of Condition: Error or oversight preparation of forms and payment of taxes.

Effect of Condition: Payment of interest and penalties.

Recommendation: The Village should file the payroll tax forms and make payment of the taxes.

Client Response and Corrective Acton: The Village clerk will file the payroll tax forms and make payments of the taxes.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2017

2016-4 Utility Billing System (Internal Control & Compliance)

Condition: During the year, the Village's utility billing system crashed and the Village had no backup in place and was not generating or printing hard coping of detail reports. The loss of this information resulted in a substantial loss in revenue to the utility funds and the Village.

Criteria: Good internal controls require that a backup system be in place to protect electronic data and that hard copied be produced and maintained for a period of 3 years to provide and audit trail.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2016**

Section II - Financial Statement Findings (continued.....)

Cause of Condition: Not having a backup system in place to protect electronic data and not printing hard copies of billing information.

Effect of Condition: Substantial loss in revenue to the Village.

Recommendation: The Village should have an offsite backup of all electronic data and print hard copies of all work produces electronically.

Client Response and Corrective Acton: The Village will work to have an offsite backup of all electronic data and print hard copies of all work produced electronically.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2017

2016-5 Budget Variances (Compliance)

Condition: The Village overbudgeted revenue by \$43,533 or 21.4%.

Criteria: The Budget Act requires governments amend their budgets when revenues fall below budgeted amounts by more than 5% or when expenditures exceed 5% of appropriations.

Cause of Condition: Not amending the budget.

Effect of Condition: Violation of the Budget Act.

Recommendation: Revenues and expenditures should be monitored to determine if the budget should be amended before year end.

Client Response and Corrective Acton: Discussed with the Town clerk and Village officials at monthly council meeting. The village will begin monitoring revenues and expenditures to determine if the budget should be amended.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2017

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2016**

Section II - Financial Statement Findings (continued.....)

2016-6 Documentation of Expenditures (Compliance)

Condition: Testing a random sample of 80 expenditures found that five (5) expenditures were not supported by an invoice or adequate documentation.

Criteria: All expenditures must be documented or supported with an invoice or other supporting documentation describing the expenditure.

Cause of Condition: Loss of invoices or documentation.

Effect of Condition: Compliance condition.

Recommendation: All expenditures should be documented or supported with an invoice or other supporting documentation describing the expenditure.

Client Response and Corrective Acton: All expenditures will be documented or supported with an invoice or other supporting documentation describing the expenditure.

Contact Person: Michael Tubre

Anticipated Completion Date: June 30, 2017

Section III – Federal Awards Findings and Questioned Costs

Not applicable.

VILLAGE OF HARRISONBURG, LOUISIANA

MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year management letter comments.

VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2016

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Village of Harrisonburg, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2015.

Prior Year Findings

2015-1 Small Size of Entity (Internal Control) (Unresolved)

Condition: Because of the small size of the Village and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.

Criteria: Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving and check writing.

Cause of Condition: Small size of entity and lack of employees.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

Client Response and Corrective Action: Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2016

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

2015-2 Utility Cut-off Policy (Internal Control) (Unresolved)

Condition: As of June 30, 2015, the Village of Harrisonburg had 75 Utility customers receiving utility services in violation of the utility cut-off policy. These customers owed a total \$29,043.

Criteria: The utility cut-off policy requires the Village to terminate services to customers who have not paid by the 27th day of the month following the month the bills were mailed.

Cause of Condition: Not following cutoff policy.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that the Village comply with its utility cut-off policy in the future and cut off water and gas services to customers who do not pay within the time limit stated in the policy.

Client Response and Corrective Action: Management will comply with its utility cut-off policy in the future and cut off water and gas services to customers who do not pay within the time limit stated in the policy.