

VILLAGE OF BONITA, LOUISIANA

*Financial Report
For the Year Ended June 30, 2019*



VILLAGE OF BONITA, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountant’s Review Report -----	1-2
<u>Required Supplemental Information (Part A)</u>	
Management’s Discussion and Analysis-----	3-7
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Position -----	8
Statement of Activities -----	9
Fund Financial Statements	
Governmental Funds:	
Balance Sheet -----	10
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position-----	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds -----	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities -----	11
Proprietary Funds:	
Statement of Net Position -----	12
Statement of Revenues, Expenses, and Changes in Fund Net Position -----	13
Statement of Cash Flows -----	14
Notes to the Financial Statements -----	15-25
<u>Required Supplemental Information (Part B)</u>	
Budgetary Comparison Schedules - Governmental Funds -----	26
Notes to the Budgetary Comparison Schedule -----	27

VILLAGE OF BONITA, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS (continued)

Other Information

Schedule of Mayor and Aldermen's Compensation -----	28
Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer -----	29
Schedule of Findings and Responses -----	30-37
Status of Prior Year Findings-----	38-43
Independent Accountant's Report on Applying Agreed-Upon Procedures -----	44-47
Louisiana Attestation Questionnaire-----	48-49



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Bonita, Louisiana (the Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements, 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 management. 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, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and page 26, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited such required supplementary information, and, accordingly, I do not express an opinion on such information.

Other Information

The accompanying schedule of mayor's and aldermen's compensation and schedule of compensation, reimbursements, benefits, and other payments to agency head on pages 28 and 29, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Maxwell CPA, LLC

Monroe, Louisiana
May 18, 2020

**REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

VILLAGE OF BONITA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

As management of the Village of Bonita, Louisiana, we offer readers of the Village of Bonita's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended June 30, 2019. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Village's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the Village based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (approved budget), and identify individual issues or concerns of individual funds.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Supplementary Information ("RSI") that is provided in addition to this Discussion and Analysis of Management.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Bonita's financial statements. The Village of Bonita's basic financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise "entity-wide" statement of net position and statement of activities, seeking to give the users of the financial statements a broad overview of the Village of Bonita's financial position and operations, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between assets and liabilities is reported as net position. Overtime increases or decreases in net position may serve as a useful indicator of whether the financial position of the village is improving or weakening. Evaluation of the overall economic health of the Village would extend to other nonfinancial factors in addition to the financial information provided in this report.

The statement of activities presents information detailing how the Village's net position changed during the most recent year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the citizenry of the Village.

Village of Bonita, Louisiana
Management Discussion and Analysis (continued)

The government-wide financial statements report governmental activities of the Village that are principally supported by tax revenues. Governmental activities include general administrative, sanitation, public safety (police), and public works (streets) services.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village as a whole with major funds being separately reported.

NOTES TO FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide additional information essential to a full understanding of the government-wide and fund financial statements. The notes begin immediately following the basic financial statements.

In addition to the basic financial statements, the Village also includes in a subsequent section of this report additional information to supplement the basic financial statements.

The Village has two types of funds:

1. Governmental Funds

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitments of spendable resources for the near term.

2. Proprietary Fund

The proprietary fund is reported in the fund financial statements and generally reports services for which the Village charges customers a fee. The fund essentially encompasses the same functions reported as business-type activities in the government-wide financial statements. Services are provided to customers external to the Village. Proprietary fund financial statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements, but with more detail.

The following provides a summary of the net position of the Village as of June 30:

Village of Bonita, Louisiana
Management Discussion and Analysis (continued)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 7,044	\$ 47,546	\$ 26,521	\$ 59,421	\$ 33,565	\$ 106,967
Capital Assets	<u>405,504</u>	<u>416,679</u>	<u>1,827,092</u>	<u>1,886,438</u>	<u>2,232,596</u>	<u>2,303,117</u>
Total Assets	412,548	464,225	1,853,613	1,945,859	2,266,161	2,410,084
Other Liabilities	2,462	1,200	41,371	47,034	43,833	48,234
Net Position						
Invested in Capital Assets	405,504	416,679	1,827,092	1,886,438	2,232,596	2,303,117
Unrestricted	<u>4,582</u>	<u>46,346</u>	<u>(14,850)</u>	<u>12,387</u>	<u>(10,268)</u>	<u>58,733</u>
Total Net Position	<u>\$ 410,086</u>	<u>\$ 463,025</u>	<u>\$ 1,812,242</u>	<u>\$ 1,898,825</u>	<u>\$ 2,222,328</u>	<u>\$ 2,361,850</u>

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. The Village will use the unrestricted net position to meet the ongoing obligations to users of its services and creditors.

The following summarizes the Village's net position changes between the two years ended June 30:

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 99,290	\$ 132,873	\$ 105,468	\$ 111,741	\$ 204,758	\$ 244,614
Operating Grants and Contributions	4,000	6,000	-	11,757	4,000	17,757
Capital Grants and Contributions	6,024	-	11,756	165,092	17,780	165,092
General Revenues						
Property Taxes	10,496	10,170	-	-	10,496	10,170
Franchise Taxes	4,433	4,643	-	-	4,433	4,643
Sales Taxes	44,962	40,881	-	-	44,962	40,881
Other General Revenues	<u>3,700</u>	<u>10,698</u>	<u>18</u>	<u>370</u>	<u>3,718</u>	<u>11,068</u>
Total Revenues	172,905	205,265	117,242	288,960	290,147	494,225
Expenses						
General Government	225,844	207,129	-	-	225,844	207,129
Operating Services	-	-	203,825	201,305	203,825	201,305
Debt Service	-	903	-	-	-	903
Total Expenses	<u>225,844</u>	<u>208,032</u>	<u>203,825</u>	<u>201,305</u>	<u>429,669</u>	<u>409,337</u>
Increase (Decrease) in Net Position	<u>\$ (52,939)</u>	<u>\$ (2,767)</u>	<u>\$ (86,583)</u>	<u>\$ 87,655</u>	<u>\$ (139,522)</u>	<u>\$ 84,888</u>

Village of Bonita, Louisiana

Management Discussion and Analysis (continued)

The Village's total revenues decreased by \$204,078 mainly because of the decrease in capital grants while the total cost of all programs and services increased by \$20,332. Operating and capital grants totaling \$21,780 were received during the year ended June 30, 2019 while \$182,849 in similar grants was received during previous fiscal year. The Village's expenses cover a range of services with the majority related to personnel costs.

General revenues are those available for the Village to pay for the governmental activities. For the year ended June 30, 2019, taxes were the largest general revenue source for the Village. Sales taxes were the largest individual tax revenue source.

Program revenues derive directly from the program itself or from parties outside the Village's taxpayers or citizenry. As a whole, they reduce the cost of the function to be financed from the Village's general revenues.

BUSINESS-TYPE ACTIVITIES

Operating expenses of the business-type activities for the year ended June 30, 2019 increased \$2,520 from the prior year while revenues generated by charges for services decreased by \$6,273.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As of June 30, 2019, the Village's governmental fund reported an ending fund balance of \$4,582 a decrease of \$41,764 from \$46,346 as of June 30, 2018. The fund balance of the governmental fund is classified as unassigned as it is available for any purpose.

BUDGETARY HIGHLIGHTS

In accordance with the Louisiana Local Government Budget Act, the Village of Bonita must adopt a budget for the general fund prior to June 30. The original budget was adopted on July 23, 2018, and the final amended budget was adopted on June 14, 2019. The total difference between the original General Fund budget and the final amended budget was an increase in revenues by \$31,275 due to an anticipated increase in fines and forfeitures. Expenditures increased by \$31,275 from the original budget due to an increase in personnel costs.

CAPITAL ASSETS

As of June 30, 2019, the Village had invested \$2,232,596 in a broad range of capital assets, including land, buildings, vehicles, streets, and water and sewer systems.

Village of Bonita Capital Assets

June 30, 2019

Land	\$ 55,888
Buildings and improvements	115,431
Equipment and vehicles	238,463
Streets and drainage	816,556
Water and sewer system	<u>2,946,416</u>
Total	4,172,754
Less: accumulated depreciation	<u>(1,940,158)</u>
Total Capital Assets	<u>\$ 2,232,596</u>

Village of Bonita, Louisiana
Management Discussion and Analysis (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Total revenue and expenditures in the Village's proposed budget for the General Fund for the year ending June 30, 2020 remained relatively unchanged from those adopted for the year ended June 30, 2019.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's financial picture for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Clerk, P. O. Box 278, Bonita, Louisiana 71223.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF BONITA, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 7,044	\$ 4,433	\$ 11,477
Accounts Receivable	-	5,183	5,183
Restricted Assets:			
Cash	-	4,766	4,766
Certificate of Deposit	-	12,139	12,139
Capital Assets:			
Land	49,130	6,758	55,888
Other Capital Assets, Net of Depreciation	356,374	1,820,334	2,176,708
<u>TOTAL ASSETS</u>	<u>\$ 412,548</u>	<u>\$ 1,853,613</u>	<u>\$ 2,266,161</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 2,462	\$ 3,412	\$ 5,874
Payroll Accruals and Withholdings	-	20,065	20,065
Payable from Restricted Assets:			
Customer Deposits	-	17,894	17,894
<u>TOTAL LIABILITIES</u>	<u>\$ 2,462</u>	<u>\$ 41,371</u>	<u>\$ 43,833</u>
<u>NET POSITION</u>			
Invested in Capital Assets	\$ 405,504	\$ 1,827,092	\$ 2,232,596
Unrestricted	4,582	(14,850)	(10,268)
<u>TOTAL NET POSITION</u>	<u>\$ 410,086</u>	<u>\$ 1,812,242</u>	<u>\$ 2,222,328</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF BONITA, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs				
<u>Primary Government:</u>				
Government Activities				
General Government	\$ 225,844	\$ 99,290	\$ 4,000	\$ 6,024
 <u>Business-Type Activities:</u>				
Water and Sewer	203,825	105,468	-	11,756
 <u>Total Primary Government</u>	\$ 429,669	\$ 204,758	\$ 4,000	\$ 17,780

General Revenues:

Property Taxes
Franchise Taxes
Sales Taxes
Interest Income
Other Revenues
Total General Revenues

Changes in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in
Net Position of Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
\$ (116,530)	\$ -	\$ (116,530)
<u>-</u>	<u>(86,601)</u>	<u>(86,601)</u>
(116,530)	(86,601)	(203,131)
10,496	-	10,496
4,433	-	4,433
44,962	-	44,962
-	18	18
<u>3,700</u>	<u>-</u>	<u>3,700</u>
<u>63,591</u>	<u>18</u>	<u>63,609</u>
(52,939)	(86,583)	(139,522)
<u>463,025</u>	<u>1,898,825</u>	<u>2,361,850</u>
<u>\$ 410,086</u>	<u>\$ 1,812,242</u>	<u>\$ 2,222,328</u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

VILLAGE OF BONITA, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS - GENERAL FUND
JUNE 30, 2019

ASSETS

Cash and Cash Equivalents	\$ 7,044
---------------------------	----------

LIABILITIES

Accounts Payable	\$ 2,462
Payroll Accruals and Withholdings	-
Total Liabilities	<u>2,462</u>

FUND BALANCES

Unassigned	<u>4,582</u>
------------	--------------

<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 7,044</u>
--	------------------------

VILLAGE OF BONITA, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO STATEMENT OF NET POSITION
JUNE 30, 2019

Total Governmental Fund Balances	\$ 4,582
----------------------------------	----------

*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, net of depreciation.

405,504

Net Position of Governmental Activities

\$ 410,086

The accompanying notes are an integral part of this financial statement.

VILLAGE OF BONITA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUNDS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

Revenues

Taxes:

Franchise Tax	\$ 4,433
Ad Valorem Tax	10,496
Sales Tax	44,962
Licenses and Permits	12,481
Intergovernmental Revenues	10,136
Fines and Forfeitures	86,809
Other Revenues	3,588
Total Revenues	<u>172,905</u>

Expenditures

Current	197,168
Capital Outlay	17,501
Total Expenditures	<u>214,669</u>

Net Change in Fund Balance (41,764)

Fund Balances - Beginning 46,346

FUND BALANCES - ENDING \$ 4,582

VILLAGE OF BONITA, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ (41,764)
---	-------------

*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 their estimated useful lives and reported as depreciation expense.

Capital Outlay	17,501		
Depreciation Expense	(28,676)		(11,175)
Change in Net Position of Governmental Activities			\$ (52,939)

The accompanying notes are an integral part of this financial statement.

VILLAGE OF BONITA, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
JUNE 30, 2019

ASSETS

Current Assets

Cash and Cash Equivalents	\$	4,433
Receivables, net of allowance		5,183
Total Current Assets		9,616

Restricted Assets

Cash and Cash Equivalents		4,766
Certificate of Deposit		12,139
Total Restricted Assets		16,905

Capital Assets

Land		6,758
Depreciable		3,059,815
Total Capital Assets		3,066,573
Accumulated Depreciation		(1,239,481)
Net Capital Assets		1,827,092

TOTAL ASSETS

\$ 1,853,613

LIABILITIES

Current Liabilities

Accounts Payable	\$	3,412
Payroll Accruals and Withholdings		20,065
Payable from Restricted Assets:		
Customers' Deposits		17,894
Total Current Liabilities		41,371

NET POSITION

Net Investment in Capital Assets		1,827,092
Unrestricted (Deficit)		(14,850)
<u>TOTAL NET POSITION</u>		\$ 1,812,242

The accompanying notes are an integral part of this financial statement.

VILLAGE OF BONITA, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2019

<u>Operating Revenues</u>	
Charges for Services:	
Water and Sewer	\$ 105,468
<u>Operating Expenses</u>	
Contract Labor	26,174
Insurance	13,524
Office	2,006
Maintenance and Repairs	647
Salaries	38,983
Supplies	17,273
Taxes - Payroll	3,018
Utilities	14,239
Other Operating Expenses	16,859
Depreciation	71,102
Total Operating Expenses	<u>203,825</u>
<u>Operating Income (Loss)</u>	(98,357)
<u>Nonoperating Income (Expense)</u>	
Interest Income	18
Grants	11,756
Total Nonoperating Income (Expense)	<u>11,774</u>
<u>Change in Net Position</u>	(86,583)
<u>Net Position - Beginning</u>	<u>1,898,825</u>
<u>NET POSITION - ENDING</u>	<u>\$ 1,812,242</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF BONITA, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities

Receipts from Customers and Users	\$ 110,578
Payments to Suppliers	(100,788)
Payments to Employees for Services and Benefits	(38,983)
Net Cash Used by Operating Activities	(29,193)

Cash Flows from Noncapital Financing Activities

Increase in Customer Deposits	1,385
-------------------------------	-------

Cash Flows from Capital and Related Financing Activities

Capital Grants	11,756
Acquisition of Capital Assets	(11,756)
Net Cash Flows from Capital and Related Financing Activities	-

Cash Flows from Investing Activities

Interest Received	18
-------------------	----

Net Decrease in Cash and Cash Equivalents

(27,790)

Cash and Cash Equivalents, Beginning of the Year

36,989

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 9,199

Shown on the Accompanying Statement of Net Position as:

Cash	\$ 4,433
Restricted Assets - Cash	4,766
Total Cash	\$ 9,199

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating Loss	\$ (98,357)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities	
Depreciation Expense	71,102
Decrease in Accounts Receivable	5,110
Decrease in Accounts Payable	(7,048)
Total Adjustments	69,164
Net Cash Provided by Operating Activities	\$ (29,193)

The accompanying notes are an integral part of this financial statement.

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Organization and Summary of Significant Accounting Policies

The Village of Bonita, Louisiana (the “Village”), operates under a Mayor-Board of Alderman form of government in accordance with the provisions of the Lawrason Act. Citizens select the mayor (at large) and three council members (by districts) who are each compensated monthly. The Village is located in Northeast Louisiana, its population is approximately 300, and it employs four part-time and two full-time employees along with the mayor and council members. As of June 30, 2019, the Village services approximately 150 utility customers and maintains approximately five miles of street.

The Village provides general administrative, public safety (police), public works (streets), sanitation (water and sewer), and public improvements.

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No 14* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, as it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No 14 and 39, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Statement No. 61 provides additional criteria for classifying entities as component units. 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. These criteria includes:

1. Appointing a voting majority of an organization’s governing body, and
 - a. the ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity’s financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the criteria, the Village has determined that Sewer District No. 1 of Village of Bonita, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles (GAAP), these financial statements present the primary government (the Village) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units. For a component unit to be blended, the organization’s board

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality.

Considered also in the determination of component units of the reporting entity were Tenth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana, and Tenth Ward Volunteer Fire Department. It was determined that this governmental and volunteer entity, respectively, are not component units for the Village's reporting entity.

The more significant of the Village's accounting policies are described below:

A. Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Village as a whole. These statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include 1) charges for services which report licenses, permits, fees, fines, forfeitures, and other charges to users of the Village's services; 2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitations of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported instead as general revenues.

B. Fund Financial Statements

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Village are prepared in accordance with GAAP. The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassifications or eliminations of internal activity (between or within funds). However, internal eliminations do not include services provided to Village departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest related to long-term debt, as well as expenditures related to compensated absences, which are reported as expenditures only when payment is due.

Major revenue sources susceptible to accrual are property taxes, sales taxes, intergovernmental revenues, and water and sewer fees. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statement includes revenues and expenses related to primary, continuing operations of the fund. Principal operating revenues for the proprietary fund are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues are classified as nonoperating in the financial statement.

D. Fund Type and Major Fund

The Village reports the following major governmental fund:

General Fund - the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.

The Village reports the following major proprietary fund:

Water and Sewer Fund - accounts for operations where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The Village's clerk provided annual budgets for the General Fund and Water and Sewer Fund that were formally adopted in the minutes of the July 23, 2018 meeting of the Board of Aldermen. The annual budgets were prepared in accordance with the basis of accounting utilized by the funds. The Village's clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. The final amended budget was formally adopted in the minutes of the June 14, 2019 meeting of the board of aldermen. The supplementary information in the accompanying financial statements, includes the original and the final budgeted amounts of the General Fund. All annual appropriations lapse at fiscal year end.

F. Use of Estimates

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

G. Cash and Certificates of Deposit

Cash includes amounts in demand and time deposits. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, 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.

State law allows the Village to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

The certificate of deposit is reported at cost, which approximates market value.

H. Receivables

Significant receivable includes sales taxes and amounts due from customers for utility services. Un-billed utility service receivables resulting from utility services rendered from the last date prior to the end of the fiscal year that meters were read to the end of the fiscal year are estimated and included in the amounts recorded as due from utility customers.

I. Uncollectible Allowance

The statements contain no provision for uncollectible accounts. Village management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

J. Restricted Assets/Liabilities

Meter deposits collected from utility customers are restricted to payment of amounts owed to the Village and/or refunded to the customer upon the customer no longer utilizing the system.

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

K. Interfund Transactions

Transfers and payments within the reporting entity that are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis are reported as transfers between funds of the reporting entity.

L. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), with useful lives of more than one year are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$5,000 or more capitalizing capital assets.

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

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	10-50 Years
Equipment and Vehicles	5-40 Years
Streets and Drainage	50 Years
Water and Sewer System	15-40 Years

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

M. Accumulated Compensated Absences

Allowable annual vacation and sick leave is prescribed by municipal ordinance, based on length of continuous employment by the Village, accrued on an employment anniversary basis, and accrued to specified maximums.

The Village's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

No material liability existed as of June 30, 2019 for accrued compensated absences resulting from unused vacation time at the end of the year and no liability was recorded for non-vesting accumulating rights to receive sick pay benefits.

Compensated absences are paid from the fund responsible for the employee's compensation.

N. Equity Classifications

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

1. Invested in capital assets – consists of capital assets net of accumulated depreciation.

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

N. Equity Classifications (continued)

2. Restricted – consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provision or enabling legislation.
3. Unrestricted – consists of all other assets.

In the fund financial statements, governmental fund equity is classified as fund balance. These statements provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Village's fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

O. Revenue Recognition – Property and Sales/Use Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes levied by the Village in September or October are actually billed to the taxpayers in November and are due and payable on and before December 31 of the same year or the unpaid taxes become delinquent. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish.

Sales/use taxes collected and held by other governments at year end on behalf of the Village and those collected by other governments and remitted to the Village within 60 days after December 31 for preceding months are recognized as revenue. The sales/use taxes are collected by Morehouse Sales and Use Tax Commission and remitted to the Village.

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 2 - Cash and Deposits

The following is a summary of cash and deposits of the Village as of June 30, 2019.

Non-Interest-Bearing Demand Deposits	\$	11,477
Interest-Bearing Deposits		4,766
Time Deposits		12,139
	\$	28,382

Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must always equal the amount on deposit with the fiscal agent. These securities are held jointly in the name of the pledging fiscal agent bank and the Village in a holding or custodial bank that is mutually accepted to both parties.

As of June 30, 2019, the Village had \$30,693 in deposits (collected bank balances). These deposits were adequately secured from risk by \$250,000 of federal deposit insurance.

There were no repurchase or reverse repurchase agreements as of June 30, 2019.

The Village had not formally adopted deposit and investment policies as of June 30, 2019 that limit the Village's allowable deposits or investments and address the specific types of risk to which the Village might be exposed.

Note 3 - Property and Sales Tax

For the year ended June 30, 2019, property taxes of 8.37 mills were authorized and levied for general corporation purposes on property with assessed valuations totaling \$896,846. The levy is perpetual.

The following are the principal property taxpayers for the Village:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Property Tax Revenue</u>
Northeast Louisiana Telephone Co.	\$ 389,386	43.4%	\$ 3,259
Union Pacific Corp.	179,610	20.0%	1,503
Tennessee Gas Pipeline	108,094	12.0%	905

Total property taxes levied were \$7,507 and as of June 30, 2019; all had been collected and were recorded as property tax revenue.

For the year ended June 30, 2019, 2% of sales and use taxes were levied, 1% for any lawful corporate purposes and 1% support the General Fund.

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 4 - Restricted Assets and Liabilities Payable from Same

Restricted assets of \$16,905 of the Proprietary Fund consist of meter deposits collected from utility customers. A related liability of \$17,894 has been recorded for the payment of amounts that will be owed to the Village and/or refunded to the customer upon the customer no longer utilizing the system.

Note 5 - Capital Assets and Depreciation

Capital assets and depreciation activity as of and for the year ended June 30, 2019 for the Village is as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 40,129	\$ 9,001	\$ -	\$ 49,130
Capital assets being depreciated:				
Buildings and improvements	\$ 115,431	\$ -	\$ -	\$ 115,431
Equipment and vehicles	116,561	8,500	-	125,061
Streets and drainage	816,556	-	-	816,556
Total capital assets being depreciated	\$ 1,048,548	\$ 8,500	\$ -	\$ 1,057,048
Less accumulated depreciation for:				
Buildings and improvements	\$ 80,920	\$ 2,309	\$ -	\$ 83,229
Equipment and vehicles	76,540	9,935	-	86,475
Streets and drainage	514,538	16,432	-	530,970
Total accumulated depreciation	\$ 671,998	\$ 28,676	\$ -	\$ 700,674
Total capital assets being depreciated, net	<u>\$ 376,550</u>	<u>\$(20,176)</u>	<u>\$ -</u>	<u>\$ 356,374</u>

Depreciation expense of the governmental activities is included in the current function in the statement of activities.

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 5 - Capital Assets and Depreciation (continued)

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business Activities				
Capital assets not being depreciated:				
Land	\$ 6,758	\$ -	\$ -	\$ 6,758
Capital assets being depreciated:				
Water and sewer systems	\$ 2,934,661	\$ 11,755	\$ -	\$ 2,946,416
Equipment and vehicles	113,402	-	-	113,402
Total capital assets being depreciated	\$ 3,048,063	\$ 11,755	\$ -	\$ 3,059,818
Less accumulated depreciation for:				
Water and sewer systems	\$ 1,112,312	\$ 65,625	\$ -	\$ 1,177,937
Equipment and vehicles	56,070	5,477	-	61,547
Total accumulated depreciation	\$ 1,168,382	\$ 71,102	\$ -	\$ 1,239,484
Total capital assets being depreciated, net	\$ 1,879,681	\$(59,347)	\$ -	\$ 1,820,334

Note 6 - On Behalf Payments for Salaries

For the year ended June 30, 2019, the Village recognized revenue and expenditures of \$4,000 in salary supplements from State of Louisiana paid to an employee of the police department.

Note 7 - Contingencies

As of June 30, 2019, the Village was not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that were required to be accrued or disclosed in these financial statements. Legal counsel had not been consulted by the Village concerning litigation, claims, or assessments.

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Village carries commercial insurance for all risks of loss, including worker's compensation and employee health and accident insurance. There were no significant reductions in the insurance coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or three prior fiscal years.

The Village occasionally participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Village has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of

VILLAGE OF BONITA, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 7 - Contingencies (continued)

Village management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 8 - Going Concern

The Village had a decrease in net position of \$139,522 from government-wide activities during the fiscal year 2019. As a result of this decrease in net position, cash balances decreased from \$77,265 in 2018 to \$11,477 in 2019. The Village has past due payroll liabilities due of approximately \$25,000. The Village relies on fines and forfeitures for revenue and with the outbreak of the COVID-19 pandemic and the decrease of traffic in the area, this could potentially make it harder for the Village to have the available funds needed to continue to provide all the current services. The Village is working to improve its net position by increasing water rates and evaluating expenditures that can be cut.

Note 9 - Subsequent Events

In preparing these financial statements, the Village has evaluated events and transactions for potential recognition or disclosure through May 18, 2020, the date the financial statements were available to be issued.

On March 13, 2020, the President of the United States declared the COVID-19 outbreak to be a national emergency. The Village has evaluated the effects of the outbreak and ensuing economic repercussions. As of the report date, the Village has identified no material effects to the financial statements but is unable to determine what, if any, effects there will be on future operations.

**REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULE**

VILLAGE OF BONITA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		With Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Franchise Tax	\$ 4,433	\$ 4,732	\$ 4,433	\$ (299)
Ad Valorem Tax	10,484	10,500	10,496	(4)
Sales Tax	41,873	40,196	44,962	4,766
Licenses and Permits	8,511	13,282	12,481	(801)
Intergovernmental Revenues	4,112	238	10,136	9,898
Fines and Forfeitures	80,601	113,525	86,809	(26,716)
Other Revenues	3,754	2,570	3,588	1,018
Total Revenues	<u>153,768</u>	<u>185,043</u>	<u>172,905</u>	<u>(12,138)</u>
<u>Expenditures</u>				
Current	153,768	185,043	197,168	(12,125)
Capital Outlay	-	-	17,501	(17,501)
Total Expenditures	<u>153,768</u>	<u>185,043</u>	<u>214,669</u>	<u>(29,626)</u>
<u>Net Change in Fund Balance</u>	-	-	(41,764)	(41,764)
<u>Fund Balance at Beginning of Year</u>	-	-	46,346	46,346
<u>Fund Balance at End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,582</u>	<u>\$ 4,582</u>

The accompanying notes are an integral part of this schedule.

VILLAGE OF BONITA, LOUISIANA
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

Budget Information

The Village uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is normally presented to the board of aldermen in June each year. The budget is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. There was one budget amendment during the year ended June 30, 2019.

The budget comparison statements included in the accompanying financial statements reflect the original proposed budget. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF MAYOR'S AND ALDERMEN'S COMPENSATION
FOR THE YEAR ENDING JUNE 30, 2019

The schedule of compensation paid to the mayor and aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the board members is included in the general government expenditures of the General Fund. The mayor and aldermen receive compensation pursuant to Louisiana Revised Statute 404.1.

<u>Name and Title</u>	<u>Amount</u>
Kathy Moses, Mayor	\$ 3,000
Virgil Penn, Mayor	3,000
Richard D. Polk, Alderman	1,200
Margarite B. Sampson, Alderman	1,200
Linda Bruce, Alderman	1,200
TOTAL	\$ 9,600

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDING JUNE 30, 2019

Agency Head Name: Mayor Kathy Moses
July 1, 2018 - December 31, 2018

<u>Purpose</u>	Amount
Salary	\$ 3,000
Reimbursements	204

Agency Head Name: Mayor Virgil Penn
January 1, 2019 - June 30, 2019

<u>Purpose</u>	Amount
Salary	\$ 3,000
Reimbursements	1,183

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

2019-01 Inadequate Segregation of Duties

Criteria

Adequate segregation of duties is essential to a proper internal control structure.

Condition

The segregation of duties is inadequate to provide effective internal control.

Cause

The condition is due to economic limitations of the Village.

Effect

Not determined.

Recommendation

The Village should use the contracted accounting firm to help minimize the risk of errors and irregularities that occur from inadequate segregation of duties.

Management's Response and Planned Corrective Action

We are unable to effect an ideal segregation due to limited staffing. However, we will continue to implement the recommendations as we are able.

2019-02 Net Operating Loss in Proprietary Fund

Criteria

The Village should fix and maintain rates and collect charges for all services and facilities to be rendered by the water and sewer system sufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the system.

Condition

The Village's Proprietary Fund continues to incur operating losses each fiscal year, the current operating loss being \$98,357.

Cause

The current rate structure is insufficient to provide for the payment of the reasonable and necessary expenses of administration, operation, and maintenance of the water and sewer system.

Operating revenues of the Proprietary Fund for the year ended June 30, 2019 were \$105,468 and operating expenditures were \$203,825.

Effect

The Village continues to incur operating losses.

Recommendation

The Village should consider increasing rates that will be sufficient to provide for the reasonable and necessary expenses of operating and maintaining the system. Also, the Village should monitor the Proprietary Fund's budget to minimize the risk of operating expenses exceeding revenues generated by the system.

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2019-02 Net Operating Loss in Proprietary Fund (continued)

Management's Response and Planned Corrective Action

In July 2019 the Village approved an increase in water and sewer rates based on a study done to determine what the rate should be. The Village will continue to evaluate the operations of the utilities and monitor income and expenses.

2019-03 Noncompliance with Local Government Budget Act

Criteria

During the 2010 Louisiana Legislative regular session, requirements were added to the state budget law effective January 1, 2011. A budget is to include a clearly presented side-by-side detailed comparison of information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

Condition

The budget format used by the Village is not compliant with the mandated changes.

Cause

The Village has not complied with the changes mandated for the budget presentation.

Effect

The Village is in violation of the Local Government Budget Act and the related statutes.

Recommendation

The Local Government Budget Act and related statutes should be reviewed to ensure compliance with all requirements.

Management's Response and Planned Corrective Action

After going to Baton Rouge in October 2018 and speaking with the Legislative Audit Advisory Committee, we were advised to try to use the budget format from the Legislative Auditor's website for future references. We are using the format from the Legislative Auditor's website and will get assistance from our consulting CPA to help with areas where the budget is still inadequate.

2019-04 Inadequate Purchase Procedures

Criteria

Management is responsible for establishing and implementing internal control policies and procedures to ensure that purchases are (1) reasonable and necessary; (2) budgeted; (3) documented and approved; (4) received and safeguarded; and (5) used solely for the public purposes/functions of the Village.

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2019-04 Inadequate Purchase Procedures (continued)

Condition

The Town's purchase order procedures state that any purchase greater than \$300 should have a purchase order and be signed by the mayor or a board member. During the review procedures not one invoice over \$300 had a purchase order.

Checks require only one signature and the majority of the time that one signature is that of the Village's Clerk, except for payroll, for which the Mayor is the only signature the majority of the time.

Cause

Management of the Village has not accepted the value of establishing internal control policies and requiring all employees' adherence thereto.

Effect

The failure to establish or to adhere to internal control policies and procedures could result in a loss of assets from transactions that are not in accordance with management's authorization.

Recommendation

Management needs to adhere to the Village's purchase order system that requires certain documentation to be generated before a purchase can be made and before a disbursement is made. Payments to vendors should not be made until adequate supporting documentation and evidence of receipt have been provided. Although the Board of Aldermen approve the payment of bills at each monthly meeting, the mayor or a member of the board should personally review all bills before payment.

Management's Response and Planned Corrective Action

We have implemented a purchase order system and will continue to review and evaluate the procedures with the guidelines. Any purchase made for \$300 or more is required to have a purchase order and to be signed by the Mayor or a Board Member. The Mayor does use a signature stamp from time to time and also signs off. Only emergency situations will be accepted in this case. We do sometimes have invoices that are over the amount set because of an emergency situation has occurred. We will continue to monitor.

2019-05 Untimely Payments

Criteria

Payroll and related costs are generally the largest expenditures of the Village. Therefore, it is of utmost importance that payroll tax deposits are timely made.

Condition

As of June 30, 2019, the Village was behind on payroll taxes the last three quarters of the fiscal year which is approximately \$20,000.

Cause

Funds necessary to pay the payroll taxes when originally due were not available.

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2019-05 Untimely Payments (continued)

Effect

The untimely payment of the payroll related taxes and withholdings may result in the assessment of penalties and interest at rates set by law.

Recommendation

Payroll taxes should be paid timely to avoid additional costs related to late payments.

Management's Response and Planned Corrective Action

The consulting CPA will assist the Village in catching up payroll taxes that are due and working with the Internal Revenue Service on penalties and interest.

2019-06 Utility Fund Billings/Collections

Criteria

Water and sewer billings are the largest source of revenue for the Proprietary Fund and require adequate controls for the accounting and processing of these billings and collections.

Condition

The accounts receivable balance in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing. The units of water produced are not reconciled monthly with the units of water billed to customers.

Cause

The utility billing clerk resigned at the end of February 2018 and was not replaced until April 2019 and since then the Village's clerk has been responsible for billing and collecting alone with all other duties.

Effect

Not reconciling the detailed accounts receivable customer listing to the balance in the general ledger on a monthly basis is a fraud risk factor.

Note reconciling production with units consumed (billed) may result in oversight of significant water line leaks, inaccurate meters or meter readings, and unauthorized or non-metered water usage.

Recommendation

The Water and Sewer accounts receivable balance recorded in the general ledger should agree to the accounts receivable balance recorded in the utility billing software at the end of each month. This reconciliation will help ensure that all billings, customer payments, and adjustments are properly recorded.

Management's Response and Planned Corrective Action

The Village has hired a utility billing clerk to help with the billing and collecting duties. The Village also hired an outside accounting firm to assist with all accounting functions including reconciling accounts receivable to the general ledger.

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2019-07 Questionable Transaction

Criteria

Purchase of property should only be made after the formal approval of the majority of the Board of Alderman.

Condition

The purchase of property owned by Morehouse Parish School Board was initially mentioned in the minutes of the board's meeting under "old business" at the July 23, 2018 meeting.

In the minutes of the board's meeting held on August 7, 2018, it was recorded under "unfinished business" that the school property was bid on and purchased by the Village. Also recorded was that a "...resolution to purchase the Old Bonita School Property was agreed and to be signed...". No formal action was documented in the minutes as being taken by the board relative to this resolution.

Resolution No. 0818-01 dated August 7, 2018 authorizing the Village to purchase the above mentioned property states "...be it resolved, by the Board of Aldermen, in legal session convened, that the mayor is authorized to sign the deed on behalf of the Village, accepting on behalf of the Village the amount of \$10,001...". The resolution lists all three of the Aldermen voting "yeas" in favor of the resolution while according to the minutes of the meeting, one Aldermen was absent. No formal action was documented in the minutes as being taken by the board relative to the adoption of this resolution.

Resolution No. 0818-02 also dated August 7, 2018 authorizing the Village "...to enter into and execute all documents necessary and proper to acquire by act of sale..." the above-mentioned property listed the one alderman as absent. Again, no formal action was documented in the minutes as being taken by the board relative to this resolution.

Copies of neither of the formal resolutions provided to the auditor had signatures. The first had an Alderman's common name scratched through with his legal name penciled in. A sworn affidavit was provided to the auditor attesting to the fact that a conversation between the Village's mayor and clerk was overheard with the mayor stating that "...I'm going to let the citizens know that he wouldn't sign..." with the clerk responding "...well I know how he signs his name on paperwork...". The name referenced in this overheard conversation match those penciled in as mentioned earlier in this paragraph.

Cause

It appears that the Mayor took legal action to purchase real property without approval of the majority of the board's members.

Effect

Misappropriation of assets may possibly result in legal action.

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2019-07 Questionable Transaction (continued)

Recommendation

Approval of the majority of the Aldermen should be legally obtained and formally documented before contracting to purchase land.

Management's Response and Planned Corrective Action

The purchase of the old school property was discussed and agreed upon by the Board, that the Mayor do whatever and gather any information needed necessary to purchase of property for the Village. The Mayor gathered all known information for the property. The information was presented to the Board at one of the meetings and their response was "do what you have to do". A resolution was put in place, agreed on, and to be signed. All the Board agreed on the property. Although one Board member was absent on the day the resolution was presented to be signed in the month of July 2018. Everything was done correctly. This is a process for the Village with a plan that this Village will grow in grace.

2019-08 Misuse of Public Funds and Publicly Owned Property

Criteria

Public funds are to be expended only for the benefit of the general public.

Condition

Employees of the Village along with equipment owned by the Village were used on numerous occasions to maintain lawns and private property of local citizens. The Village has an ordinance in place to charge for mowing properties that are not kept to certain standards. The Village is supposed to add it to the property taxes of the owner of the property but has not done it yet.

The police chief was reimbursed for meals while attending a conference where meals were included and paid for with the registration fee. The travel voucher signed by the police chief specifically stated that "meals prepaid as part of the event cannot be reimbursed". The amounts reimbursed for lunch and dinner meals along with the hotel charges exceeded the per diem rates set by the U.S. General Services Administration for the State of Louisiana.

Cause

The Mayor was aware of all instances.

Effect

Misappropriation of assets may possibly result in legal action.

Recommendation

Any personal use or misappropriation of assets of the Village should result in termination of employment and possible legal action.

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2019-08 Misuse of Public Funds and Publicly Owned Property (continued)

Management's Response and Planned Corrective Action

The Village has not misused any public funds. In reference to the mowing, the Village has not misused their property. Usually if someone's property is all grown up, the Village tries to reach out to them by calling or sending a letter out to the residents of that property. If no response to either, to keep down animals and the mosquitoes from multiplying, maintenance will do what is necessary to keep the Village looking great. At the end of the year, the cost will be added to the owner's property taxes.

2019-09 Traffic Tickets

Criteria

Properly accounting for traffic tickets is important to ensure (1) collection of traffic fees or appropriate action for non-payment is taken; (2) compliance with state laws; and (3) misappropriation of assets or fraud does not occur.

Condition

There is no monthly accounting, including reconciliation, of the final disposition (received payment, reduced fine, dismissed, bench warrant issued, etc.) of citations issued.

Documentation provided to the auditor by the Village's clerk stated that approximately 17 ticket books (25 tickets each) were issued to officers in sequential order. Comparison was made to records maintained by one of the officers that agreed to the clerk's records of the ticket books issued.

It was recorded in the minutes of the Alderman's meeting held on April 7, 2015 that cash payments would no longer be accepted, only money orders or checks. Upon inquiry of the Village's Clerk, it was disclosed that at times cash is accepted for payments of fines.

Cause

Management of the Village has become lenient as to accounting, reconciling, and collection policies related to traffic tickets.

Effect

Misappropriation of assets may possibly result in legal action.

Recommendation

All traffic tickets should be timely and properly accounted for and payments reconciled on a monthly basis.

VILLAGE OF BONITA, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2019-09 Traffic Tickets (continued)

Management's Response and Planned Corrective Action

Beginning in April 2019, the Clerk now reconciles its payments with citation tickets on our computer system, and also through our N-Court. All the tickets of this fiscal year were in the system, but some citations were thrown out, or dismissed. Some citations get reduced, to other violations that causes the fine amounts to be changed, and this is to be done only by our prosecuting attorney. Some of our citations are sent to the state due to noncompliance or failure to pay. Once these citations are sent to the State, the Village does not know when and if the citation will be paid. Some citations will sit for a long period of time, maybe years before payment is made. We will continue to monitor.

2019-10 Compliance with Annual Filing Deadline

Criteria

Louisiana Revised Statute 24:513 requires timely filing of annual reports within six months after the end of the fiscal year.

Condition

The Village did not timely file its annual reports for the year ending June 30, 2019.

Cause

The Village did not file its report for June 30, 2019 within six months of the end of its fiscal year.

Effect

The Village was not in compliance with state statute.

Recommendation

The Village should work with its outside accounting firm to get the financial information ready earlier so that it can be submitted to the Legislative Auditor in a timely manner.

Management's Response and Planned Corrective Action

In the future the Village will work with its contracted accounting firm to make sure that all financial information is available earlier in the year.

VILLAGE OF BONITA, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

2018-1 Inadequate Segregation of Duties

Condition Found

The segregation of duties is inadequate to provide effective internal control.

Effect

Not determined.

Recommendation to Prevent Future Occurrences

No action is recommended.

Current Status

The finding was repeated as finding 2019-01.

2018-2 Net Operating Loss in Proprietary Fund

Condition Found

The Village's Proprietary Fund continues to incur operating losses each fiscal year, the current operating loss being \$89,564.

Effect

The Village continues to incur operating losses.

Recommendation to Prevent Future Occurrences

The Village should consider increasing rates that will be sufficient to provide for the reasonable and necessary expenses of operating and maintaining the system. Also, the Village should monitor the Proprietary Fund's budget to minimize the risk of operating expenses exceeding revenues generated by the system.

Current Status

The finding was repeated as finding 2019-02.

2018-3 Noncompliance with Local Government Budget Act

Condition Found

The budget format used by the Village is not compliant with the mandated changes.

Effect

The Village is in violation of the Local Government Budget Act and the related statutes.

Recommendation to Prevent Future Occurrences

The Local Government Budget Act and related statutes should be reviewed to ensure compliance with all requirements.

Current Status

The finding was repeated as finding 2019-03.

VILLAGE OF BONITA, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2018-4 Inadequate Purchase Procedures

Condition Found

In a random selection of 29 disbursements totaling \$15,002 made by the Village during the year ended June 30, 2018, for (8% of the total dollar examined and 14% of the total number examined) were not signed by the employee of the Village responsible for receiving the products/services on behalf of the Village.

Of the same 29 disbursements selected, seven should have had purchase orders issued by none were issued.

Checks require only one signature and the majority of the time that one signature is that of the Village's Clerk, except for payroll, for which the Mayor is the only signature the majority of the time.

The Mayor's signature stamp was noted on some invoice, statements, etc. but that is not sufficient proof that the Mayor actually reviewed the documents.

Effect

The failure to establish or to adhere to internal control policies and procedures could result in a loss of assets from transactions that are not in accordance with management's authorization.

Recommendation to Prevent Future Occurrences

Management needs to implement a purchase order system that requires certain documentation to be generated before a purchase can be made and before a disbursement is made. Payments to vendors should not be made until adequate supporting documentation and evidence of receipt have been provided. Although the Board of Aldermen approve the payment of bills at each monthly meeting, the mayor or a member of the board should personally review all bills before payment.

Current Status

The finding was repeated as finding 2019-04.

2018-5 Untimely Payments

Condition Found

As of June 30, 2018, and for the fiscal year then ended, only one quarter of the Form 941 taxes had been paid to the Internal Revenue Service (IRS). \$19,270 was paid in August and September of 2018 as payment in full for the three remaining quarters.

During the year ended June 30, 2018, all of the previous fiscal year's Form 941 payroll taxes totaling \$31, 242 were paid. As of the date of this report, notices had not been received from the IRS as to the penalties and interest for late payments of all the current and previous years' taxes.

\$1,275 of penalties and interest assessed on the September 30, 2017 Form 941 were paid during the year ended June 30, 2018.

VILLAGE OF BONITA, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2018-5 Untimely Payments (continued)

Effect

The untimely payment of the payroll related taxes and withholdings may result in the assessment of penalties and interest at rates set by law.

Recommendation to Prevent Future Occurrences

Payroll taxes should be paid timely to avoid additional costs related to late payments.

Current Status

The finding was repeated as finding 2019-05.

2018-6 Utility Fund Billings/Collections

Condition Found

The accounts receivable balance in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing. The detailed report dated June 30, 2018 provided for the audit showed a negative "current" balance of \$229 and "over 120" positive balance of \$5,213.

The units of water produced are not reconciled monthly with the units of water billed to customers. The water consumption report for the month of March 2018 showed a negative 2,405,286 gallons.

Effect

Not reconciling the detailed accounts receivable customer listing to the balance in the general ledger on a monthly basis is a fraud risk factor.

Note reconciling production with units consumed (billed) may result in oversight of significant water line leaks, inaccurate meters or meter readings, and unauthorized or non-metered water usage.

Recommendation to Prevent Future Occurrences

The Village should seriously consider hiring a part-time employee to be responsible for the utility billings and collections with oversight by the Village's clerk and/or the mayor.

The software should be updated or replaced.

Current Status

The finding was repeated as finding 2019-06.

2018-7 Questionable Transaction

Condition Found

The purchase of property owned by Morehouse Parish School Board was initially mentioned in the minutes of the board's meeting under "old business" at the July 23, 2018 meeting.

VILLAGE OF BONITA, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2018-7 Questionable Transaction (continued)

Condition Found (continued)

In the minutes of the board's meeting held on August 7, 2018, it was recorded under "unfinished business" that the school property was bid on and purchased by the Village. Also recorded was that a "...resolution to purchase the Old Bonita School Property was agreed and to be signed...". No formal action was documented in the minutes as being taken by the board relative to this resolution.

Resolution No. 0818-01 dated August 7, 2018 authorizing the Village to purchase the above mentioned property states "...be it resolved, by the Board of Aldermen, in legal session convened, that the mayor is authorized to sign the deed on behalf of the Village, accepting on behalf of the Village the amount of \$10,001...". The resolution lists all three of the Aldermen voting "yeas" in favor of the resolution while according to the minutes of the meeting, one Aldermen was absent. No formal action was documented in the minutes as being taken by the board relative to the adoption of this resolution.

Resolution No. 0818-02 also dated August 7, 2018 authorizing the Village "...to enter into and execute all documents necessary and proper to acquire by act of sale..." the above-mentioned property listed the one alderman as absent. Again, no formal action was documented in the minutes as being taken by the board relative to this resolution.

Copies of neither of the formal resolutions provided to the auditor had signatures. The first had an Alderman's common name scratched through with his legal name penciled in. A sworn affidavit was provided to the auditor attesting to the fact that a conversation between the Village's mayor and clerk was overheard with the mayor stating that "...I'm going to let the citizens know that he wouldn't sign..." with the clerk responding "...well I know how he signs his name on paperwork...". The name referenced in this overheard conversation match those penciled in as mentioned earlier in this paragraph.

Effect

Misappropriation of assets possibly may result in legal action.

Recommendation to Prevent Future Occurrences

Approval of the majority of the Aldermen should be legally obtained and formally documented before contracting to purchase land.

Current Status

The finding was repeated as finding 2019-07.

2018-8 Misuse of Public Funds and Publicly Owned Proper

Condition Found

Employees of the Village along with equipment owned by the Village were used on numerous occasions to maintain lawns and private property of local citizens.

VILLAGE OF BONITA, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2018-8 **Misuse of Public Funds and Publicly Owned Proper (continued)**

Condition Found (continued)

Upon the auditor's inquiry as to when reimbursements made by the citizens were deposited, the response was "no one came forth to pay or donate and when and if they do, it will go to the General Fund".

An employee of the Village was allowed to drive the Village owned vehicle to and from his residence 30 miles away.

The police chief was reimbursed for four meals while attending a conference where meals were included and paid for with the registration fee. The travel voucher signed by the police chief specifically stated that "meals prepaid as part of the event cannot be reimbursed". The amounts reimbursed for lunch and dinner meals along with the hotel charges exceeded the per diem rates set by the U.S. General Services Administration for the State of Louisiana. Also noted was that the total reimbursement due on the travel voucher was overstated by \$30.

A part-time police officer was paid for some hours at an overtime rate.

An invoice was paid for labor and materials for repairs at the municipal center, but no receipts were provided for the actual material costs.

A piece of equipment owned by the Village was sold after one "silent" bid was received.

Effect

Misappropriation of assets possibly may result in legal action.

Recommendation to Prevent Future Occurrences

Any personal use or misappropriation of assets of the Village should result in termination of employment and possible legal action.

Current Status

The finding was repeated as finding 2019-08.

2018-9 **Traffic Tickets**

Condition Found

There is no monthly accounting, including reconciliation, of the final disposition (received payment, reduced fine, dismissed, bench warrant issued, etc.) of citations issued.

Documentation provided to the auditor by the Village's clerk stated that approximately 28 ticket books (25 tickets each) were issued to officers in sequential order. Comparison was made to records maintained by one of the officers that agreed to the clerk's records of the ticket books issued.

VILLAGE OF BONITA, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019 (continued)

2018-9 Traffic Tickets (continued)

Condition Found (continued)

With the auditor being informed and in part confirming that approximately 700 tickets were issued at an average fine of \$242, revenues from court fines were projected to total approximately \$169,400 while that actual revenues recorded were \$121,660, a difference of \$47,740.

It was recorded in the minutes of the Alderman's meeting held on April 7, 2015 that cash payments would no longer be accepted, only money orders or checks. Upon inquiry of the Village's Clerk during the current audit's fieldwork, it was disclosed that at times cash is accepted for payments of fines. It was verified while performing various procedures for the current audit that cash was collected for traffic fines.

Effect

Misappropriation of assets possibly may result in legal action.

Recommendation to Prevent Future Occurrences

All traffic tickets should be timely and properly accounted for and payments reconciled on a monthly basis.

Current Status

The finding was repeated as finding 2019-09.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Village of Bonita (the Village) and the Louisiana Legislative Auditor, on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Village is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code) or R.S.38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

The Village had no expenditures for materials and supplies exceeding \$30,000 and no expenditures exceeding \$157,700 for public works.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by RS 42:1101-1124 (the ethics law).

Management provided me with the requested information.



3. Obtain a list of all employees paid during the fiscal year.

Management provided me with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

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 as immediate family members.

5. Obtain a list of all disbursements made during the year; and a list of outside business interest of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original and amended budgets.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute's book, and report whether there are any exceptions.

The budget was not adopted by ordinance or approved before the end of the prior fiscal year in compliance with the Local Government Budget Act (R.S. 39:1305.D).

8. 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 budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year were less than budgeted revenues by more than 5% and actual expenditures for the year exceeded budgeted amounts by more than 5%.

Accounting and Reporting

9. Obtain the list of all disbursements made during the year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a. Report whether the six disbursements agree to the amount and payee in the supporting documentation.

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. Report whether the six disbursements were coded to the correct fund and general ledger account.

All of the six disbursements were properly coded in the general ledger.

- c. Report whether the six disbursements were approved in accordance with management's policies and procedures.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from proper authorities but there were 2 instances when there should have been a purchase orders, but they were not done. Upon inquiry of the Town Clerk it was discovered that purchase orders were not done for the 2019 fiscal year. Each of the disbursements was traced to the supporting documentation.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of Town Hall. The Village complied with this requirement.

Debt

11. Obtain bank deposit slips for the fiscal year and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

I scanned copies of all bank deposit slips for the fiscal year and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

I scanned payroll disbursements and read the council meeting minutes of the Village for the year. I found no payments or approval for payments to employees that would constitute bonuses, advances, or gifts.

Village of Bonita, Louisiana
May 18, 2020

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The Village's report was not submitted by the due date of December 31, 2019.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Management represented that the Village did not enter into any contracts that utilized state funds or that were subject to the public bid law, while not in compliance with R.S. 24:513 (the audit law).

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

This part is not applicable for this fiscal year.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Village's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Maxwell CPA, LLC

Monroe, Louisiana
May 18, 2020

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

May 11, 2020

Village of Bonita

Maxwell CPA, LLC
8649 Hwy 165 N, STE 2
Monroe, LA 71203

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of June 30, 2019 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.

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 [X] 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 [X] 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 [X] 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 [X] 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 [X] No []

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

Yes [X] No []

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

Yes [X] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [X] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [X] 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.
Yes No

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.
Yes No

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.
Yes No

We have evaluated our compliance with these laws and regulations prior to making these representations.
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.
Yes No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.
Yes No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants 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 your report.
Yes No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.
Yes No

The previous responses have been made to the best of our belief and knowledge.

Mayor Date *Mayor Dwight Pen*
Clerk Date *Samuel W. Leason, Clerk*
Alderman Date *Gaddis Glasson*