

**VILLAGE OF ROBELINE, LOUISIANA**

**Annual Financial Statements**

**JUNE 30, 2012**



**Village of Robeline, Louisiana  
Table of Contents  
June 30, 2012**

	<b>Schedule No.</b>	<b>Page No.</b>
Independent Accountant’s Report.....		1-2
Management’s Discussion and Analysis.....		3-8
Independent Accountant’s Report On Applying Agreed-Upon Procedures....		9-11
<b>Basic Financial Statements</b>		
Statement of Net Assets.....	A	13
Statement of Activities.....	B	14
Balance Sheet, Governmental Funds.....	C	15
Reconciliation of The Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets.....	D	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....	E	17
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	18
Statement of Net Assets, Proprietary Funds.....	G	19
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds.....	H	20
Statement of Cash Flows – Proprietary Funds.....	I	21
Notes to the Basic Financial Statements.....		22-30
<b>Required Supplemental Information</b>		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	1	32
<b>Other Reports</b>		
Management Letter Comments.....		34-44
Management’s Summary of Prior Year Findings.....		45

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**INDEPENDENT ACCOUNTANT'S REPORT**

The Honorable Tommy O'Con, Mayor  
& Members of the Board  
Robeline, Louisiana

We have reviewed the accompanying basic financial statements of the governmental activities and business-type activities of the Village of Robeline, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Village of Robeline, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

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

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated December 14, 2012, on the results of our agreed-upon procedures.

The Legislative Auditor's Office issued a separate advisory assessment report dated October 3, 2012, as the result of a limited review of the Village of Robeline's financial records.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis and budgetary comparison information are presented for purposes of additional analysis. 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 financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or review the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

As discussed in Note 14, certain conditions indicate that the Village of Robeline, Louisiana, may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Village of Robeline be unable to continue as a going concern.

*John R. Vercher PC*

Jena, Louisiana  
December 14, 2012

# Village of Robeline

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## MANAGEMENT'S DISCUSSION & ANALYSIS

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As management of the Village, we offer readers of the Village of Robeline's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

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

### FINANCIAL HIGHLIGHTS

#### *Governmental Funds*

- The liabilities of the Village exceeded its assets at the close of the most recent fiscal year by \$(203,429) (*net assets*). This is a \$282,588 decrease from last year.
- The Village had total revenue of \$412,283, in which \$307,348 came from fines and forfeitures. This is a \$16,283 increase from last year's revenues, mainly due to an increase in loan proceeds in the amount of \$10,050 and an increase in taxes in the amount of \$9,502.
- The Village had total expenditures of \$414,997, which is a \$17,731 increase from last year, mainly due to an increase in insurance expense in the amount of \$31,025.

#### *Enterprise Funds*

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$555,676 (*net assets*). This is a \$21,571 decrease from last year.
- The Village had total revenue of \$9,665. This is a \$302 decrease from last year.
- The Village had total expenses of \$35,284, including depreciation expense in the amount of \$20,040, which is a non-cash transaction. This is a \$1,987 increase from last year.

See accountant's report.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **FUND FINANCIAL STATEMENTS**

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

## **USING THIS ANNUAL REPORT**

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

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

## **Reporting the Village's Most Significant Funds**

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

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

See accountant's report.

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**MD&A**

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**Comparative Statement of Net Assets  
Governmental Funds**

The following table represents a Comparative Statement of Net Assets as of June 30, 2012:

	<u>2011</u>	<u>2012</u>	<u>% Change</u>
<b>Current Assets</b>			
Cash & Cash Equivalents	\$ 80	\$ 80	0.0
Receivables (Net)	<u>3,111</u>	<u>5,156</u>	65.7
<b>Total Current Assets</b>	<u>3,191</u>	<u>5,236</u>	64.1
<b>Non-Current Assets</b>			
Capital Assets, Net of Accumulated Depreciation	<u>99,213</u>	<u>97,012</u>	-2.2
<b>Total Non-Current Assets</b>	<u>99,213</u>	<u>97,012</u>	-2.2
<b>Total Assets</b>	<u>102,404</u>	<u>102,248</u>	-0.2
<b>Current Liabilities</b>			
Bank Overdraft	480	9,607	1,901.5
Accounts Payable	3,405	3,085	-9.4
Payroll Taxes Payable	-0-	264,881	100.0
Accrued Interest	-0-	796	100.0
Short Term Debt	-0-	10,050	100.0
Notes Payable Due Within One Year	<u>2,102</u>	<u>2,442</u>	16.2
<b>Total Current Liabilities</b>	<u>5,987</u>	<u>290,861</u>	4,758.2
<b>Non-Current Liabilities</b>			
Notes Payable	<u>17,258</u>	<u>14,816</u>	-14.1
<b>Total Non-Current Liabilities</b>	<u>17,258</u>	<u>14,816</u>	-14.1
<b>Total Liabilities</b>	<u>23,245</u>	<u>305,677</u>	1,215.0
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	79,853	79,754	-0.1
Restricted	-0-	80	100.0
Unrestricted	<u>(694)</u>	<u>(283,263)</u>	40,716.0
<b>Total Net Assets</b>	<u>\$ 79,159</u>	<u>\$ (203,429)</u>	-357.0

See accountant's report.

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## MD&A

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### Comparative Changes in Fund Balances Governmental Funds

The following table reflects the Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2012:

	<u>2011</u>	<u>2012</u>	<u>% Change</u>
<b>Revenues</b>			
Fees & Charges	\$ 25,985	\$ 30,303	16.6
Taxes	39,907	49,409	23.8
Fines & Forfeitures	306,118	307,348	0.4
Miscellaneous	-0-	15,173	100.0
Loan Proceeds	-0-	10,050	100.0
Grant Proceeds	23,990	-0-	-100.0
<b>Total Revenues</b>	<u>396,000</u>	<u>412,283</u>	4.1
<b>Expenditures</b>			
Personnel Expense	196,800	188,050	-4.4
Police Expense	28,306	34,400	21.5
Insurance Expense	-0-	79,414	100.0
Other Administrative	57,466	13,810	76.0
Event Expense	-0-	16,826	100.0
Utilities	34,526	28,758	-16.7
Repairs & Maintenance	3,999	18,125	353.2
Professional	9,639	8,500	-11.8
Contract Labor	13,521	10,784	-20.2
Debt Service	6,469	4,883	-24.5
Miscellaneous	23,496	3,540	-84.9
Capital Outlay	23,044	7,907	-65.7
<b>Total Expenditures</b>	<u>397,266</u>	<u>414,997</u>	4.5
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,266)</u>	<u>(2,714)</u>	114.4
<b>Other Financing Sources (Uses)</b>			
Transfers In/(Out)	<u>(6,610)</u>	<u>(4,048)</u>	-38.8
<b>Total Other Financing Sources (Uses)</b>	<u>(6,610)</u>	<u>(4,048)</u>	-38.8
<b>Net Change in Fund Balance</b>	(7,876)	(6,762)	-14.1
<b>Prior Period Adjustment</b>	-0-	(264,881)	-100.0
<b>Fund Balances - Beginning</b>	<u>7,182</u>	<u>(694)</u>	-90.3
<b>Fund Balances - Ending</b>	<u>\$ (694)</u>	<u>\$ (272,337)</u>	-39,141.6

See accountant's report.

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**MD&A**

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**Comparative Statement of Net Assets  
Enterprise Funds**

The following table represents a Comparative Statement of Net Assets as of June 30, 2012:

	<u>2011</u>	<u>2012</u>	<u>% Change</u>
<b>Assets</b>			
Cash & Investments	\$ 2,888	\$ 1,927	-33.3
Receivables (Net)	743	173	-76.7
Restricted Assets	870	1,140	31.0
Capital Assets, Net of Accumulated Depreciation	<u>573,616</u>	<u>553,576</u>	-3.5
<b>Total Assets</b>	<u>578,117</u>	<u>556,816</u>	-3.7
<b>Liabilities and Net Assets</b>			
Accounts, Salaries, & Other Payables	-0-	-0-	0.0
Customer Deposits	<u>870</u>	<u>1,140</u>	31.0
<b>Total Liabilities</b>	<u>870</u>	<u>1,140</u>	31.0
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	573,616	553,576	-3.5
Unrestricted	<u>3,631</u>	<u>2,100</u>	-42.2
<b>Total Net Assets</b>	<u>\$ 577,247</u>	<u>\$ 555,676</u>	-3.7

See accountant's report.

## MD&A

### Comparative Changes in Net Assets Enterprise Funds

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2012:

	<u>2011</u>	<u>2012</u>	<u>% Change</u>
Operating Revenues	\$ 9,967	\$ 9,665	-3.0
<b>Total Operating Revenues</b>	<u>9,967</u>	<u>9,665</u>	-3.0
<b>Operating Expenses</b>			
Cost of Sales & Services	4,000	9,390	134.8
Administration	9,257	5,854	-36.8
Depreciation	20,040	20,040	0.0
<b>Total Operating Expenses</b>	<u>33,297</u>	<u>35,284</u>	6.0
<b>Operating Income (Loss)</b>	<u>(23,330)</u>	<u>(25,619)</u>	9.8
<b>Other Financing Sources (Uses)</b>			
Transfers In (Out)	6,610	4,048	-38.8
<b>Total Other Financing Sources (Uses)</b>	<u>6,610</u>	<u>4,048</u>	-38.8
Increase (Decrease) in Net Assets	(16,720)	(21,571)	29.0
<b>Beginning Net Assets</b>	593,967	577,247	-2.8
<b>Ending Net Assets</b>	<u>\$ 577,247</u>	<u>\$ 555,676</u>	-3.7

### CAPITAL ASSETS

#### *Capital Assets – Governmental Fund*

At June 30, 2012, the Village had \$97,012 invested in capital assets, including the following:

#### Capital Assets at Year-End

	<u>2011</u>	<u>2012</u>
Land	\$ 26,000	\$ 26,000
Building	46,010	46,010
Furniture & Equipment	71,540	79,447
Recreation Facility	30,429	30,429
Vehicles	81,198	81,198
Substation	27,000	27,000
Accumulated Depreciation	(182,964)	(193,072)
<b>Total</b>	<u>\$ 99,213</u>	<u>\$ 97,012</u>

\* Land in the amount of \$26,000 is not being depreciated.  
See accountant's report.

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## MD&A

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### *Capital Assets – Enterprise Fund*

At June 30, 2012, the Village had \$553,576 invested in capital assets, including the following:

<b>Capital Assets at Year-End</b>		<u>2011</u>	<u>2012</u>
Sewer System	\$	901,309	\$ 901,309
Accumulated Depreciation		(327,693)	(347,733)
<b>Totals</b>		<u>\$ 573,616</u>	<u>\$ 553,576</u>

### *Long-Term Debt*

Leases payable at June 30, 2012, are comprised of the following individual issues:

#### Leases Payable

\$27,000 lease purchase agreement with First Government Lease Company for the purchase of the Annex Building; Due in 144 monthly installments of \$406.87 starting 08/01/05 and ending 07/01/17. Annual interest rate is 15.09%.

\$ 17,258

#### **Total**

\$ 17,258

	<u>Balance</u>		<u>Principle</u>		<u>Balance</u>
	<u>6-30-2011</u>	<u>Additions</u>	<u>Paid</u>		<u>6-30-2012</u>
Annex Building	\$ 19,360	\$ -0-	\$ (2,102)		\$ 17,258
<b>Total</b>	<u>\$ 19,360</u>	<u>\$ -0-</u>	<u>\$ (2,102)</u>		<u>\$ 17,258</u>

### **CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT:**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Tommy O'Con, phone number (318) 472-6121.

See accountant's report.

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

The Honorable Tommy O'Con, Mayor  
& Members of the Board  
Robeline, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Village of Robeline and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Village of Robeline's compliance with certain laws and regulations during the year ended June 30, 2012, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

*Public Bid Law*

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

\*During our review of expenditures, we found no such expenditures.

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

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

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

\* Management provided us with the required list.

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

\* None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

#### *Budgeting*

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

\* We obtained a copy of the budget and the amended budget.

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

\* We traced the budget adoption to the Village's minute book.

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

\* The Village had an unfavorable revenue variance of 2.7% and a favorable expenditure variance of 2.1%.

#### *Accounting and Reporting*

8. Randomly select 6 disbursements made during the period under examination and:

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

\* We 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) determine if payments were properly coded to the correct fund and general ledger account; and

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

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

\* Inspection of documentation supporting each of the six selected disbursements indicated approvals from the proper authorities.

#### *Meetings*

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

\* Discussions with the clerk and our review of the minutes found that the agendas for the meetings were posted.

*Debt*

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

\* We inspected all bank deposit entries in the books for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness, with the exception of the short-term debt incurred in the amount of \$10,050.

*Advances and Bonuses*

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

\* A reading of the minutes of the Village for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

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

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

*John R. Vercher PC*

Jena, Louisiana  
December 14, 2012



**Basic Financial Statements**

**Village of Robeline, Louisiana**  
**Statement of Net Assets**  
**June 30, 2012**

	PRIMARY GOVERNMENT BUSINESS-		TOTAL
	GOVERNMENTAL ACTIVITIES	TYPE ACTIVITIES	
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	\$ 80	\$ 1,927	\$ 2,007
Receivables	5,156	173	5,329
<b>TOTAL CURRENT ASSETS</b>	<u>5,236</u>	<u>2,100</u>	<u>7,336</u>
<b>NON CURRENT ASSETS</b>			
Restricted Assets	-0-	1,140	1,140
Capital Assets (Net of Accumulated Depreciation)	97,012	553,576	650,588
<b>TOTAL NON CURRENT ASSETS</b>	<u>97,012</u>	<u>554,716</u>	<u>651,728</u>
<b>TOTAL ASSETS</b>	<u>102,248</u>	<u>556,816</u>	<u>659,064</u>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	9,607	-0-	9,607
Accounts Payable	3,085	-0-	3,085
Payroll Taxes Payable	264,881	-0-	264,881
Accrued Interest	796	-0-	796
Short Term Debt	10,050	-0-	10,050
Notes Payable Due Within One Year	2,442	-0-	2,442
<b>TOTAL CURRENT LIABILITIES</b>	<u>290,861</u>	<u>-0-</u>	<u>290,861</u>
<b>NON CURRENT LIABILITIES</b>			
Customer Deposits	-0-	1,140	1,140
Notes Payable	14,816	-0-	14,816
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>14,816</u>	<u>1,140</u>	<u>15,956</u>
<b>TOTAL LIABILITIES</b>	<u>305,677</u>	<u>1,140</u>	<u>306,817</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	79,754	553,576	633,330
Unrestricted	(283,263)	2,100	(281,163)
Restricted	80	-0-	80
<b>TOTAL NET ASSETS</b>	<u>\$ (203,429)</u>	<u>\$ 555,676</u>	<u>\$ 352,247</u>

See accompanying notes and accountant's report.



**Village of Robeline, Louisiana**  
**Balance Sheet, Governmental Funds**  
**June 30, 2012**

	<u>GENERAL FUND</u>	<u>LCDBC FUND</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ -0-	\$ 80	\$ 80
Receivables	5,156	-0-	5,156
<b>TOTAL ASSETS</b>	<u>5,156</u>	<u>80</u>	<u>5,236</u>
<b>LIABILITIES</b>			
Bank Overdraft	9,607	-0-	9,607
Accounts Payable	3,085	-0-	3,085
Payroll Taxes Payable	264,881	-0-	264,881
<b>TOTAL LIABILITIES</b>	<u>277,573</u>	<u>-0-</u>	<u>277,573</u>
<b>FUND BALANCES</b>			
Unassigned	(272,417)	-0-	(272,417)
Restricted	-0-	80	80
<b>TOTAL FUND BALANCES</b>	<u>(272,417)</u>	<u>80</u>	<u>(272,337)</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>\$ 5,156</u>	<u>\$ 80</u>	<u>\$ 5,236</u>

See accompanying notes and accountant's report.

**Village of Robeline, Louisiana**  
**Reconciliation of The Government Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Assets**  
**June 30, 2012**

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

Fund Balance, Total Governmental Funds (Statement C)		\$ (272,337)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		97,012
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	Short-Term Debt	(10,050)
	Long-Term Debt	(17,258)
Other	Accrued Interest	(796)
		<u>(28,104)</u>
Net Assets of Governmental Activities (Statement A)		\$ <u>(203,429)</u>

See accompanying notes and accountant's report.

**Village of Robeline, Louisiana**  
**Statement of Revenues, Expenditures &**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	<u>GENERAL FUND</u>	<u>LCDBG FUND</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Fees & Charges	\$ 30,303	\$ -0-	\$ 30,303
Taxes	49,409	-0-	49,409
Fines & Forfeitures	307,348	-0-	307,348
Miscellaneous	15,173	-0-	15,173
Loan Proceeds	10,050	-0-	10,050
<b>TOTAL REVENUES</b>	<u>412,283</u>	<u>-0-</u>	<u>412,283</u>
<b>EXPENDITURES</b>			
Personnel Expense	188,050	-0-	188,050
Police Expense	34,400	-0-	34,400
Insurance Expense	79,414	-0-	79,414
Other Administrative	13,810	-0-	13,810
Event Expense	16,826	-0-	16,826
Utilities	28,758	-0-	28,758
Repairs & Maintenance	18,125	-0-	18,125
Professional	8,500	-0-	8,500
Contract Labor	10,784	-0-	10,784
Debt Service	4,883	-0-	4,883
Miscellaneous	3,540	-0-	3,540
Capital Outlay	7,907	-0-	7,907
<b>TOTAL EXPENDITURES</b>	<u>414,997</u>	<u>-0-</u>	<u>414,997</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,714)</u>	<u>-0-</u>	<u>(2,714)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In/(Out)	(4,048)	-0-	(4,048)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(4,048)</u>	<u>-0-</u>	<u>(4,048)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(6,762)	-0-	(6,762)
<b>PRIOR PERIOD ADJUSTMENT</b>	(264,881)		(264,881)
<b>FUND BALANCES - BEGINNING</b>	(774)	80	(694)
<b>FUND BALANCES - ENDING</b>	<u>\$ (272,417)</u>	<u>\$ 80</u>	<u>\$ (272,377)</u>

See accompanying notes and accountant's report.

**Village of Robeline, Louisiana**  
**Reconciliation of The Statement of Revenues, Expenditures,**  
**& Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2012**

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

Net Change in Fund Balances, Total governmental Funds, Statement E			\$ (6,762)
Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	Capital Outlay	7,907	
	Depreciation Exp.	<u>(10,108)</u>	
			(2,201)
The issuance of short-term and long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	Principal	2,102	
	Loan Proceeds	<u>(10,050)</u>	
			(7,948)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Accrued Interest Expense)			<u>(796)</u>
Changes in Net Assets of Governmental Activities, statement B			\$ <u>(17,707)</u>

See accompanying notes and accountant's report.

**Village of Robeline, Louisiana**  
**Statement of Net Assets, Proprietary Funds**  
**June 30, 2012**

<b>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</b>	
<b>(MAJOR ENTERPRISE FUNDS)</b>	
	<b>SEWER FUND</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 1,927
Receivables	173
<b>TOTAL CURRENT ASSETS</b>	<b>2,100</b>
<b>NON-CURRENT ASSETS</b>	
Restricted Assets	1,140
Capital Assets (Net of Accumulated Depreciation)	553,576
<b>TOTAL NON-CURRENT ASSETS</b>	<b>554,716</b>
<b>TOTAL ASSETS</b>	<b>556,816</b>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts, Salaries, & Other Payables	-0-
<b>TOTAL CURRENT LIABILITIES</b>	<b>-0-</b>
<b>NON CURRENT LIABILITIES</b>	
Customer Deposits	1,140
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>1,140</b>
<b>TOTAL LIABILITIES</b>	<b>1,140</b>
<b>NET ASSETS</b>	
Invested in Capital Assets Net of Related Debt	553,576
Unrestricted	2,100
<b>TOTAL NET ASSETS</b>	<b>\$ 555,676</b>

See accompanying notes and accountant's report.

**Village of Robeline, Louisiana**  
**Statement of Revenues, Expenses & Changes in Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

<b>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</b>	
<b>(MAJOR ENTERPRISE FUNDS)</b>	
	<b>SEWER FUND</b>
<b>OPERATING REVENUES</b>	
Charges for Services:	
Sewer Charges	\$ 9,665
<b>TOTAL OPERATING REVENUES</b>	<u>9,665</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales & Services	9,390
Administration	5,854
Depreciation	20,040
<b>TOTAL OPERATING EXPENSES</b>	<u>35,284</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(25,619)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In (Out)	4,048
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>4,048</u>
<b>CHANGE IN NET ASSETS</b>	(21,571)
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>577,247</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 555,676</u>

See accompanying notes and accountant's report.

**Village of Robeline, Louisiana**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2012**

<b>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</b>	
<b>(MAJOR ENTERPRISE FUNDS)</b>	
	<b>SEWER FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts From Customers & Users	\$ 10,235
Payments to Suppliers & Employees	(15,244)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(5,009)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers From (To) Other Funds	4,048
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>4,048</u>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	(961)
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,888
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<u>1,927</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	(25,619)
Depreciation Expense	20,040
(Increase) Decrease in Accounts Receivable	570
(Increase) Decrease in Restricted Assets	(270)
Increase (Decrease) in Accounts Payables	-0-
Increase (Decrease) in Customer Deposits	270
<b>TOTAL ADJUSTMENTS</b>	<u>20,610</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (5,009)</u>

See accompanying notes and accountant's report.

**Notes To The Basic  
Financial Statements**

## VILLAGE OF ROBELINE, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

The following is a summary of certain significant accounting policies:

#### **A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS**

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## VILLAGE OF ROBELINE, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The municipality reports the following major governmental funds:

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

The municipality reports the following major proprietary funds:

- Sewer Fund

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

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

## VILLAGE OF ROBELINE, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)

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

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

#### C. FIXED ASSETS & LONG-TERM LIABILITIES

For the year ended June 30, 2012, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Sewer System	40
Park	10
Equipment	5-10
Auto	6

**VILLAGE OF ROBELINE, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)**

**D. CASH & INVESTMENTS**

All cash and investments (CD's over 90 days) are reported at cost and are on deposit as following federally insured banks:

It is the Village's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village's deposits are categorized to give an indication of the level of risk assumed by the Village at fiscal year-end. The categories are described as follows:

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

At June 30, 2012, the Village of Robeline's bank balance was \$4,152. Amounts on deposit are secured by the following pledges:

Description	Market Value
FDIC (Category 1)	\$ 4,152
Securities (Category 2)	-0-
<b>Total</b>	<b>\$ 4,152</b>

Deposits were fully secured as of June 30, 2012.

**E. INVENTORIES**

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

**F. ACCOUNTS RECEIVABLE & BAD DEBTS-GENERAL FUND & ALLOWANCE FOR BAD DEBTS-ENTERPRISE FUND**

	Governmental	Enterprise
	General	Sewer
	Fund	Fund
Sales Tax	\$ 4,636	\$ -0-
Franchise Tax	520	-0-
Ad Valorem Tax	-0-	-0-
Customer	-0-	173
Allowance for Bad Debts	-0-	-0-
<b>Total</b>	<b>\$ 5,156</b>	<b>\$ 173</b>

**VILLAGE OF ROBELINE, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)**

**G. COMPENSATED ABSENCES**

The Village has no compensated absence policy.

**(2) AD VALOREM TAXES**

The Village of Robeline levies taxes on real and business personal property located within its boundaries. The Natchitoches Parish Tax Assessor assesses the property values and prepares the Village's property tax roll. The Village bills and collects its own property taxes.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. All ad valorem tax revenues are recognized in compliance with NCGA Interpretation-3 and GASB Codification Section P70 (Revenue Recognition – Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due or past due and receivable within the current period and collected no longer than 60 days after the close of the current period.

For the year ended June 30, 2012, taxes of 5.43 mills were levied on property with assessed valuations of \$596,960. Total taxes levied were \$3,239 in 2011. Delinquent taxes are collected by the sale of the related property; therefore, no allowances for uncollectible taxes are considered necessary.

**(3) RESTRICTED ASSETS - PROPRIETARY FUND TYPES**

At June 30, 2012, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

Customer Deposits	<u>Sewer</u>
	<u>\$ 1,140</u>

**(4) GOVERNMENTAL FIXED ASSETS**

A summary of general fund property, plant and equipment at June 30, 2012, is as follows:

	<u>Balance</u> <u>6-30-2011</u>	<u>Additions</u> <u>(Deletions)</u>	<u>Balance</u> <u>6-30-2012</u>
Land	\$ 26,000	\$ -0-	\$ 26,000
Building	46,010	-0-	46,010
Furniture & Equipment	71,540	7,907	79,447
Recreation Facility	30,429	-0-	30,429
Vehicles	81,198	-0-	81,198
Substation	27,000	-0-	27,000
Total Fixed Assets	<u>282,177</u>	<u>7,907</u>	<u>290,084</u>
Accumulated Depreciation	<u>(182,964)</u>	<u>(10,108)</u>	<u>(193,072)</u>
<b>Total Fixed Assets (Net)</b>	<u>\$ 99,213</u>	<u>\$ (2,201)</u>	<u>\$ 97,012</u>

\* Land in the amount of \$26,000 is not being depreciated.

**VILLAGE OF ROBELINE, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)**

**(5) ENTERPRISE FUND PROPERTY PLANT AND EQUIPMENT**

A summary of enterprise fund property, plant and equipment at June 30, 2012, is as follows:

<u>Sewer System</u>	<u>Balance 6-30-2011</u>	<u>Additions (Deletions)</u>	<u>Balance 6-30-2012</u>
Plant	\$ 901,309	\$ -0-	\$ 901,309
Accumulated Depreciation	(327,693)	(20,040)	(347,733)
<b>Total Fixed Assets (Net)</b>	<b>\$ 573,616</b>	<b>\$ (20,040)</b>	<b>\$ 553,576</b>

**(6) ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$278,369 at June 30, 2012, are as follows:

Bank Overdraft	\$ 9,607
Accounts Payable	3,085
Accrued Interest	796
Payroll Taxes Payable	264,881
<b>Total</b>	<b>\$ 278,369</b>

**(7) CHANGES IN SHORT-TERM DEBT**

The following is a summary of short-term debt activity of the Village of Robeline for the year ended June 30, 2012.

	<u>Balance 6-30-2011</u>	<u>Additions</u>	<u>Principle Paid</u>	<u>Balance 6-30-2012</u>
Promissory Note	\$ -0-	\$ 10,050	\$ -0-	\$ 10,050
<b>Total</b>	<b>\$ -0-</b>	<b>\$ 10,050</b>	<b>\$ -0-</b>	<b>\$ 10,050</b>

The Village borrowed \$10,050 from People's State Bank on September 14, 2011, to assist with operational expenses. The note is a short-term note due on March 14, 2012, with an interest rate of 6.26%. The Village has yet to repay the loan as of June 30, 2012.

**VILLAGE OF ROBELINE, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)**

**(8) CHANGES IN LONG-TERM DEBT**

The following is a summary of lease payable transactions of the Village of Robeline for the year ended June 30, 2012.

	<b>Balance 6-30-2011</b>	<b>Additions</b>	<b>Principle Paid</b>	<b>Balance 6-30-2012</b>
Annex Building	\$ 19,360	\$ -0-	\$ (2,102)	\$ 17,258
<b>Total</b>	\$ 19,360	\$ -0-	\$ (2,102)	\$ 17,258

Leases payable at June 30, 2012, are comprised of the following individual issues:

**Leases Payable**

\$27,000 lease purchase agreement with First Government Lease Company for the purchase of the Annex Building; Due in 144 monthly installments of \$406.87 starting 08/01/05 and ending 07/01/17. Annual interest rate is 15.09%.

\$ 17,258

**Total**

\$ 17,258

The annual requirements to amortize all debt outstanding as of June 30, 2012, including interest payments, are as follows:

<b>Year Ending June 30,</b>	<b>Annex Building</b>	<b>Short-Term Note</b>	<b>Total</b>
2013	\$ 4,882	\$ 10,846	\$ 15,728
2014	4,882	-0-	4,882
2015	4,882	-0-	4,882
2016	4,882	-0-	4,882
2017	407	-0-	407
2018-2022	-0-	-0-	-0-
<b>Total</b>	\$ 19,935	\$ 10,846	\$ 30,781

**(9) ELECTED OFFICIAL'S SALARIES**

<b>Name</b>	<b>Title</b>	<b>Annualized Salary</b>
Tommy O'Con	Mayor	\$ 42,000
Ronnie French	Alderman	3,600
Ann Moran	Alderman	3,600
Bobby Behan	Alderman	3,600
Michael Marbut	Chief of Police	\$ 19,800

**VILLAGE OF ROBELINE, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS-(CONTINUED)**

**(10) USE OF ESTIMATES**

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

**(11) RETIREMENT PLANS**

The Village does not offer its employees a retirement plan. All employees are in the social security system.

**(12) TRANSFERS**

<b>Transfers From/To Other Funds</b>			
<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Total</b>
General	\$ -0-	\$ (4,048)	\$ (4,048)
Sewer	4,048	-0-	4,048
<b>Total</b>	\$ 4,048	\$ (4,048)	\$ -0-

The transfers were made to help pay for expenses.

**(13) PRIOR PERIOD ADJUSTMENT**

The Village had a prior period adjustment of \$264,881. This adjustment is due to unpaid payroll taxes. The Village failed to remit payroll taxes to the IRS from June 30, 2007, through December 31, 2012, and the IRS filed tax liens against the Village totaling \$264,881.

**(14) GOING CONCERN**

The Village had a negative fund balance of \$(282,467) in the general fund due to unpaid payroll taxes from previous periods. This increase in liability causes the Village financial hardship and its ability to meet obligations in the future. The Village submitted a proposal to the IRS to pay \$5,000 per month toward satisfaction of its tax liabilities. There is no formal written plan, and without such a plan, it will be difficult for management to determine if scheduled repayment is feasible.

**Required Supplemental  
Information**

**Village of Robeline, Louisiana**  
**Statement of Revenues, Expenditures, & Changes in Fund Balance**  
**Budget & Actual**  
**General Fund**  
**For the Year Ended June 30, 2012**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>BUDGET TO ACTUAL DIFFERENCES FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Fees & Charges	\$ 39,000	\$ 43,000	\$ 30,303	\$ (12,697)
Taxes	37,000	41,900	49,409	7,509
Fines & Forfeitures	334,512	327,002	307,348	(19,654)
Miscellaneous	10,000	12,000	15,173	3,173
Loan Proceeds	-0-	-0-	10,050	10,050
<b>TOTAL REVENUES</b>	<u>420,512</u>	<u>423,902</u>	<u>412,283</u>	<u>(11,619)</u>
<b>EXPENDITURES</b>				
Personnel Expense	258,600	281,200	188,050	93,150
Police Expense	42,000	30,000	34,400	(4,400)
Insurance Expense	35,300	52,000	79,414	(27,414)
Other Administrative	20,752	7,152	13,810	(6,658)
Event Expense	-0-	-0-	16,826	(16,826)
Utilities	32,300	26,200	28,758	(2,558)
Repairs & Maintenance	16,160	15,150	18,125	(2,975)
Professional	9,400	8,900	8,500	400
Contract Labor	-0-	-0-	10,784	(10,784)
Debt Service	-0-	-0-	4,883	(4,883)
Miscellaneous	-0-	-0-	3,540	(3,540)
Capital Outlay	6,000	3,300	7,907	(4,607)
<b>TOTAL EXPENDITURES</b>	<u>\$ 420,512</u>	<u>\$ 423,902</u>	<u>414,997</u>	<u>\$ 8,905</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>			<u>(2,714)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In/(Out)			<u>(4,048)</u>	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			<u>(4,048)</u>	
<b>NET CHANGE IN FUND BALANCE</b>			(6,762)	
<b>PRIOR PERIOD ADJUSTMENT</b>			(264,881)	
<b>FUND BALANCES – BEGINNING</b>			(774)	
<b>FUND BALANCES – ENDING</b>			<u>\$ (272,417)</u>	

See accountant's report.



**Other Reports**

# VILLAGE OF ROBELINE, LOUISIANA

## MANAGEMENT LETTER COMMENTS

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During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Village's plan for corrective action.

### CURRENT YEAR MANAGEMENT LETTER COMMENTS

#### **2012-M-1 Delinquent Payroll Taxes (Legislative Auditor Findings Dated October 3, 2012)**

**Finding:** The Village did not have a formal/written plan to pay delinquent payroll taxes owed to the Internal Revenue Service (IRS). In addition, the Village's annual budget for fiscal year ending June 30, 2013, did not include any anticipated expenditures to the IRS for such delinquent taxes. The Village failed to remit payroll taxes to the IRS from June 30, 2007, through December 31, 2012, and the IRS filed tax liens against the Village totaling \$264,881. The Mayor informed us that he chose to use the cash attributable to those taxes to fund general operations of the Village.

The Mayor retained an attorney, C. Rodney Harrington, to assist the Village in resolving its payroll tax issues. According to the letter from the attorney to the Mayor, a proposal was submitted to the IRS indicating the Village would pay \$5,000 per month toward satisfaction of its tax liabilities. Although we asked to see the proposal, no one could provide us with one. We followed up with the attorney and he informed us that the proposal to the IRS was a verbal one. Therefore, there is no formal written plan presenting information such as when payments would start and end, the source of funding for these payments, the impact on the annual budget, et cetera. Without such a plan, it will be difficult for management to determine if scheduled repayment is feasible.

In addition, although the Board adopted a balanced budget for the 2013 fiscal year, the budget did not include the proposed expenditures to the IRS during the fiscal year totaling \$60,000 (\$5,000 x 12 months). The Village's financial statements and budget documents indicate that the Village will likely have difficulty making the proposed \$5,000 monthly payments to the IRS. For example, a major source of revenue (fines and forfeitures) decreased approximately \$60,000 in the 2011 fiscal year compared to the previous 2010 fiscal year. The 2011 audit also reported that the Village's general fund had a negative fund balance of approximately \$700. The Village has reported a negative fund balance in four of its last five audits. The Mayor informed us that he will have to increase revenue and/or decrease expenditures to meet the proposed payments to the IRS.

**Recommendation:** Management (i.e., the Mayor and Board of Alderman) should ensure that there is a formal/written plan to eliminate the Village's delinquent tax liability. This plan should provide the terms of payment as well as the funding sources for these payments and their effect on the budget. Management should amend the current year budget to incorporate the IRS payment plan and include in future budgets until the delinquent payroll tax liability is repaid. They should also monitor the budget, financial statements, and the IRS payment plan on a monthly basis to ensure that payments to the IRS are made and are within the Village's available funding.

## VILLAGE OF ROBELINE, LOUISIANA

### MANAGEMENT LETTER COMMENTS (CONTINUED)

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**Management's Response to Delinquent Payroll Taxes:** Inflation, slow payments for utility bills and hard to collect traffic fines are the reasons for the Village being hit with federal tax liens. As your staff were advised, we have retained Attorney C. Rodney Harrington and his tax staff to assist the Village in resolving its payroll tax issues. The attorney is in the process of completing a formal written plan presenting information such as when payments would start and end. Until such agreement is reached by both parties, the Village began making monthly payments of \$5,000 to reduce the liability. The first payment began in June 2012 and will continue as long as necessary.

The Village will amend the current year budget to incorporate the IRS monthly payment of \$5,000 and will include in future budgets until the delinquent payroll tax liability is repaid. We will monitor the budget, financial statements and IRS payment plan on a monthly basis to ensure that payments to the IRS are made and are within the Village's available funding. The Village is current on all payroll taxes for the year 2012.

#### **2012-M-2 Traffic Tickets and Fine Collections (Legislative Auditor Findings Dated October 3, 2012)**

##### **Findings:**

- 1) According to Village records, approximately \$480,000 of traffic fines has not been collected. The mayor provided us with a 66-page document listing 1,640 traffic citations that have not been collected. These citations appear to have been issued from July 1994 through March 2012. The Mayor and staff informed us that they have attempted to collect these fines but have been unsuccessful because a large portion of offenders are from out of state. They informed us that collection letters are sent, but it appears the offenders accept the risk of having their driver's license suspended.

**Recommendation:** Management should consult with the Louisiana Department of Public Safety and the Louisiana State Police regarding strategies that might boost collection of delinquent fines, consult with such organizations as the Louisiana Association of Chiefs of Police; Louisiana Sheriff's Association; and Louisiana Municipal Association to identify potential collection strategies, and ensure that all of these violations have been reported to State Police in accordance with state law [Louisiana Revised Statute (R.S.) 32:393 (C)(1)(b)].

- 2) Traffic fine collections were not being reconciled and deposited on a daily basis. Our assessment revealed discrepancies in the amount of monies recorded as collected compared to the amount of monies deposited. Village staff was not reconciling the daily fine collections to the amounts recorded in the ticket database and general ledger nor to the amounts deposited with the bank. We reviewed fine collections for three months (July 2011, August 2011, and May 2012) and compared to the total amounts deposited into the bank and identified the following unexplained differences:

VILLAGE OF ROBELINE, LOUISIANA

MANAGEMENT LETTER COMMENTS  
(CONTINUED)

Month	Fines Recorded as Collected in Traffic Ticket Database	Fines Deposited in Bank	Unexplained Differences
July 2011	\$24,607	\$24,604	(\$3)
August 2011	39,030	34,742	(4,288)
May 2012	34,261	32,664	(1,597)
<b>Total</b>	<b>\$97,898</b>	<b>\$92,010</b>	<b>(\$5,888)</b>

**Recommendation:** Management should require staff to prepare a daily reconciliation, in writing, of fine collections. The collections should agree to the daily bank deposit and to entries recorded in the ticket database (subsidiary ledger) and general ledger. Any differences should be resolved immediately. Also, someone independent of the collection function should review the reconciliation to help reduce the risk of errors, irregularities, and fraud and abuse that could occur and remain undetected.

- 3) Receipts issued for fine collections did not always match the amounts recorded in the traffic ticket database. Our review of three months (July 2011, August 2011, and May 2012) revealed a total of seven instances where the receipt amount did not match the amount recorded in the traffic ticket database as follows:

Citation Number	Date of Collection	Fine Amount Collected per Receipt	Fine Amount Recorded in Traffic Ticket Database	Unexplained Differences
8180350	7/26/2011	\$100	\$50	(\$50)
8458850	7/29/2011	100	-	(100)
8459213	8/08/2011	264	100	(164)
8519233	5/10/2012	119	219	100
8519111	5/11/2012	364	264	(100)
8368466	5/15/2012	150	50	(100)
8519305	5/29/2012	40	120	80
<b>Total</b>		<b>\$1,137</b>	<b>\$803</b>	<b>(\$334)</b>

**Recommendation:** Management should ensure that all receipts, including credit card receipts, match the amounts recorded in the traffic ticket database.

## VILLAGE OF ROBELINE, LOUISIANA

### MANAGEMENT LETTER COMMENTS (CONTINUED)

- 4) Receipts were not always issued upon collection of fines. Also, the receipt forms lack key information needed for a proper system of checks and balances. During our review of Village documentation for July 2011, August 2011, and May 2012, we identified 74 paid citations for which receipts were not issued by Village staff as summarized below:

Month	Traffic Tickets Collected	Receipts Not Issued	Percentage of Tickets Collected with No Receipt Issued
July 2011	116	11	9%
August 2011	166	25	15%
May 2012	134	38	25%
<b>Total</b>	<b>416</b>	<b>74</b>	<b>18%</b>

In addition, the fine collector (staff and Mayor) was not recording the method of payment on the receipt when cash or money orders were received as payment. Such information would provide a clear audit trail to match with the items being deposited and help prevent errors and/or theft of collections.

**Recommendation:** Management should ensure that a receipt is prepared for each paid citation. One copy should be used in the daily reconciliation process (and maintained on file) and one copy should be issued to the payer at the time of payment. Staff should always document the method of payment (e.g., cash, check, money order) on the receipt, immediately record the payment in the ticket system, and ensure the payment/item is included in the daily deposit.

- 5) Controls over access to fine monies and the traffic collection database were inadequate for a proper system of checks and balances. Ticket collections were not centralized in Village hall. The Mayor, Village clerk, and ticket clerk all accept fine payments and work out of the same cash drawer. In addition, there is no password to prevent unauthorized entry into the ticket collection database. Weak controls in these areas make it difficult to hold employees accountable for errors, irregularities, abuse, and even fraud.

**Recommendation:** Management should consider allowing only the ticket clerk and Village clerk to receive payments and issue receipts. The two clerks should work out of separate cash drawers (each maintained under lock) and be prohibited from accessing each other's drawer.

- 6) A quarterly audit of traffic citations was not being performed as required by state law. R.S. 32:398.3 (B) requires that "Each record of traffic citations...shall be audited quarterly by the appropriate fiscal officer of the governmental agency to which the traffic enforcement agency is responsible." R.S. 33:422 provides that the clerk shall be the auditor of the municipality.

**Recommendation:** The Village clerk should perform the quarterly audit of traffic citations in accordance with state law. Performing such an audit strengthens controls over the traffic ticket process.

## VILLAGE OF ROBELINE, LOUISIANA

### MANAGEMENT LETTER COMMENTS (CONTINUED)

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- 7) The Village did not have written policies and procedures for administering Mayor's Court and collecting traffic fines. Written policies and procedures are necessary to provide a clear understanding of what should be done, who should do it, and when it should be done. In addition, written policies and procedures aid in the continuity of operations and for cross-training staff or training new staff.

**Recommendation:** The Mayor, Board of Alderman, and Chief of Police should work together to develop, implement, and adopt written policies and procedures for the entire traffic ticket process. Comprehensive policies and procedures will help Village officials ensure that traffic tickets are accounted for in an effective and efficient manner. In addition, such guidance will help officials ensure that money is collected timely and deposited intact. We advise that policies and procedures should, at a minimum, address the following:

1. Require the Chief of Police to assign specific police department personnel to be in charge of managing and maintaining the documentation related to traffic ticket books and citations. This should include detailing the responsibilities of the position(s) from ticket book issuance through final disposition of citations.
2. Require the Chief of Police (or his designee) to adequately secure the supply/inventory of blank ticket books.
3. Require that only the Chief of Police (or his designee) issue ticket books and that the issuance of ticket books is recorded and maintained in accordance with state law [R.S. 398.1 (B)].
4. Require that the Chief of Police (or his designee) issue new ticket books to officers only after all citations are returned from the previously issued ticket book and those citations are properly reconciled/accounted for.
5. Require police officers to issue traffic citations in sequential number order.
6. Require police officers to return every issued or spoiled/voided citation to the Chief of Police (or his designee) in accordance with state law [R.S. 32:398.2 (D)].
7. Require the Chief of Police (or his designee) to maintain a record of the issued or spoiled/voided citations which are returned to him. We advise that such citation records/logs contain information such as the ticket number, date issued, issuing officer, violation type, and final disposition including amount paid (see R.S. 32:398.(B) and R.S. 32:398.2 (E) for further guidance).
8. Require the Chief of Police (or his designee) to submit the citations to the Mayor's court on a timely, consistent basis for processing and collection. This will help the Chief of Police and clerk to ensure that all traffic citations are disposed of in the court of proper jurisdiction in compliance with state law [R.S. 32:398.2 (A)(B)].

## VILLAGE OF ROBELINE, LOUISIANA

### MANAGEMENT LETTER COMMENTS (CONTINUED)

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Note: If citations are reduced or dismissed out of court, they may only be dismissed by the proper prosecutorial authority and the reduction or dismissal must be included in the minutes/records of the court.

9. Require the Chief of Police (or his designee) to communicate with the Mayor's court on a monthly basis to obtain the final disposition of traffic citations so that he is aware of the status of tickets throughout the process and can record this information.
10. Require the Chief of Police (or his designee) to periodically review records such as ticket book logs and citation logs to ensure completeness and to investigate and resolve any irregularities.
11. Specify the acceptable methods of payment (e.g., money orders and credit cards) and consider prohibiting payments made in cash.
12. Require the ticket clerk to maintain documentation of all citations and receipts.
13. Require that duties involving the collection, reconciliation, depositing, and recording of fines be segregated among employees to reduce the risk of errors and/or fraud occurring and not being detected timely. For example, require an employee who is independent of the collection process to perform a daily reconciliation to confirm that all fine money is being deposited intact.
14. Require the Village clerk (fiscal officer) to audit each record of traffic citations on a quarterly basis in compliance with R.S. 32:398.3(B) and R.S. 33:422.
15. Ensure that all traffic violations are reported to the Louisiana Department of Public Safety in compliance with state law [R.S. 32:393 (C)(1)(b)].

***Management's Response to Traffic Tickets and Fine Collections:*** We have made contact with Attorney Richard Devargis of Natchitoches, Louisiana and ask that he explore various ways that we can seek stronger legal action to collect the approximately \$480,000 of traffic fines that remain uncollected by the Village.

We will follow your recommendations of consulting with other organizations to identify potential collection strategies. We will ensure that all violations are being reported to the Louisiana Department of Public Safety.

I have required the traffic staff to prepare a daily reconciliation, in writing, of fine collections. The collections are agreeing to the daily bank deposit and to entries recorded in the ticket database. The Village has installed a new traffic computer program called Quick Court which we feel will enable us to track citations and payments in a more efficient manner. The traffic clerk and Village clerk are already seeing positive results in tracking citations and payments with this new system.

## VILLAGE OF ROBELINE, LOUISIANA

### MANAGEMENT LETTER COMMENTS (CONTINUED)

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We are ensuring that all receipts, including credit card receipts, match the amounts recorded in the traffic ticket database. The newly installed Quick Court computer program has been found to be far superior to the original program.

We are ensuring that a receipt is prepared for each paid citation. One copy is being used in the daily reconciliation process and maintained on file and one copy is issued to the payer at the time of payment. The traffic staff is documenting the method of payment (e.g. check or money order, etc.) on the receipt and the staff is immediately recording the payment in the ticket system, and ensuring that the payment/item is included in the daily deposit. The Village does not accept cash for traffic violation. Both the traffic clerk and the Village clerk will work from separate drawers.

The Village clerk agrees with your recommendation to perform quarterly audits of traffic citations in accordance with state law. The clerk is now performing the required audits.

The Chief of Police is now managing and maintaining the documentation related to traffic ticket books and citations and is following your other recommendations outlined in this section.

#### **2012-M-3 Other Matters (Legislative Auditor Finding Dated October 3, 2012)**

- 1) The Village has a wireless services arrangement with an employee's business that may be in violation of the state ethics code. Also, the Village issued three cell phones and a laptop to the police department that may be used for personal purposes. Although the Village owns the cell phones and laptop computer, we were informed that this equipment is operated under a wireless service plan that is in the name of a police officer's personal business account (Resolve Investigations). Each month, the Village reimburses Resolve Investigations for 100% of the monthly cost of wireless service for three cell phones and laptop.

Although the Village clerk told us that she reviews the cell phone bills before reimbursing the officer's personal business account, she acknowledged that there is no way for her to know if the designated lines are being used for Village business or business of Resolve Investigations. Therefore, the Village could be incurring expenses related to the police officer's business.

In addition, the Village's wireless services arrangement with the police officer's personal business may be in violation of the state ethics law (R.S. 42:1113). This law provides that "no public servant...shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant."

**Recommendations:** We recommend that management:

- Consult with legal counsel and the Louisiana Board of Ethics about the legality of the wireless services arrangement.

## VILLAGE OF ROBELINE, LOUISIANA

### MANAGEMENT LETTER COMMENTS (CONTINUED)

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- Terminate the wireless services arrangement with the police officer's personal business. Select a wireless service provider and open an account (in the Village's name) that will be monitored and controlled by the Village.
  - Prepare, adopt, and implement policies and procedures to guide employees on the business use of cell phones and other wireless devices.
  - Ensure that all officials and staff receive training related to the Louisiana ethics laws. In addition, the Village should develop written policies and procedures to help ensure that ethics violations do not occur. Finally, management should consider having all municipal officials and employees complete annual certification letters attesting to their compliance with the Village's ethics policy.
- 2) Records are not maintained of all fixed assets owned by the Village. State law (R.S. 24:515) requires the municipality to maintain records of all land, buildings, improvements, equipment, and any other fixed assets which were purchased or otherwise acquired, and for which such entity is accountable.

We asked the Mayor and Village clerk if there was a listing maintained of all office equipment such as computers and they informed us that they do not keep these types of records. Failure to maintain records of all such moveable property exposes the Village to possible loss, theft, and misuse of assets.

**Recommendation:** The Mayor should ensure that (1) accurate and detailed listings of assets are maintained and updated when property is purchased and disposed; (2) assets are tagged for identification purposes and included on the detailed listing; and (3) a complete physical inventory is conducted at least annually and differences are investigated and resolved timely.

- 3) The Village did not always hold monthly Board meetings as required by state law. R.S. 33:405 (A)(2) provides that the Mayor and Board of Aldermen shall hold not less than one regular meeting in each month on a date and at a place and hour to be fixed by ordinance. State law [R.S. 33:405(F)] also provides that a regular, special, or emergency meeting that fails for want of a quorum may be continued to a date announced at the meeting.

The Village did not have monthly Board meetings in July, September, and October of 2011. In addition, it appears that the Mayor and Board did not continue the meeting to a later date to discuss items on the agenda. The Mayor informed us that these meetings were not held because of a lack of members to meet a quorum.

## VILLAGE OF ROBELINE, LOUISIANA

### MANAGEMENT LETTER COMMENTS (CONTINUED)

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**Recommendation:** The Mayor and Board of Aldermen should hold monthly meetings as required by state law. If a meeting cannot be held because of a lack of a quorum, they should make sure that the meeting is continued and items on the agenda are discussed at a later date. The Mayor and Board should ensure that they follow all laws relating to public meetings such as R.S. 42:19 (regarding notice of meetings).

- 4) Controls over purchasing and disbursements need to be improved. Our assessment revealed the following:
- Payments to vendors were not always supported with adequate documentation.
  - Management was not conducting a formal review and approval of all invoices and purchase orders before disbursements were made.
  - Although two signatures are required on all checks, from November 2011 through April 2012, 14 checks did not have two signatures, including one check the Mayor signed payable to himself for travel reimbursement.

**Recommendations:** Management should prepare, adopt, and implement written policies and procedures to guide those involved with the purchasing function. These policies and procedures should ensure that (1) purchases are supported with adequate documentation; (2) proper review and approval are being conducted before purchases are made; and (3) checks are properly signed.

- 5) The Village has reported a negative fund balance in four of the last five years. Audits of the Village for the fiscal years 2007 through 2009 reported negative fund balances in the general fund, and in the 2011 audit report, the Village reported a \$774 negative fund balance in the general fund.

**Recommendations:** Management should prepare and adopt a written plan for the general fund that incorporates short- and long-term spending cuts and/or increases in revenues to eliminate continued deficit spending. Management should also use the plan for budgeting and decision making. Finally, the Mayor and Board should monitor the financial statements and budget each month to ensure that deficit spending does not occur.

**Management's Response to Other Matters:** The Village Council at its regular monthly meeting held on September 11, 2012 voted to suspend the wireless service agreement with Resolve Investigations and select a wireless service provider and open an account in the Village of Robeline's name that will be monitored and controlled by the Village.

## VILLAGE OF ROBELINE, LOUISIANA

### MANAGEMENT LETTER COMMENTS (CONTINUED)

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The Village is in the process of confirming a date for all its officials and employees to receive training from the Louisiana Board of Ethics which is required of all elected officials in the State of Louisiana and employees of government agencies.

The Mayor is compiling an accurate and detailed listing of assets and will maintain and update the list when property is purchased and disposed.

The Mayor and Board of Aldermen will hold monthly meetings as required by state law. If a meeting cannot be held for lack of a quorum, we will make sure that the meeting is continued and items on the agenda are discussed at a later date.

The Village has implemented a policy ensuring all purchases are supported with adequate documentation, proper review and approval by the Mayor before purchases are made and checks are signed by the Mayor and the Clerk.

The Village is exploring avenues to reduce expenses to a minimum and increase revenues. We are implementing a plan to take stronger legal action to collect on unpaid revenue due the Village of Robeline which is in excess of \$450,000 which will assist in eliminating continued deficit spending.

#### **2012-M-4 Negative Fund Balance (General Fund)**

***Finding:*** The Village had a deficit balance in the general fund of \$(272,417) at June 30, 2012, because of unpaid payroll taxes from prior years.

***Recommendation:*** The Village should assess its financial condition and identify methods to reduce expenditures and increase revenues going forward.

***Management's Response:*** The Village will assess its financial condition and identify methods to reduce expenditures and increase revenues going forward.

#### **2012-M-5 Noncompliance Loans**

***Finding:*** The Village incurred short-term debt in the amount of \$10,050 with The People's State Bank without State Bond Commission approval. Article VII, Section 8 of the 1974 Louisiana Constitution and LSA-RS 47:1803-4 provides that political subdivisions of the State will not incur debt in excess of 90 days without the approval of State Bond Commission.

***Recommendation:*** The Village should refrain from making loans in excess of 90 days without the State Bond Commission approval.

***Management's Response:*** The Village will not make future loans in excess of 90 days without State Bond Commission approval.

# VILLAGE OF ROBELINE, LOUISIANA

## MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

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

The management of the Village of Robeline, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial compilation for the year ended June 30, 2011.

### PRIOR YEAR FINDINGS

#### **2011-M-1 Budget Variances (Resolved)**

***Finding:*** The Village had an unfavorable revenue variance of \$24,512 or 5.8% in the general fund during the year.

***Recommendation:*** The State Budget Act requires the budget be amended when there is an unfavorable variance of more than 5%.

***Village's Response:*** The Village amended the budget when there was an unfavorable variance of more than 5%.

# LOUISIANA ATTESTATION QUESTIONNAIRE

**JOHN R. VERCHER PC**

*Certified Public Accountant*

P.O. Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

In connection with your review of our financial statements as of June 30, 2012 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 14, 2012.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [  ] No [  ]

**Code of Ethics for Public Officials and Public Employees**

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

Yes [  ] No [  ]

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

Yes [  ] No [  ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [  ] No [  ]

**Accounting and Reporting**

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

Yes [  ] No [  ]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [  ] No [  ]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [  ] No [  ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [ x ] 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 LSA-RS 39:1410.60.

Yes [ ] No [ X ]


**Advances and Bonuses**

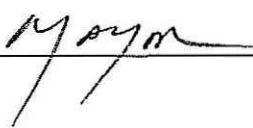
It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [ x ] No [ ]

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

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

Signed:  \_\_\_\_\_

Title:  \_\_\_\_\_