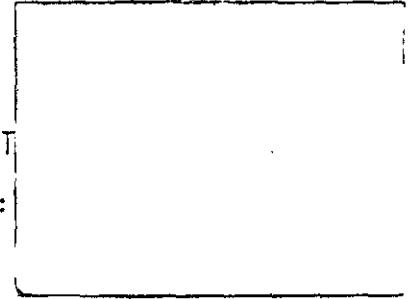


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VILLAGE OF CREOLA, LOUISIANA
FINANCIAL REPORT

Year Ended June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-26-05

VILLAGE OF CREOLA, LOUISIANA
JUNE 30, 2004

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INDEPENDENT AUDITOR'S REPORT

To Honorable Wayne Nugent, Mayor
and Members of the Board of Aldermen
Village of Creola, Louisiana

I have audited the accompanying financial statements of the governmental activities of the Village of Creola, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Creola's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Village of Creola, Louisiana, as of June 30, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Village of Creola has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of June 30, 2004.

The Village of Creola has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In accordance with Government Auditing Standards, I have also issued a report dated December 22, 2004, on my consideration of the Village of Creola's internal control structure and on its compliance with certain provisions of its laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The required supplementary information on page 23 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

William E. Theis CPA

Pineville, Louisiana

December 22, 2004

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

VILLAGE OF CREOLA, LOUISIANA
STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
June 30, 2004

ASSETS

Cash and cash equivalents	\$ 25,488
Receivables	6,593
Land	29,700
Depreciable capital assets, net	<u>3,385</u>
TOTAL ASSETS	<u>65,166</u>

LIABILITIES

Accounts and other payables	<u>2,391</u>
Total Liabilities	2,391

NET ASSETS

Invested in capital assets	33,085
Unrestricted	<u>29,690</u>
Total Net Assets	<u>\$ 62,775</u>

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

VILLAGE OF CREOLA, LOUISIANA
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		
		<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenues</u>
Governmental Activities				
General Government	\$ 22,850			\$ (22,850)
Public Safety				
Law Enforcement	<u>1,634</u>			<u>(1,634)</u>
Total Governmental Activities	<u>24,484</u>			<u>(24,484)</u>
 <u>General Revenues:</u>				
Taxes				
Ad Valorem				1,864
Franchise				5,954
Sales				30,069
Occupational Licenses				5,587
Contributions				9,700
Miscellaneous				22
Total General Revenues				<u>53,196</u>
Change in Net Assets				28,712
Net Assets Beginning				<u>34,063</u>
Net Assets Ending				<u>\$ 62,775</u>

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

FUND FINANCIAL STATEMENTS

VILLAGE OF CREOLA, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2004

	General Fund
ASSETS	
Cash and cash equivalents	\$ 25,488
Receivables	<u>6,593</u>
TOTAL ASSETS	<u>\$ 32,081</u>
LIABILITIES AND FUND BALANCES	
<u>Liabilities</u>	
Accounts and Other Payables	\$ 2,391
Total Liabilities	<u>2,391</u>
<u>Fund Balances</u>	
Unreserved, reported in:	
General Fund	<u>29,690</u>
Total Fund Balances	<u>29,690</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,081</u>

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

VILLAGE OF CREOLA, LOUISIANA

**Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets - Governmental Activities**

June 30, 2004

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$ 29,690
--	-----------

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

Governmental capital assets	\$ 33,931
Less: Accumulated Depreciation	(846) 33,085
	33,085

Net Assets of Governmental Activities (Statement A)	\$ 62,775
---	-----------

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

VILLAGE OF CREOLA, LOUISIANA
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>General Fund</u>
REVENUES	
Taxes:	
Ad valorem	\$ 1,864
Other taxes	41,610
Interest Income	4
Other Income	18
Contributions	9,700
Total Revenues	<u>53,196</u>
EXPENDITURES	
Current	
General Government	22,004
Public Safety - Law Enforcement	1,634
Capital Outlay	9,700
Total Expenditures	<u>33,338</u>
Excess (deficiency) of revenues over expenditures	19,858
OTHER FINANCING SOURCES (USES)	
Operating Transfers in (out)	<u>-</u>
Net Change in Fund Balance	19,858
Fund Balance - Beginning of Year	<u>9,832</u>
Fund Balance - End of year	<u><u>\$ 29,690</u></u>

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

VILLAGE OF CREOLA, LOUISIANA

**Reconciliation of The Statement of Revenues, Expenditures
and Changes in the Fund Balances of Governmental Funds
To the Statement of Activities - Governmental Activities**

For the Year Ended June 30, 2004

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

Net Change in Fund Balances, Total governmental funds (Statement E)	\$ 19,858
---	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	\$ 9,700
---	----------

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">(846)</td> <td style="text-align: right; border-bottom: 1px solid black;">8,854</td> </tr> </table>	(846)	8,854
(846)	8,854		

Changes in Net Assets of Governmental Activities, (Statement B)	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 3px double black;">\$ 28,712</td> </tr> </table>	\$ 28,712
\$ 28,712		

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

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

INTRODUCTION

The Village of Creola was incorporated January 23, 2002, 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 Creola conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 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 Government Units*.

The Village maintains a general fund that provides police protection and general administrative functions, including coordination of related services with parish, state, and federal governing bodies.

The Village is located within Grant Parish in the central part of the State of Louisiana and is comprised of approximately 250 residents. The governing board is composed of three elected aldermen that are compensated for the regular and special board meetings they attend. There are two employees that provide police protection and perform clerical duties for the Village.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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 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 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.

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

**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. 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. 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. 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 an other fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

As a general rule the effect of inter-fund 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 governments 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 non-operating 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 non-operating revenues and expenses.

C. Change in Accounting Principle

For the year ended June 30, 2004, the Village has implemented GASB Statement No. 34, titled *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 established new basic financial statements for reporting on the Village's activities. The financial statements now include government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting, fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

D. Budget

The Village of Creola's management has recently adopted procedures to comply with the State's budget laws that are reflected in the financial statements:

1. The Village Clerk will prepare a proposed budget and submits the same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget will be published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing will be called.

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

3. A public hearing will be 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 will be 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 will require the approval of the Board of Aldermen.
6. All budgetary appropriations will lapse at the end of each fiscal year.
7. Budget for the General Fund will be adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. The Town does not utilize the budget in comparison form in financial statement presentation during the year.

E. Encumbrances

The Village of Creola does not use encumbrance accounting.

F. Cash and Cash Equivalents and Investments

The Village's cash is considered to be cash on hand, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, with maturities of three months or less when acquired. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments of their original maturities exceed 90 days; if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

G. Inventories

The Village of Creola does not maintain an inventory. Purchases are made as needed for repair and maintenance.

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

H. Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes, sales and use taxes, and franchise taxes. Uncollectible ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2004, an allowance for ad valorem taxes was considered unnecessary due to immateriality.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

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

Buildings	40 years
Equipment	5 years
Infrastructure	20 years

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

J. Sales Tax

A two-percent sales and use tax was levied in the Village beginning January, 2003. The tax is to be used for general operating purposes of the Village.

K. Compensated Absences

The Village's leave policy does not provide for the accumulation and vesting of leave.

L. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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

M. Equity Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved or unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from franchise taxes, fines and court costs are not recognized until collected.

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The general fund had actual expenditures over budgeted expenditures for the year ended June 30, 2004, in the amount of \$ 8,333.

NOTE 3 – AD VALOREM TAXES

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

The Village is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose. Property taxes are recorded as revenues and receivables in the year assessed.

For the year ended June 30, 2004, taxes of 7.00 mills were levied on property with assessed value of \$ 260,626. and were dedicated as follows:

General corporate purposes	7.00
Total taxes levied were	\$ 1,864

Property Tax Calendar:

Assessment date	January 1, 2003
Levy date	June 30, 2003
Tax bills mailed	November 1, 2003
Penalties and interest added	January 1, 2004
Lien Date	March 1, 2004

NOTE 4 – CASH AND CASH EQUIVALENTS

Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 2004, the Village has cash and cash equivalents (book balances) totaling \$25,488 as follows:

Demand deposits	\$25,488
-----------------	----------

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all time equal 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.

At June 30, 2004, the carrying amount of the Village's deposits were \$25,488, and the bank balances (collected bank balances) were \$25,488. These deposits are secured from risk by \$25,488 of federal deposit insurance.

State statutes relating to cash and cash equivalents are located at Note 1F., "Cash and cash equivalents."

NOTE 5 – INVESTMENTS

The Village of Creola had no investments as of June 30, 2004.

NOTE 6 – RECEIVABLES

Receivables at June 30, 2004 consist of the following:

	<u>General</u>
Receivables:	
Sales taxes	\$ 5,885
Franchise taxes	708
Total receivables	\$ 6,593

NOTE 7 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2004 follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>6/30/03</u>			<u>6/30/04</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$20,000	\$ 9,700	\$ -	\$29,700
Capital assets being depreciated:				
Equipment	4,231	-	-	4,231

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

Less accumulated depreciation for:				
Equipment	-	846	-	846
Total capital assets being depreciated, net	\$ 4,231	(\$ 846)	\$ -	\$ 3,385

Depreciation expense of \$846 was charged to the following governmental functions:

General government	\$846
--------------------	-------

NOTE 8 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2004:

<u>Class of Payable</u>	
Accounts	\$ 1,651
Payroll taxes	<u>740</u>
 Total Payable	 \$ 2,391

NOTE 9 – LEASES

The Village of Creola had no leases as of June 30, 2004.

NOTE 10 – PENSION PLAN

The employees of the Village are members of the Social Security System. In addition to the employee contributions withheld at 7.65% of gross salary, the Village contributes an equal amount to the Social Security System. The Village does not guarantee the benefits granted by the Social Security System.

NOTE 11 – COMMITMENTS, CONTINGENCIES, AND SUBSEQUENT EVENTS

In January 2005, the Village is expected to complete the installation of a mobile home to serve as their police department and town hall. This was accomplished through a donation of land, valued at \$9,700, and receiving a \$15,000 capital outlay grant from the State of Louisiana – Governor’s Office of Rural Development.

VILLAGE OF CREOLA, LOUISIANA
Notes to Financial Statements
June 30, 2004

NOTE 12 – COMPENSATION PAID TO MAYOR AND BOARD OF ALDERMEN

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to the Mayor and members of the Board of Aldermen of the Village of Creola, Louisiana, for the fiscal year ending June 30, 2004.

Dawn Redd, Alderman	\$ 1,050
Lisa Butchee, Alderman	1,050
Sharon Machinski, Alderman	1,050
Wayne Nugent, Mayor	3,600

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CREOLA
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

GENERAL FUND
For the Year Ended June 30, 2004

REVENUES	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance
	Original	Final		
Taxes:				
Ad Valorem Taxes	\$ 850	\$ 850	\$ 1,864	\$ 1,014
Sales and use taxes	30,000	30,000	30,069	69
Franchise taxes	7,500	7,500	5,954	(1,546)
Licenses and permits	1,600	1,600	5,587	3,987
Miscellaneous Income	20	20	18	(2)
Contributions	-	-	9,700	9,700
Interest	10	10	4	(6)
Total Revenues	39,980	39,980	53,196	13,216
 EXPENDITURES				
General Government:				
Advertising	300	300	254	46
Bank Charges	80	80	70	10
Contract Services	300	300	300	-
Court Costs	150	150	130	20
Dues and Subscriptions	175	175	165	10
Environmental Services	-	-	1,490	(1,490)
Outside Services	500	500	510	(10)
Office Expenses	100	100	188	(88)
Payroll Taxes	500	500	808	(308)
Professional Fees	8,500	8,500	5,709	2,791
Salaries - Aldermen	3,000	3,000	3,150	(150)
Salaries and Wages	9,900	9,900	9,900	-
Supplies	500	500	436	64
Telephone	350	350	279	71
Utilities	650	650	249	401
Capital Outlay	-	-	9,700	(9,700)
Total Expenditures	25,005	25,005	33,338	(8,333)
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	14,975	14,975	19,858	4,883
 FUND BALANCE - BEGINNING OF YEAR	9,832	9,832	9,832	-
 FUND BALANCE - END OF YEAR	\$ 24,807	\$ 24,807	\$ 29,690	\$ 4,883

GAAP serves as the budgetary basis of accounting.

See independent auditor's report.

**OTHER REPORTS REQUIRED BY
*GOVERNMENTAL AUDITING STANDARDS***

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To Honorable Wayne Nugent, Mayor
and Members of the Board of Aldermen
Village of Creola, Louisiana

I have audited the accompanying financial statements of the governmental activities of the Village of Creola, Louisiana as of and for the year ended June 30, 2004, which collectively comprise the basic financial statements of the Village, and have issued my report thereon dated December 22, 2004. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether Village of Creola's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2003-1, 2003-2 and 2004-1.

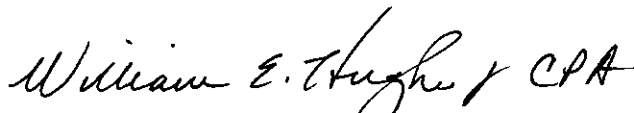
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Creola's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in

amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider all to be material weaknesses.

This report is intended solely for the information and use of the Mayor, members of the Board of Aldermen, management of the Village of Creola and the Louisiana State Legislative Auditor. This report is not intended to be, and should not be, used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is in fact a public document.


William E. Hughes, Jr., CPA
December 22, 2004

VILLAGE OF CREOLA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

I have audited the financial statements of the Village of Creola as of and for the year ended June 30, 2004, and have issued by report thereon dated December 22, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2004, resulted in an unqualified opinion.

Section I – Summary of Auditor’s Results

Report on Internal Control and Compliance over Financial Reporting:

Internal control

Material Weaknesses ___ Yes No Reportable Conditions ___ Yes No

Compliance

Non-Compliance Material to Financial Statements Yes ___ No

Section II – Financial Statement Findings

The results of my tests disclosed three instances of non-compliance that is required to be reported under Government Auditing Standards and which is described in the schedule of findings below as item 2003-01, 2003-02 and 2004-01.

2003-01 Budgeting

Condition – The Village of Creola did not timely prepare and approve a budget for its general fund.

Criteria - LSA-RS 39:1305 - 1309 requires the Village of Creola to prepare a budget for its general and special revenue funds 15 days prior to the start of the fiscal year.

Cause – The Village of Creola is a newly-incorporated municipality and the Village’s management was not aware of the budgeting requirements.

Effect -- The Village was not in compliance with the State’s budgeting laws.

Recommendation – The management of the Village of Creola establish procedures to ensure that the budget is prepared and administered according to the State’s budgeting laws.

VILLAGE OF CREOLA, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

2003-02 Payroll

Condition – The Village of Creola did not deduct payroll taxes, prepare required payroll tax reports, nor timely remit amounts due to State and Federal agencies.

Criteria – Federal and State laws require payroll taxes to be deducted, reported and remitted timely.

Cause – The Village of Creola’s management was not aware of the payroll tax reporting requirements.

Effect – The Village of Creola is not in compliance with State and Federal laws and will incur penalties and interest for late filing.

Recommendation – The Village of Creola has since retained the services of a certified public accountant effective in late 2003 to prepare the required payroll tax reports.

2004-01 Timely Deposits

Condition – The Village of Creola did not timely deposit receipts.

Criteria – State statute requires a municipality to make daily deposits, whenever practicable.

Cause – The Village of Creola operates with a part-time staff due to fiscal constraints.

Effect – The Village of Creola is not in compliance with State law and good internal control practices. A lack of timely deposit can also impair the Village’s ability to meet their short-term obligations.

Recommendation – The Village of Creola implement procedures to timely deposit their receipts.

VILLAGE OF CREOLA, LOUISIANA
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2004

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS

2003-01 Budgeting

Condition – The Village of Creola did not timely prepare and approve a budget for its general fund.

Recommendation – The management of the Village of Creola establish procedures to ensure that the budget is prepared and administered according to the State’s budgeting laws.

Conclusion: Unresolved

2003-02 Payroll

Condition – The Village of Creola did not deduct payroll taxes, prepare required payroll tax reports, nor timely remit amounts due to State and Federal agencies.

Recommendation – The Village of Creola has since retained the services of a certified public accountant effective in late 2003 to prepare the required payroll tax reports.

Conclusion: Unresolved

**VILLAGE OF CREOLA
21435 HWY 167
DRY PRONG, LA 71423**

CORRECTIVE ACTION PLAN

Number

- 2003-1** We have implemented procedures in effect for the upcoming fiscal year to ensure that the budget for the Village Creola conforms with LA. Revised Statutes.
- 2003-2** We have implemented procedures within the fiscal year to ensure that payroll taxes are properly deducted, timely remitted to federal and state agencies and payroll tax reports are timely filed.
- 2004-1** We will implement procedures to ensure that receipts are promptly deposited.

Name of Contact Person: Wayne Nugent, Mayor

Date: December 30, 2004