

VILLAGE OF BONITA, LOUISIANA

FINANCIAL REPORT
(Compiled)

AND

REPORT ON APPLYING AGREED-UPON PROCEDURES

JUNE 30, 1997

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

Release Date JAN 21 1998

HILL, INZINA & COMPANY

Certified Public Accountants • A Professional Corporation
701 East Madison Avenue • P.O. Box 631 • Bastrop, Louisiana 71221-0631
Telephone 318-281-4492 • Fax 318-281-4087

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HILL, INZINA & COMPANY

ACCOUNTANT'S COMPILATION REPORT

Honorable Michael Lytle, Mayor
and Members of the Board of Aldermen
Village of Bonita, Louisiana

We have compiled the accompanying general-purpose financial statements of Village of Bonita, Louisiana, as of and for the year ended June 30, 1997, and the accompanying supporting schedule, which is presented only for additional analysis, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supporting schedules, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supporting schedule and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in the financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Village's assets and other debits, liabilities, equity and other credits, revenues and expenditures/expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

October 29, 1997

Hill, Inzina & Co.

GENERAL-PURPOSE FINANCIAL STATEMENTS

(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF BONITA, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1997

ASSETS AND OTHER DEBITS	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets:			
Cash	\$ 12,622	\$ 13,219	\$ 2
Accounts receivable	-	-	-
Due from other funds	582	47,484	-
Restricted assets:			
Cash	-	-	-
Certificate of deposit	-	-	-
Due from other funds	-	-	-
Fixed assets (net)	-	-	-
Other debits:			
Amount available in Debt Service Funds	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets and other debits	<u>\$ 13,204</u>	<u>\$ 60,703</u>	<u>\$ 2</u>

Proprietary Fund Type	Account Groups		Totals - (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
<u>Enterprise</u>			
\$ 10,668	\$ -	\$ -	\$ 36,511
11,030	-	-	11,030
-	-	-	48,066
29,249	-	-	29,249
4,000	-	-	4,000
2,200	-	-	2,200
864,123	910,649	-	1,774,772
-	-	59,739	59,739
-	-	20,777	20,777
<u>\$ 921,270</u>	<u>\$ 910,649</u>	<u>\$ 80,516</u>	<u>\$ 1,986,344</u>

(continued)

VILLAGE OF BONITA, LOUISIANA

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
June 30, 1997

LIABILITIES, EQUITY AND OTHER CREDITS	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities:			
Accounts payable	\$ 1,886	\$ -	\$ -
Accrued liabilities	1,523	-	-
Due to other funds	11,038	964	-
Payable from restricted assets:			
Customers' deposits	-	-	-
Revenue bonds payable - current	-	-	-
Accrued interest payable	-	-	-
Due to other funds	-	-	-
Revenue bonds payable - net of current portion	-	-	-
General obligation bonds payable	-	-	-
Note payable	-	-	-
Total liabilities	<u>\$ 14,447</u>	<u>\$ 964</u>	<u>\$ -</u>
Equity and other credits:			
Contributed capital	\$ -	\$ -	\$ -
Investment in general fixed assets	-	-	-
Retained earnings:			
Reserved for revenue bond retirement (deficit)	-	-	-
Unreserved (deficit)	-	-	-
Fund balances:			
Reserved for debt service	-	59,739	-
Unreserved and undesignated (deficit)	<u>(1,243)</u>	<u>-</u>	<u>2</u>
Total equity and other credits	<u>\$ (1,243)</u>	<u>\$ 59,739</u>	<u>\$ 2</u>
Total liabilities, equity and other credits	<u>\$ 13,204</u>	<u>\$ 60,703</u>	<u>\$ 2</u>

See accountant's compilation report.

Proprietary Fund Type	Account Groups		Totals - (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
<u>Enterprise</u>			
\$ 2,205	\$ -	\$ -	\$ 4,091
-	-	-	1,523
2,268	-	-	14,270
9,403	-	-	9,403
8,000	-	-	8,000
4,990	-	-	4,990
35,996	-	-	35,996
161,000	-	-	161,000
-	-	67,000	67,000
-	-	13,516	13,516
<u>\$ 223,862</u>	<u>\$ -</u>	<u>\$ 80,516</u>	<u>\$ 319,789</u>
\$ 1,096,142	\$ -	\$ -	\$ 1,096,142
-	910,649	-	910,649
(20,722)	-	-	(20,722)
(378,012)	-	-	(378,012)
-	-	-	59,739
-	-	-	(1,241)
<u>\$ 697,408</u>	<u>\$ 910,649</u>	<u>\$ -</u>	<u>\$ 1,666,555</u>
<u>\$ 921,270</u>	<u>\$ 910,649</u>	<u>\$ 80,516</u>	<u>\$ 1,986,344</u>

VILLAGE OF BONITA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 1997

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals - (Memorandum Only)</u>
Revenues:				
Taxes	\$ 30,919	\$ 7,936	\$ -	\$ 38,855
Licenses and permits	13,445	-	-	13,445
Intergovernmental	22,744	-	-	22,744
Fines and forfeitures	30,489	-	-	30,489
Interest and miscellaneous	<u>554</u>	<u>279</u>	-	<u>833</u>
	<u>\$ 98,151</u>	<u>\$ 8,215</u>	<u>\$ -</u>	<u>\$ 106,366</u>
Expenditures:				
Current:				
General government	\$ 35,052	\$ -	\$ 8	\$ 35,060
Public safety	44,532	-	-	44,532
Highways and streets	8,119	-	-	8,119
Debt service:				
Principal retirement	1,266	2,000	-	3,266
Interest	<u>1,137</u>	<u>3,450</u>	-	<u>4,587</u>
	<u>\$ 90,106</u>	<u>\$ 5,450</u>	<u>\$ 8</u>	<u>\$ 95,564</u>
Excess of revenues over expenditures	\$ 8,045	\$ 2,765	\$(8)	\$ 10,802
Other financing sources (uses):				
Operating transfers in	1,000	-	10	1,010
Operating transfers out	(3,069)	-	-	(3,069)
Sale of assets	<u>544</u>	<u>-</u>	<u>-</u>	<u>544</u>
Excess of revenues over expenditures and other financing sources (uses)	\$ 6,520	\$ 2,765	\$ 2	\$ 9,287
Fund balances (deficit) - beginning	<u>(7,763)</u>	<u>56,974</u>	<u>-</u>	<u>49,211</u>
Fund balances (deficit) - ending	<u>\$(1,243)</u>	<u>\$ 59,739</u>	<u>\$ 2</u>	<u>\$ 58,498</u>

See accountant's compilation report.

VILLAGE OF BONITA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 1997

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 30,931	\$ 30,919	\$(12)
Licenses and permits	13,200	13,445	245
Intergovernmental	20,160	22,744	2,584
Fines and forfeitures	52,020	30,489	(21,531)
Interest and miscellaneous	-	554	554
	<u>\$ 116,311</u>	<u>\$ 98,151</u>	<u>\$(18,160)</u>
Expenditures:			
Current:			
General government	\$ 45,900	\$ 35,052	\$ 10,848
Public safety	54,420	44,532	9,888
Highways and streets	-	8,119	(8,119)
Debt service:			
Principal retirement	1,266	1,266	-
Interest	1,134	1,137	(3)
	<u>\$ 102,720</u>	<u>\$ 90,106</u>	<u>\$ 12,614</u>
Excess of revenues over expenditures	\$ 13,591	\$ 8,045	\$(5,546)
Other financing sources (uses):			
Operating transfers in	8,269	1,000	(7,269)
Operating transfers out	-	(3,069)	(3,069)
Sale of assets	-	544	544
	<u>-</u>	<u>544</u>	<u>544</u>
Excess of revenues over expenditures and other financing sources (uses)	\$ 21,860	\$ 6,520	\$(15,340)
Fund balance (deficit) - beginning	(7,763)	(7,763)	-
Fund balance (deficit) - ending	<u>\$ 14,097</u>	<u>\$(1,243)</u>	<u>\$(15,340)</u>

See accountant's compilation report.

VILLAGE OF BONITA, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 Year Ended June 30, 1997

Revenues:	
Water and sewer fees	\$ <u>92,149</u>
Expenses:	
Contracted labor	\$ 16,500
Depreciation	32,682
Insurance	3,230
Interest	8,620
Office	1,854
Other operating	4,287
Repairs and maintenance	12,348
Salaries	17,375
Supplies	9,427
Telephone	503
Utilities	9,402
Vehicle	<u>430</u>
	\$ <u>116,658</u>
Operating income (loss)	\$(24,509)
Nonoperating revenues (expenses):	
Interest	644
Operating grants	11,620
Loss on abandonment of plant	<u>(75,989)</u>
Income (loss) before operating transfers	\$(88,234)
Operating transfers in	3,069
Operating transfers out	<u>(1,010)</u>
Net income (loss)	\$(86,175)
Retained earnings (deficit) - beginning	<u>(312,559)</u>
Retained earnings (deficit) - ending	<u>\$ (398,734)</u>

See accountant's compilation report.

VILLAGE OF BONITA, LOUISIANA

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 Year Ended June 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income (loss)	\$(24,509)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	32,682
(Increase) decrease in accounts receivable	(1,926)
(Increase) decrease in restricted assets	(4,894)
Increase (decrease) in accounts payable	(738)
Increase (decrease) in liabilities payable from restricted assets	<u>390</u>
Net cash flows from operating activities	<u>\$ 1,005</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating transfers in	\$ 3,069
Operating transfers out	(1,010)
Operating grants	<u>11,620</u>
Net cash flows provided by noncapital financing activities	<u>\$ 13,679</u>

CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES

Repayment of long-term debt	<u>\$(8,000)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	<u>\$ 644</u>
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Increase (decrease) in cash	\$ 7,328
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CASH - beginning	<u>3,340</u>
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CASH - ending	<u>\$ 10,668</u>
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NON-CASH FINANCING ACTIVITY:

Assets with original costs of \$151,346 and accumulated depreciation of \$75,357 were abandoned and the net value of \$75,989 recognized as a loss.

See accountant's compilation report.

VILLAGE OF BONITA, LOUISIANA

SCHEDULE OF MAYOR AND BOARD OF ALDERMEN COMPENSATION

Year Ended June 30, 1997

<u>Name and Title</u>	<u>Compensation</u>
Michael Lytle, Mayor	\$ 2,400
Floyd Baker, Alderman	180
Rick Polk, Alderman	45
Ada Sherer, Alderman	180
Michael Sammons, Alderman	<u>135</u>
 Total compensation	 \$ <u>2,940</u>

See accountant's compilation report.

HILL, INZINA & COMPANY

ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Michael Lytle, Mayor,
and Members of the Board of Aldermen
Village of Bonita, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Village of Bonita, Louisiana, solely to assist you in evaluating the accompanying *Louisiana Attestation Questionnaire*, dated June 25, 1997, and prepared for the year ended June 30, 1997. 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.

Our applied procedures, together with any findings, follow:

Public Bid Law

1. We selected all expenditures, if any, made during the year for materials and supplies exceeding \$5,000, or public works exceeding \$50,000, and determined whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).
 - o Our review of the detail general ledger for the period under examination revealed no individual expenditure for materials and supplies exceeding \$5,000 and no individual expenditure for public works exceeding \$50,000.

Code of Ethics for Public Officials and Public Employees

2. We obtained 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.

3. We obtained from management a listing of all employees paid during the period under examination.
4. We determined 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.
 - o We noted no instances of noncompliance.

Budgeting

5. We obtained a copy of the legally adopted budget and all amendments, if any.
6. We traced the budget adoption and amendments to the minute book.
7. We compared the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues and expenditures exceeded budgeted amounts by more than 5%.
 - o The General Fund budget for the year ended June 30, 1997, was not formally adopted until July 2, 1996. For the year ended June 30, 1997, actual revenues of the General Fund were less than appropriations by more than 5%.

Accounting and Reporting

8. We randomly selected six disbursements made during the period under examination and:
 - (1) traced payments to supporting documentation as to proper amount and payee, (2) determined if payments were properly coded to the correct fund and general ledger account, and (3) determined whether payments received approval from proper authorities.
 - o In our test of six disbursements, we noted one occurrence of lack of support and authorization, and no occurrences of mis-coding in regard to the other five disbursements randomly selected.

The expenditure which lacked support and authorization was for a \$1,500 monthly fee paid for contract labor to maintain and operate the water system. Such monthly payment has not been formally approved by the Board nor has such payment been reduced to a formal written agreement. The monthly contracted labor payment was granted a similar percentage increase as other Village employee's by the Board on June 3, 1997.

We have separately communicated to management in a letter dated October 29, 1997, immaterial instances of noncompliance with laws and regulations unrelated to these six randomly selected disbursements and other findings concerning the Village's internal control.

Meetings

9. We examined 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).
- o Due to the lack of funds, agendas for meetings are not published in the official journal but are conspicuously posted at Village Hall.

Debt

10. We examined bank deposits for the period under examination to determine whether any such deposits appeared to be proceeds of banks loans, bonds, or like indebtedness.
- o We noted no such deposits.

Advances and Bonuses

11. We examined payroll records and minutes for the year to determine whether any payments had been made to employees which may constitute bonuses, advances, or gifts.
- o We noted no such payments.

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

We noted the following during the course of our compilation/attestation engagement which occurred after the period covered by the accompanying *Louisiana Attestation Questionnaire*:

- o On August 5, 1997, the Board approved the purchase of a computer and monitor from the Mayor at a "fair price".

This report is intended solely for the use of management of Village of Bonita, Louisiana, and the Legislative Auditor 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, under state law, this report is a public record and subject to unlimited distribution.

October 29, 1997

Hill, Argyria & Co.

LOUISIANA ATTESTATION QUESTIONNAIRE

June 25, 1997 Date

Hill, Inzina & Co.
Certified Public Accountants
P. O. Box 631
Bastrop, LA 71221-0631

In connection with your compilation of our financial statements as of June 30, 1997 and for the period 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 regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 6/25/97(date).

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 39:43.

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 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 47:1410.60.

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, LSA-RS 14:138, and AG opinion 79-729.

Yes No

HILL, INZINA & COMPANY

Honorable Michael Lytle, Mayor,
and Members of the Board of Aldermen
Village of Bonita, Louisiana

In performing our compilation of the general-purpose financial statements and certain agreed-upon procedures of Village of Bonita, Louisiana, as of and for the year ended June 30, 1997, we noted certain matters that are presented for your information and as suggestions for improvement.

- “Uncategorized” and interfund transactions should be properly recorded so that trial balances for each fund can be readily obtained.
- The General Fund budget should be monitored so that amendments can be made whenever it becomes apparent that an unfavorable variance of either revenues or expenditures will exceed 5%.
- Ad valorem taxes approved by the electorate can only be expended for purposes approved in the referendum. Interfund transfers of these dedicated funds have been made during the prior periods for payment of unauthorized expenditures.
- The revenue sources of the Enterprise Fund should be analyzed and adjusted accordingly as the fund continues to operate in a deficit position.
- Monthly deposits in excess of the required amounts are being made into separate sinking, reserve and depreciation/contingency accounts pursuant to the waterworks and sewer revenue bond resolutions. Due to the accounts not being funded continuously over the years, none of the individual reserve and depreciation/contingency deposit requirements have been met as of June 30, 1997.
- Official proceedings of the Village are not being published in the official journal. The Village’s management is of the opinion that due to the lack of funds, this expenditure is not feasible.
- Remittances of water/sewer sales taxes, collected by the Village on the state’s behalf, should not be coded against the sales tax revenue collected by and remitted to the Village by the local sales/use tax commission. Revenue and expenditure accounts should not be netted by coding both revenue and expenditure transactions to the same account (except in the cases of voided checks, reimbursement of overpayment, etc.)
- All accounts of the Village should be reconciled to supporting documentation (bank statements, detailed listings, payroll reports filed, etc.) on a monthly basis.

This communication is intended solely for the information and use of management and the Board of Aldermen and should not be used for any other purpose.

October 29, 1997

Hill, Oryza & Co.