

VILLAGE OF CREOLA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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ROZIER, HARRINGTON & MCKAY

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RETIRED - 2005

December 10, 2014

INDEPENDENT ACCOUNTANT'S REPORT

To the Mayor and Board of Aldermen
Village of Creola, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Village of Creola, as of and for the year ended June 30, 2014, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Village of Creola. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Village of Creola is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The Schedule of Per Diem Paid to Board Members is supplemental information presented for purpose of additional analysis and

-Members-

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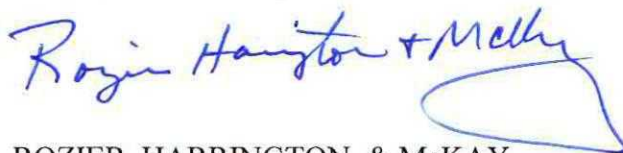
is not a required part of the basic financial statements. The supplementary information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Furthermore, the management's discussion and analysis, and budget comparison information listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or provide any assurance on such supplementary information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated December 10, 2014, on the results of our agreed-upon procedures.

As discussed in Note 14, the Village receives 65% of its revenue from traffic fines. The court may not have been established legally and accordingly it may not have the legal ability to assess correct traffic fines. The financial statements have been prepared assuming the revenues are properly collected.

As discussed in Note 15, certain conditions indicate that the Village of Creola may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Village be unable to continue as a going concern.

A handwritten signature in blue ink, appearing to read "Rozier Harrington + McKay", with a large, stylized loop at the end.

ROZIER, HARRINGTON, & MCKAY
Certified Public Accountants

Village of Creola

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

This section of the annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended June 30, 2014.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Village's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. These financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Village's assets and all of the Village's liabilities.

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection and general governmental operations are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants and contributions.
- **Business-Type Activities** – Expenses associated with providing sewer services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with sewer services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Village's most significant activities and are not intended to provide information for the Village as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Village has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Village's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Village's sewer services. Proprietary fund financial statements typically provide a more

Village of Creola

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE VILLAGE

A comparative analysis of the government-wide data for the current and previous year is presented as follows:

Net Position

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	June 30, 2014			June 30, 2013
	Governmental Activities	Business-Type Activities	Total	
<u>Assets:</u>				
Current and Other Assets	\$ 22,970	\$ 979	\$ 23,949	\$ 67,678
Capital Assets	44,328	156,015	200,343	203,582
Total Assets	<u>67,298</u>	<u>156,994</u>	<u>224,292</u>	<u>271,260</u>
<u>Liabilities:</u>				
Current and Other Liabilities	90,160	750	90,910	133,005
Total Liabilities	<u>90,160</u>	<u>750</u>	<u>90,910</u>	<u>133,005</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	44,328	156,015	200,343	203,582
Unrestricted	(67,190)	229	(66,961)	(65,327)
Total Net Position	<u>\$ (22,862)</u>	<u>\$ 156,244</u>	<u>\$ 133,382</u>	<u>\$ 138,255</u>

As the presentation appearing above demonstrates, the largest portion of the Village's net position is invested in capital assets. Net position invested in capital assets consist of land, buildings, and equipment, less any debt used to acquire the assets that remain outstanding. The Village uses these capital assets to provide services to its residents; consequently, these amounts are not available for future spending.

The deficit in unrestricted net position of \$(67,190) consists of obligations to creditors in excess of governmental funds currently available. These obligations are expected to be paid with future revenue resources.

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

Village of Creola

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

	For the Year Ended June 30, 2014			For the Year Ended June 30, 2013
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 173,384	\$ 11,424	\$ 184,808	\$ 170,088
Operating Grants and Contributions	2,117	----	2,117	5,317
Capital Grants and Contributions	----	3,325	3,325	15,971
General Revenue:				
Property Taxes	3,316	----	3,316	5,573
Sales Taxes	54,331	----	54,331	52,863
Franchise Taxes	25,846	----	25,846	15,090
Miscellaneous	8,841	----	8,841	4,603
Total Revenue	<u>267,835</u>	<u>14,749</u>	<u>282,584</u>	<u>269,505</u>
<u>Program Expenses:</u>				
General Government	140,645	----	140,645	112,603
Public Safety				
Police Department	132,818	----	132,818	169,618
Sewer	----	13,994	13,994	11,839
Total Expenses	<u>273,463</u>	<u>13,994</u>	<u>287,457</u>	<u>294,060</u>
Increase in Net Position Before Transfers and Special Items	(5,628)	755	(4,873)	(24,555)
Transfers	4,757	(4,757)	----	----
Change in Net Position	(871)	(4,002)	(4,873)	(24,555)
Net Position Beginning	(21,991)	160,246	138,255	162,810
Net Position Ending	<u>\$ (22,862)</u>	<u>\$ 156,244</u>	<u>\$ 133,382</u>	<u>\$ 138,255</u>

Governmental activities decreased the Village's net position, before transfers, by \$5,628. This decrease is not only attributable to depreciation recorded on the governmental activities but due to a greater increase in expenses than in revenues.

Business-type activities increased the Villages, before transfers, by \$755. This increase is attributable to the Village receiving a sewer grant during the current year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUND

For the year ended June 30, 2014, activity in governmental funds was limited to the general fund. The only differences between amounts reported by the general fund and governmental activities reported in the government-wide financial statements are attributable to including fixed assets in the government-wide presentation.

Village of Creola

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Amounts reported for business-type activities in the Village's individual fund are identical to the business-type activities reported in the government-wide presentation.

BUDGET HIGHLIGHTS

For the year ended June 30, 2014, the Village experienced favorable revenue and expenditure variances.

CAPITAL ASSET ADMINISTRATION

For the year ended June 30, 2014, capital asset activity was limited to sewer improvements constructed with proceeds from a LCDBG grant program.

DEBT ADMINISTRATION

For the year ended June 30, 2014, the Village had no debt activity.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, the following items are expected to have a substantial impact on future operations:

- The Mayor's Court in the village has not been created by the Legislature. Therefore, it is not known whether the Village's Court has the authority to collect traffic fines.
- The revenue generated by the Mayor's Court is approximately 65% of the Village's revenues. Without collection of traffic fines, the Village would probably not have the ability to continue in existence.

We will devote substantial general government resources during the year to help resolve these items.

VILLAGE OF CREOLA

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,935	\$ 27	\$ 7,962
Receivables (net)	15,035	952	15,987
Land	9,700	20,000	29,700
Depreciable capital assets, net	34,628	136,015	170,643
Total assets	67,298	156,994	224,292
<u>LIABILITIES</u>			
Accounts payable	34,684	750	35,434
Judgment payable	34,417	-	34,417
Accrued expenses	21,059	-	21,059
Total liabilities	90,160	750	90,910
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	44,328	156,015	200,343
Unrestricted	(67,190)	229	(66,961)
Total net position (deficit)	\$ (22,862)	\$ 156,244	\$ 133,382

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 140,645	\$ -	\$ -	\$ -	\$ (140,645)	\$ -	\$ (140,645)
Public Safety							
Law Enforcement	132,818	173,384	2,117	-	42,683	-	42,683
Total Governmental Activities	273,463	173,384	2,117	-	(97,962)	-	(97,962)
<u>Business-Type Activities:</u>							
Sewer	13,994	11,424	-	3,325	-	755	755
Total Business-Type Activities	13,994	11,424	-	3,325	-	755	755
Total Primary Government	\$ 287,457	\$ 184,808	\$ 2,117	\$ 3,325	(97,962)	755	(97,207)

General Revenues:

Taxes:

Ad Valorem	3,316	-	3,316
Sales Tax	54,331	-	54,331
Franchise	25,846	-	25,846
Miscellaneous	8,841	-	8,841
Transfers	4,757	(4,757)	-
Total General Revenues and Transfers	97,091	(4,757)	92,334
Change in Net Position	(871)	(4,002)	(4,873)
Net Position - Beginning:	(21,991)	160,246	138,255
Net Position - Ending	\$ (22,862)	\$ 156,244	\$ 133,382

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

	<u>Governmental Funds</u>
Assets	
Cash and cash equivalents	\$ 7,935
Accounts Receivable	15,035
Total assets	<u>\$ 22,970</u>
 Liabilities and Fund Balance	
<u>Liabilities</u>	
Accounts payable	\$ 34,684
Judgment payable	34,417
Accrued expenses	21,059
Total liabilities	<u>90,160</u>
 <u>Fund Balance</u>	
Unassigned	(67,190)
Total Fund Balances	<u>(67,190)</u>
 Total Liabilities and Fund Balance	<u>\$ 22,970</u>

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balances - Governmental Funds	\$ (67,190)
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	44,328
Net Position of Governmental Activities	<u>\$ (22,862)</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

Statement of Revenue, Expenditures and Changes in Fund Balance Governmental Funds Year Ended June 30, 2014

	<u>Governmental Funds</u>
<u>Revenues:</u>	
Taxes:	
Ad valorem	\$ 3,316
Sales Tax	54,331
Franchise	25,846
Fines and Court Cost	173,384
Intergovernmental	750
Grant Revenue	1,367
Miscellaneous	8,841
Total revenues	<u>267,835</u>
<u>Expenditures:</u>	
Current	
General government	139,728
Public Safety	
Law Enforcement	130,918
Capital Outlay	-
Total expenditures	<u>270,646</u>
Excess (deficiency) of revenues over expenditures	(2,811)
Other sources (uses)	
Operating transfers in (out)	<u>4,757</u>
Net Change in Fund Balances	1,946
Fund balance - beginning of year	(69,136)
Fund balance - end of year	<u>\$ (67,190)</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net change in fund balances of Governmental Funds	\$ 1,946
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	<u>(2,817)</u>
Change in net assets of governmental activities	<u>\$ (871)</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

Statement of Net Position

Proprietary Funds

June 30, 2014

	<u>Business-Type Activities</u>
	<u>Enterprise Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and cash equivalents	\$ 27
Receivables (net)	952
Total current assets	<u>979</u>
Noncurrent Assets:	
Capital Assets:	
Land	20,000
Depreciable capital assets, net	136,015
Total noncurrent assets	<u>156,015</u>
Total assets	<u>156,994</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts payable	750
Total current liabilities	750
Total liabilities	<u>750</u>
<u>NET POSITION:</u>	
Invested in capital assets, net of related debt	156,015
Unrestricted	<u>229</u>
Total net position (deficit)	<u>\$ 156,244</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds Year Ended June 30, 2014

	Business-Type Activities <u>Enterprise Funds</u>
<u>Operating revenues:</u>	
Charges for services	\$ 11,424
Total Operating Revenues	<u>11,424</u>
<u>Operating expenses:</u>	
Bank Charges	-
Professional fees	10,247
Depreciation	<u>3,747</u>
Total operating expenses	<u>13,994</u>
Operating income (loss)	(2,570)
Other sources (uses) - operating transfers in (out)	<u>(4,757)</u>
Income (loss) before capital contributions and transfers	(7,327)
Capital Grants	<u>3,325</u>
Change in net position	(4,002)
Total net position - beginning	<u>160,246</u>
Total net position - ending	<u>\$ 156,244</u>

See accompanying notes and independent accountant's review report.

VILLAGE OF CREOLA

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2014

	Business-Type Activities
	Enterprise Funds
<u>Cash flow from operating activities:</u>	
Cash received from customers	\$ 22,051
Cash payments to suppliers of goods and services	(21,826)
Net cash provided (used) by operating activities	225
<u>Cash flows from non-capital financing activities:</u>	
Operating transfers	(4,757)
Net cash provided (used) by non-capital financing activities	(4,757)
<u>Cash flows from capital and related financing activities:</u>	
Capital Grants	3,325
Capital Expenditures	(3,325)
Net cash provided (used) by capital and related financing activities	-
Net increase (decrease) in cash	(4,532)
Beginning cash balance	4,559
Ending cash balance	\$ 27
<u>Reconciliation of operating income (loss) to net cash</u>	
Operating income (loss)	\$ (2,570)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,747
(Increase) decrease in accounts receivable	10,627
(Decrease) increase in accounts payable	(11,579)
Net cash provided (used) by operating activities	\$ 225

Supplemental disclosures of cash flow information:

For the year ended June 30, 2014, there were no operating, financing, or investing activities that did not result in cash receipts or payments.

See accompanying notes and independent accountant's review report.

Village of Creola

Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Creola (the Village) was incorporated under the provisions of the Lawrason Act. The Village is governed by a Mayor and a Board of Aldermen consisting of three (3) members. Services provided by the Village include police protection and general administrative functions. The Village also operates a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board establishes criteria for determining which component units should be considered part of the Village of Creola for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Village to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the Village's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon application of these criteria, there were no potential component units and all of the Village's activities were included in the primary government reporting entity.

Village of Creola

Notes to Financial Statements ***June 30, 2014***

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Village's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with governmental service or business-type activity. Program revenues include any charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Village's major funds are described as follows:

- Governmental Funds – The general fund is the Village's only active major governmental fund. The general fund is the primary operating fund and is used to account for all governmental activities except those required to be reported in another fund.
- Proprietary Funds – Are used to account for business type activities. The operations of the Village's Sewer System utilize a proprietary fund. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board

Village of Creola

Notes to Financial Statements

June 30, 2014

(FASB) for business enterprises. However, the Village only applies those FASB pronouncements that were issued on or before November 30, 1989.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as an expenditure.

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 cost is not recognized until it is collected.

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.

Budget Practices

The Mayor prepares annual budgets for the Village's general fund. The budget is submitted to the Board of Aldermen and the approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

Village of Creola

Notes to Financial Statements ***June 30, 2014***

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Village's Sewer Fund.

Capital Assets

Capital assets include significant acquisitions of equipment that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are reported at historical cost less accumulated depreciation. Depreciation is computed using the straight-line method and estimated useful lives that are based on the expected durability of the particular asset. Useful lives typically range from five to forty years.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law.

Internal Balances:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

NOTE 2-CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market value. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal 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, 2014, the Village has \$12,912 in deposits (collected bank balance). These deposits are secured from risk by federal deposit insurance.

Village of Creola

Notes to Financial Statements ***June 30, 2014***

NOTE 3 - TAXES

Ad Valorem Taxes

The Village bills and collects its own property taxes using the assessed property values determined by the Parish Tax Assessor. Property taxes are limited to an assessment for general alimony as permitted by State Law. Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. For the year ended June 30, 2014, the Village levied 6.69 mills. Revenues from ad valorem taxes are recognized as revenue in the year billed.

Sales Taxes

Sales and use taxes are collected on behalf of the Village by the Grant Parish Sheriff's Office and remitted the month subsequent to collection. Revenues from sales taxes are reported on the accrual basis. For the year ended June 30, 2014, the Village sale tax rate is two percent.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2014, are summarized as follows:

	<u>Governmental Activities</u>	<u>Business- Type</u>	<u>Total</u>
Sales Tax	\$ 9,288	\$ ----	\$ 9,288
Franchise Tax	5,747	----	5,747
Utilities Income	----	952	952
Total Receivables	<u>\$ 15,035</u>	<u>\$ 952</u>	<u>\$ 15,987</u>

NOTE 5 – CAPITAL ASSETS

A summary of the Village's capital assets is provided as follows:

	<u>Non-Depreciable Capital Assets</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Land	\$ 9,700	\$ ----	\$ ----	\$ 9,700
Total Governmental Activities	<u>9,700</u>	<u>----</u>	<u>----</u>	<u>9,700</u>
<u>Business-Type Activities</u>				
Land	20,000	----	----	20,000
Total Business-Type Activities	<u>20,000</u>	<u>----</u>	<u>----</u>	<u>20,000</u>
Total	<u>\$ 29,700</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 29,700</u>

Village of Creola

Notes to Financial Statements June 30, 2014

	Depreciable Capital Assets		
	Beginning Balance	Additions	Ending Balance
Governmental Activities			
Equipment	\$ 45,763	\$ ----	\$ 45,763
Building	36,709	----	36,709
Accumulated Depreciation	(45,027)	(2,817)	(47,844)
Total Governmental Activities	37,445	(2,817)	34,628
Business-Type Activities			
Sewer System	147,678	3,325	151,003
Accumulated Depreciation	(11,241)	(3,747)	(14,988)
Total Business-Type Activities	136,437	(422)	136,015
Total	\$ 173,882	\$ (3,239)	\$ 170,643

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2014 consist of the following:

	Governmental Activities	Business- Type	Total
Insurance Premiums Payable	\$ 24,372	\$ ----	\$ 24,372
Payable to Vendors	10,312	750	11,062
Total Accounts Payable	\$ 34,684	\$ 750	\$ 35,434

NOTE 7 – JUDGMENT PAYABLE

In June 2013, the Village received a ruling from the Thirty-Fifth Judicial District Court ordering the Village to pay the Chief of Police the full sum of \$2,916.67 per month beginning July 1, 2011 less any sums previously paid and attorney fees of \$750. Judgment payable at June 30, 2014 consists of the following:

Police Chief Salary (\$2,916.67 x 24 months July 2011 through June 2013)	\$ 70,000
Attorney Fees	750
Total Judgment Payable	\$ 70,750
Less Salary and Judgment payments:	
Salary paid in fiscal year ending June 30, 2012	(4,500)
Salary paid in fiscal year ending June 30, 2013	(10,833)
Partial payment of judgment in July 2013	(4,000)
Partial payment of judgment paid in fiscal year ending June 30, 2014	(17,000)
Total Judgment Payable June 30, 2014	\$ 34,417

Village of Creola

Notes to Financial Statements ***June 30, 2014***

NOTE 8 – ACCRUED EXPENSES

Accrued expenses at June 30, 2014 consist of payroll liabilities totaling \$19,939 and accrued payroll of \$1,120.

NOTE 9 – INTERFUND TRANSFERS

In the ordinary course of business, the Village routinely transfers resources between its funds to utilize resources where needed. These amounts are reported in the financial statements as operating transfers.

NOTE 10 - RISK AND CONTINGENCIES

The Village is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; and natural disasters.

The Village insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage.

NOTE 11 – ON BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay consist of \$750 for staff within the Police Department.

NOTE 12 - DEFICIT

The Village began the year with a general fund deficit of \$69,136. Despite the Village's continued efforts to reduce the deficit, the general fund deficit ending balance is \$67,190. Management expects to eliminate the deficit through a continuation of efficient and profitable operations.

NOTE 13 – GRANT REVENUES

For the year ended June 30, 2014, the Village continued work on the Grant it was awarded in the previous year; a Louisiana Community Development Block Grant for sewer improvements. The grant is being administered by the Division of Administration, Office of Community Development. The total federal funds awarded are \$156,500. The funds expended during the prior years were \$154,686 and current year expenditures were \$3,325. The Grant was substantially complete in the prior year with only residual payments being received in the current year. The Village also received an LGAP grant for renovations to the police department. Total current year expenditures on the project were \$1,367.

Village of Creola

Notes to Financial Statements ***June 30, 2014***

NOTE 14 – MUNICIPAL COURT – COURT REVENUES

The Village was created and began existence in 2002. The 1974 Louisiana Constitution allows (grandfathers) Mayors' Courts and Justice of the Peace Courts existing on the effective date of the Constitution. The Constitution further requires any new limited jurisdiction courts created after 1974 to be established by law by the Louisiana Legislature. The Mayors' Court in the Village has not been created by the Legislature. Therefore, it is not known whether the Village's Court has been legally created or has the authority to collect traffic fines.

A summary of the traffic fines collected by the Village since creation is as follows:

June 30, 2003	\$	----
June 30, 2004		----
June 30, 2005		----
June 30, 2006		1,154
June 30, 2007		30,830
June 30, 2008		152,182
June 30, 2009		188,720
June 30, 2010		151,353
June 30, 2011		110,765
June 30, 2012		151,355
June 30, 2013		158,664
June 30, 2014		<u>173,384</u>
		<u>\$ 1,118,407</u>

NOTE 15 – GOING CONCERN

As explained in Note 14, it is not known whether the Municipal Court has been legally established or has authority to assess traffic fines. Approximately 65% of revenues of the Village is generated from traffic fines. Without collection of traffic fines the Village would probably not have the ability to continue in existence.

NOTE 16 – SUBSEQUENT EVENT

In October and November 2014, Mayor Alena Aycock gave herself improper salary advances. The Mayor has since resigned from office and the issue has been turned over to the District Attorney. On November 14, 2014, Alena Aycock made a \$3,000 reimbursement to the Village for the two months of advances she paid herself.

VILLAGE OF CREOLA

Statement of Revenue, Expenditures and Changes in Fund Balance - General Fund Budget and Actual Year Ended June 30, 2014

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<u>Revenues:</u>				
Taxes:				
Ad valorem	\$ 3,500	\$ 4,267	\$ 3,316	(951)
Sales Tax	55,500	52,220	54,331	2,111
Franchise	10,000	13,278	25,846	12,568
Fines and Court Cost	208,600	156,496	173,384	16,888
Intergovernmental	-	500	750	250
Grant Revenue	-	3,300	1,367	(1,933)
Miscellaneous	6,200	15,624	8,840	(6,784)
Total revenues	<u>283,800</u>	<u>245,685</u>	<u>267,834</u>	<u>22,149</u>
<u>Expenditures:</u>				
Current				
General government	110,600	149,689	139,727	9,962
Public Safety				
Law Enforcement	171,700	158,683	130,918	27,765
Capital Outlay	-	-	-	-
Total expenditures	<u>282,300</u>	<u>308,372</u>	<u>270,645</u>	<u>37,727</u>
Excess (deficiency) of revenues over expenditures	1,500	(62,687)	(2,811)	59,876
Other sources (uses)				
Operating transfers in (out)	-	2,856	4,757	1,901
Net Change in Fund Balances	1,500	(59,831)	1,946	61,777
Fund balance - beginning of year	(21,991)	(21,991)	(69,136)	(47,145)
Fund balance - end of year	<u>\$ (20,491)</u>	<u>\$ (81,822)</u>	<u>\$ (67,190)</u>	<u>\$ 14,632</u>

See independent accountant's review report.

VILLAGE OF CREOLA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the year ended June 30, 2014

Kelly Sommer, Mayor	\$ 1,500
Alena Aycock, Mayor	18,000
Alena Aycock, Alderman	500
Calvin Vogel, Alderman	6,500
Danny Moore, Alderman	5,710
Linda Gammons, Alderman	<u>6,500</u>
 Total	 <u><u>\$ 38,710</u></u>

The salaries above include checks paid in advance at June 30, 2014. On June 30, 2014, the Mayor was paid \$1,500 for the July 2014 salary and the Aldermen were paid \$500 each for July 2014 salaries.

See independent accountant's review report.

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

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M. DALE HARRINGTON, CPA
RETIRED - 2005

December 10, 2014

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Aldermen
Village of Creola, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Creola and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended June 30, 2014, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW:

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Based on inquiry of management and review of the general ledger there were no transactions that met the scope of the Public Bid Law.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of the Board Members as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of the Board Members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

Village of Creola

December 10, 2014

Management provided us with payroll reports for all employees paid during this period.

4. Determine whether any of those employees included in the records obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure 3 appeared on the list provided by management in agreed-upon procedure 2.

BUDGETING

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and amended budget.

6. Trace the budget adoption and amendments to the minute book.

The original budget was adopted June 20, 2013 and the final budget was adopted June 23, 2014.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budget amounts by 5% or more.

Budget comparisons indicate favorable revenue and expense variances that were within limits established by State law.

ACCOUNTING AND REPORTING

8. Randomly select six disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee.

Finding 2014-1: Disbursement missing supporting documentation.

We reviewed supporting documentation for each of the six selected disbursements and found that the timesheet supporting one payroll check did not have supervisor's approval. The check was authorized and signed by the Mayor and Town Clerk.

(b) determine if payments were properly coded to the correct fund and general ledger account.

All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

All invoices were found to be approved by the proper authorities.

Village of Creola

December 10, 2014

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Per discussions with the Village clerk, a notice of each meeting and the accompanying agenda is posted on the door of the meeting facility as required.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

Review of receipts reported in general ledger and inquiry of management did not reveal any evidence of new indebtedness.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

Finding 2014-2: Improper Advances paid to Employees

We reviewed payroll records and general ledger for the period from July 1, 2013 through June 30, 2014 and found that the July 2014 payroll for the Mayor, Police Chief, and Aldermen were paid on June 30, 2014, this is technically an advance. In October 2014, Mayor Alena Aycock admitted to giving herself two months of salary advances. The mayor has since resigned from office and the issue has been turned over to the District Attorney. Furthermore, we found six additional months where the subsequent months payroll was paid in the month before payroll due date. Payroll advances occurred for the months of September 2013, January 2014, February 2014, March 2014, April 2014, June 2014, and July 2014.

PRIOR COMMENTS AND RECOMMENDATIONS

12. The current status of findings presented in our previous report dated November 27, 2013 is provided as follows:

Finding 2013-1: Actual expenditures exceeded budget by 5% or more. (Resolved)

In the prior year, budget comparisons indicated favorable revenue variances; however, the actual expenditure comparisons indicated unfavorable budget variances of expenditures that exceeded the 5% threshold permitted by State Law. Budget comparisons for the current year indicate favorable revenue and expense variances that were within limits established by State Law.

Village of Creola

December 10, 2014

Finding 2013-2: Disbursement missing supporting documentation. (Unresolved)

In the prior year, we reviewed supporting documentation for each of the six selected disbursements and found that the timesheet supporting one payroll check did not have supervisor's approval and the timesheet for a second payroll check for a salaried employee was missing. Both checks were authorized and signed by the Mayor and Town Clerk. In the current year, this issue has still not been resolved. In 2014 we found that the timesheet supporting one payroll check did not have supervisor's approval. The check was authorized and signed by the Mayor and Town Clerk.

Finding 2013-3: Supplemental Pay Paid to Police Officer (Resolved)

The Village administration must seek approval for supplemental pay from the State before paying supplemental pay to police officers. Supplemental pay for the year has been confirmed in the Village minutes.

Finding 2013-4: Timely Reconciliation of Bank Statements (Unresolved)

Review procedures found that monthly bank statements were not reconciled in a timely manner. As of December 10, 2014, the Village is still behind on reconciling their bank statements. The last reconciliation that was done was for September 2014.

Finding 2013-5: Timely Payroll Tax Deposits (Unresolved)

Review procedures for the report dated November 27, 2013 found that the second quarter 2013 payroll taxes were not paid timely. Current payroll taxes are also not being paid timely, review procedures found that part of the first quarter 2014 payroll taxes and all of the second quarter 2014 payroll taxes have not been paid.

Finding 2013-6: Lack of overall written policies and procedures for the financial/business operations of the Village (Unresolved).

In the prior year, the Mayor began the process of developing overall written policies and procedures for the financial/business operations of the Village; however, these policies and procedures have not been completed. Once completed these policies and procedures will be presented to the Council for approval.

Finding 2013-7: Lack of segregation of duties within key financial processes (Resolved).

The administrative staff of the Village consists of the Mayor and one town clerk. The Mayor has developed a written job description for the town clerk outlining her segregated duties.

Finding 2013-8: No written plan developed and implemented for eliminating the deficit in fund balance (Unresolved).

As of the prior year, the Mayor and Council were in the process of developing a written plan to implement for eliminating the deficit in fund balance. The Village has worked diligently in the past couple of years to reduce their deficit, however a court ruling in the prior year negatively impacted the progress the Village has made. Although no formal written plan has been adopted, in the prior year the Village implemented an online payment service to assist in increasing in the collection and payment of traffic fines.

Village of Creola

December 10, 2014

Finding 2013-9: Failure to provide the Board with monthly financial statements including budget-to-actual comparisons (Unresolved).

Per inquiry of the Town Clerk, management gives the Board a copy of the budget and bank statements and informs them on what bills need to be paid and what has been paid. However, she does not give the Board a budget-to-actual comparison.

Finding 2013-10: Failure to review and reconcile bank statements in a timely manner, including researching items that have not cleared the bank account (Unresolved).

As of December 10, 2014, the Village is still behind on reconciling their bank statements. The June 2014 bank reconciliation was not completed until September 2014 and the last bank statement that was reconciled is September 2014.

Finding 2013-11: Lack of information related to delinquent traffic fines (Resolved).

Management has established procedures so that all actions taken and correspondence sent regarding a traffic fine is attached to all delinquent traffic fines.

Finding 2013-12: Unable to identify the nature of \$35,000 in receivables recorded in the accounting system (Resolved).

It was determined that the \$35,000 receivable was an accrual of sales tax and traffic fines revenue from a prior year audit. These balances have been properly adjusted and management posted its financial review adjusting entries upon the filing of the June 30, 2013 fiscal year end report.

Finding 2013-13: Failure to pay certain vendor bills and court ordered payments in a timely manner (Resolved).

The Village has paid its court ordered payments timely based upon agreed terms with the court, and has begun to make regular payments on outstanding insurance premiums and professional fees incurred from previous administrations. All other vendors are current.

Finding 2013-14: Lack of controls over collections and bank deposits (Resolved).

As discussed in Finding 2013-7, the administrative staff of the Village consist of the Mayor and the town clerk. The Mayor has developed a written job description for the town clerk outlining her segregated duties as they related to collections. A bonded Village police officer will make the daily deposits.

Finding 2013-15: Lack of controls related to preparing, submitting, and approving employee time sheets and leave slips (Unresolved).

In the prior year, management developed procedures that all employee time sheets and leave slips be signed by their immediate supervisor prior to processing payroll. In the current year, the issue has not been resolved. One payroll check out of our six selected disbursements did not have supervisor's approval.

Village of Creola

December 10, 2014

Finding 2013-16: No written disaster recovery plan (Unresolved).

As of the prior year, the Mayor and Council are in the process of developing a written disaster recovery plan to establish procedures on how to deal possible interruption of town services and loss of records. Management has already employed the services of a waste water treatment service to monitor the Village sewer system and is planning to purchase a safe to safely maintain the town records and periodic backup of financial data. The disaster recovery plan has still not been developed.

Finding 2013-17: Lack of controls over the purchasing and disbursements functions (Resolved).

Management has implemented procedures to use purchase orders to document management's approval of future purchases. All disbursements require the signature of both the Mayor and town clerk.

Finding 2013-18: Failure to enroll all eligible police officers in the Municipal Police Employees' Retirement System as required by state (Unresolved).

As of the prior year, the Village has contacted the Municipal Police Employees' Retirement System and requested enrollment forms for its police officers. At the time of this report, the police officers have still not been enrolled in the Municipal Police Employees' Retirement System.

Finding 2013-19: Possible noncompliance with Open Meetings Law by conducting a telephone vote of Board members (Resolved).

In a prior year, the Mayor held meetings in which a former alderman was allowed to vote via telephone call. The current Mayor and Council no longer allow this practice.

Finding 2013-20: Failure to maintain complete and accurate data for traffic citations as required by law (Resolved).

Management maintains a computer generated traffic ticket spreadsheet documenting all the data and status of all traffic tickets issued. This spreadsheet is reviewed periodically by the Town Clerk during the month to remind individuals of their court date and to contact anyone with outstanding traffic tickets.

Finding 2013-21: Possible noncompliance with law that requires only the Village Magistrate/Judge to conduct an arraignment (Resolved).

Management has appointed the Village's attorney Brian Mosley to conduct all Traffic Court matters. Any reductions or dismissals must be approved by Mr. Mosley in Traffic Court.

Finding 2013-22: Failure to conduct quarterly audits of traffic tickets as required by law (Unresolved).

Management will seek counsel from the Village attorney to assist in developing procedures to resolve this matter.

Village of Creola

December 10, 2014

Finding 2013-23: Failure to report traffic violations to the Louisiana Department of Public Safety as required by law (Resolved).

The Village has developed procedures to submit any unpaid traffic violations to the Louisiana Department of Public Safety for suspension of driver's license 30 days after failure to appear in court.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Village of Creola and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink, appearing to read "Rozier Harrington & McKay", with a large, stylized flourish extending from the end of the signature.

ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

Village of Creola

Managements Corrective Action Plan For the Year Ended June 30, 2014

SECTION I - Review Report

Finding 2014-1: Disbursement missing supporting documentation.

We reviewed supporting documentation for each of the six selected disbursements and found that the timesheet supporting one payroll check did not have supervisor's approval. The check was authorized and signed by the Mayor and Town Clerk.

Finding 2014-2: Improper Advances paid to Employees

We reviewed payroll records and general ledger for the period from July 1, 2013 through June 30, 2014 and found that the July 2014 payroll for the Mayor, Police Chief, and Aldermen were paid on June 30, 2014, this is technically an advance. Furthermore, we found six additional months where the subsequent months payroll was paid in the month before payroll was made. These months are as follows: September 2013, January 2014, February 2014, March 2014, April 2014, and June 2014.

Finding 2014-3: Checks Written out of Sequence

The Village wrote multiple checks in the current year out of numerical sequence.

Finding 2014-4: Timely Reconciliation of Bank Statements

The June 2014 bank reconciliation was not completed until September 2014 and the last bank statement that was reconciled is September 2014.

Finding 2014-5: Timely Payroll Tax Deposits

Review procedures found that part of the first quarter 2014 payroll taxes and all of the second quarter 2014 payroll taxes were not paid timely.

Finding 2014-6: Bank Reconciliation does not agree with the General Ledger

The Capital One payroll account bank reconciliation does not match the General Fund payroll account in the general ledger.

Response: Village administration will establish procedures that all employees (salary and hourly) submit timesheets that include listing of days and hours worked and must be approved by their immediate supervisor before processing of payroll checks

Response: The Village has begun paying employees on council meeting days. The Mayor has resigned from office and the issue has been turned over to the District Attorney.

Response: The Village will make sure that checks are written in numerical sequence.

Response: The Village has experienced a high turnover in administration during the past couple of years. The Village will establish procedures to reconcile all accounts within the first ten days of the following month.

Response: The Village will establish procedures to pay payroll taxes with each payroll.

Response: The Village will establish procedures to timely reconcile bank statements and to correctly complete the reconciliations.

Village of Creola

Managements Corrective Action Plan **For the Year Ended June 30, 2014**

SECTION II - Attestation Report

Finding 2014-7: Lack of overall written policies and procedures for the financial/business operations of the Village

In the prior year, the Mayor began the process of developing overall written policies and procedures for the financial/business operations of the Village; however, these policies and procedures have not been completed.

Finding 2014-8 No written plan developed and implemented for eliminating the deficit in fund balance

As of the prior year, the Mayor and Council were in the process of developing a written plan to implement for eliminating the deficit in fund balance; however, a formal written plan has still not been adopted.

Finding 2014-9: Failure to provide the Board with monthly financial statements including budget-to-actual comparisons

Per inquiry of the Town Clerk, management gives the Board a copy of the budget and bank statements and informs them on what bills need to be paid and what has been paid. However, she does not give the Board a budget-to-actual comparison.

Finding 2014-10: Failure to review and reconcile bank statements in a timely manner, including researching items that have not cleared the bank account

As of December 10, 2014, the Village is still behind on reconciling their bank statements. The June 2014 bank reconciliation was not completed until September 2014 and the last bank statement that was reconciled is September 2014.

Response: In the prior year, the Mayor began the process of developing overall written policies and procedures for the financial/business operations of the Village. Once completed these policies and procedures will be presented to the Council for approval.

Response: As of the prior year, the Mayor and Council were in the process of developing a written plan to implement for eliminating the deficit in fund balance. The Village has worked diligently in the past couple of years to reduce their deficit; however, a court ruling in the prior year negatively impacted the progress the Village has made. The Village has implemented a online payment service to assist in increasing in the collection and payment of traffic fines.

Response: Management is in the process of incorporating the budgeted revenue and expenditure amounts in to their accounting software to allow budget-to-actual comparisons for the Board.

Response: The Village has experienced a high turnover in administration during the past couple of years. The Village will establish procedures to reconcile all accounts within the first ten days of the following month.

Village of Creola

Managements Corrective Action Plan **For the Year Ended June 30, 2014**

Finding 2013-11: Lack of controls related to preparing, submitting, and approving employee time sheets and leave slips

In the prior year, management developed procedures that all employee time sheets and leave slips be signed by their immediate supervisor prior to processing payroll. In the current year, the issue has not been resolved. One payroll check out of our six selected disbursements did not have supervisor's approval.

Finding 2014-12: No written disaster recovery plan

As of the prior year, the Mayor and Council are in the process of developing a written disaster recovery plan to establish procedures on how to deal possible interruption of town services and loss of records. The disaster recovery plan has still not been developed.

Finding 2014-13: Failure to enroll all eligible police officers in the Municipal Police Employees' Retirement System as required by state

As of the prior year, the Village has contacted the Municipal Police Employees' Retirement System and requested enrollment forms for its police officers. At the time of this report, the police officers have still not been enrolled in the Municipal Police Employees' Retirement System.

Finding 2014-14: Failure to conduct quarterly audits of traffic tickets as required by law

The Village is failing to conduct quarterly audits of the traffic tickets given by the Village.

Response: Management will continue to work on their procedures for all employee time sheets and leave slips to be signed by their immediate supervisor prior to processing payroll.

Response: As of the prior year, the Mayor and Council are in the process of developing a written disaster recovery plan to establish procedures on how to deal possible interruption of town services and loss of records. Management has already employed the services of a waste water treatment service to monitor the Village sewer system and is planning to purchase a safe to safely maintain the town records and periodic backup of financial data.

Response: As of the prior year, the Village has contacted the Municipal Police Employees' Retirement System and requested enrollment forms for its police officers.

Response: Management will seek counsel from the Village attorney to assist in developing procedures to resolve this matter.

SECTION III - Management Letter

No management letter was issued with this report.

Response – N/A

Village of Creola

Schedule of Prior Year Findings and Questioned Costs For the Year Ended June 30, 2014

SECTION I - Accountants' Report	
<p><u>Finding 2013-1: Actual expenditures exceeded budget by 5% or more.</u></p> <p><i>Budget comparisons indicates favorable revenue variances. However, actual expenditures comparisons indicates unfavorable budget variances of expenditures exceeded the 5% threshold permitted by State Law.</i></p>	<p>Resolved: Budget comparisons for the current year indicate favorable revenue and expenditure variances that were within limits established by State Law.</p>
<p><u>Finding 2013-2: Disbursement missing supporting documentation.</u></p> <p><i>We examined supporting documentation for each of the six selected disbursements and found that the timesheet supporting one payroll check did not have supervisor's approval and the timesheet for a second payroll check for a salaried employee was missing. Both checks were authorized and signed by the Mayor and Town Clerk.</i></p>	<p>Unresolved See Finding 2014-1</p>
<p><u>Finding 2013-3: Supplemental Pay Paid to Police Officer</u></p> <p><i>We examined payroll records and general ledger for the period under examination and found one payment paid to a police officer for council approved supplemental pay, but no board meeting minutes were found indicating such approval.</i></p>	<p>Resolved: Supplemental pay for the year has been confirmed in the Village minutes.</p>
<p><u>Finding 2013-4: Timely Reconciliation of Bank Statements</u></p> <p><i>Review procedures found that monthly bank statements were not reconciled in a timely manner.</i></p>	<p>Unresolved See Finding 2014-4</p>
<p><u>Finding 2013-5: Timely Payroll Tax Deposits</u></p> <p><i>Review procedures found that the second quarter 2013 payroll taxes were not paid timely.</i></p>	<p>Unresolved See Finding 2014-5</p>
SECTION II - Attestation Report	
<p>See Item 12 of the current attestation report for the current status of findings presented in our previous report dated November 27, 2013.</p>	<p>As discussed in Item 12 of the attestation report, some findings in the report have been not been resolved.</p>
SECTION III - Management Letter	
<p>No findings were reported.</p>	<p>Response – N/A</p>

LOUISIANA ATTESTATION QUESTIONNAIRE
FOR THE YEAR ENDED JUNE 30, 2014

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

December 8, 2014

Rozier, Harrington & McKay CPA's
P.O. Box 12178
Alexandria, LA 71315-2178

In connection with your review of our financial statements as of June 30, 2014 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 12/8/14.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements,

without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

① Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

<u><i>Nally Spence</i></u>	Secretary	<u>12/8/2014</u>	Date
<u><i>Jude B. Harmon</i></u>	Treasurer		Date
	President	<u>12/8/2014</u>	Date
	Mayor - Pro Temp.		

- ① EXCEPT FOR IMPROPER ADVANCES THE MAYOR RECEIVED IN OCTOBER AND NOVEMBER 2014 FOR WHICH THE MAYOR WAS CHARGED FOR THEFT AND MISFEANCE IN OFFICE.