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VILLAGE OF BONITA, LOUISIANA

FINANCIAL REPORT
(Compiled)

AND

REPORT ON APPLYING AGREED-UPON PROCEDURES

JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or controlled, 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 **FEB 26 1997**

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CONTENTS

	Page(s)
ACCOUNTANT'S COMPILATION REPORT	1
GENERAL-PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	2 - 3
Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types	4
Statement of revenues, expenditures and changes in fund balance - budget and actual - general fund	5
Statement of revenues, expenses and changes in retained earnings - proprietary fund type - enterprise fund	6
Statement of cash flows - proprietary fund type - enterprise fund	7
SUPPORTING SCHEDULE	
Schedule of mayor and board of aldermen compensation	8
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	9 - 12
<i>LOUISIANA ATTESTATION QUESTIONNAIRE</i>	13 - 15

GENERAL-PURPOSE FINANCIAL STATEMENTS

(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF BONITA, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1996

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Debt Service</u>
ASSETS AND OTHER DEBITS		
Assets:		
Cash and cash equivalents	\$ 8,164	\$ 8,312
Accounts receivable	-	-
Due from other funds	582	49,624
Restricted assets:		
Cash and cash equivalents	-	-
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	-	-
	-	-
Total assets and other debits	\$ 8,746	\$ 57,936

Proprietary Fund Type	Account Groups		Totals - (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
<u>Enterprise</u>			
\$ 3,340	\$ -	\$ -	\$ 19,186
9,104	-	-	9,104
-	-	-	50,206
28,355	-	-	28,355
2,200	-	-	2,200
972,794	911,066	-	1,883,860
-	-	56,972	56,972
-	-	26,810	26,810
<u>\$ 1,015,793</u>	<u>\$ 911,066</u>	<u>\$ 83,782</u>	<u>\$ 2,077,323</u>

(continued)

VILLAGE OF BONITA, LOUISIANA

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
June 30, 1996

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Debt Service</u>
LIABILITIES, EQUITY AND OTHER CREDITS		
Liabilities:		
Accounts payable	\$ 1,968	\$ -
Accrued liabilities	1,362	-
Due to other funds	13,178	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>\$ 16,508</u>	<u>\$ 964</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	-	56,972
Unreserved and undesignated (deficit)	<u>(7,762)</u>	<u>-</u>
Total equity and other credits	<u>\$(7,762)</u>	<u>\$ 56,972</u>
Total liabilities, equity and other credits	<u>\$ 8,746</u>	<u>\$ 57,936</u>

See accountant's compilation report.

Proprietary Fund Type	Account Groups			Totals - (Memorandum Only)
	General Fixed Assets	General Long-Term Debt		
<u>Enterprise</u>				
\$ 2,943	\$ -	\$ -	\$ -	\$ 4,911
-	-	-	-	1,362
2,269	-	-	-	16,411
8,783	-	-	-	8,783
8,000	-	-	-	8,000
5,219	-	-	-	5,219
35,996	-	-	-	35,996
169,000	-	-	-	169,000
-	-	69,000	-	69,000
-	-	14,782	-	14,782
<u>\$ 232,210</u>	<u>\$ -</u>	<u>\$ 83,782</u>	<u>\$ -</u>	<u>\$ 333,464</u>
\$ 1,096,142	\$ -	\$ -	\$ -	\$ 1,096,142
-	911,066	-	-	911,066
(25,311)	-	-	-	(25,311)
(287,248)	-	-	-	(287,248)
-	-	-	-	56,972
-	-	-	-	(7,762)
<u>\$ 783,583</u>	<u>\$ 911,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,743,859</u>
<u>\$ 1,015,793</u>	<u>\$ 911,066</u>	<u>\$ 83,782</u>	<u>\$ -</u>	<u>\$ 2,077,323</u>

VILLAGE OF BONITA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 1996

	<u>General</u>	<u>Debt Service</u>	<u>Totals - (Memorandum Only)</u>
Revenues:			
Taxes	\$ 28,862	\$ 8,762	\$ 37,444
Licenses and permits	12,770	-	12,770
Intergovernmental	34,843	-	34,843
Fines and forfeitures	45,308	-	45,308
Interest and miscellaneous	76	149	225
	<u>\$ 121,679</u>	<u>\$ 8,911</u>	<u>\$ 130,950</u>
Expenditures:			
Current:			
General government	\$ 40,919	\$ -	\$ 40,919
Public safety	49,388	-	49,388
Highways and streets	8,041	-	8,041
Debt service:			
Principal retirement	1,166	2,000	3,166
Interest	1,237	3,554	4,791
Capital outlay	20,859	-	20,859
	<u>\$ 121,610</u>	<u>\$ 5,554</u>	<u>\$ 127,164</u>
Excess of revenues over expenditures	\$ 69	\$ 3,357	\$ 3,426
Other financing sources (uses):			
Operating transfers in	7,200	-	7,200
Operating transfers out	<u>(3,751)</u>	<u>-</u>	<u>(3,751)</u>
Excess of revenues over expenditures and other financing sources (uses)	\$ 3,518	\$ 3,357	\$ 6,875
Fund balances (deficit) - beginning	<u>(11,280)</u>	<u>53,615</u>	<u>42,335</u>
Fund balances (deficit) - ending	<u><u>\$(7,762)</u></u>	<u><u>\$ 56,972</u></u>	<u><u>\$ 49,210</u></u>

See accountant's compilation report.

VILLAGE OF BONITA, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 41,700	\$ 28,682	\$(13,018)
Licenses and permits	12,600	12,770	170
Intergovernmental	18,720	34,843	16,123
Fines and forfeitures	55,000	45,308	(9,692)
Interest and miscellaneous	-	76	76
	<u>\$ 128,020</u>	<u>\$ 121,679</u>	<u>\$(6,341)</u>
Expenditures:			
Current:			
General government	\$ 48,540	\$ 40,919	\$ 7,621
Public safety	57,300	49,388	7,912
Highways and streets	-	8,041	(8,041)
Debt service:			
Principal retirement	2,400	1,166	1,234
Interest	-	1,237	(1,237)
Capital outlay	-	20,859	(20,859)
	<u>\$ 108,240</u>	<u>\$ 121,610</u>	<u>\$(13,370)</u>
Excess of revenues over expenditures	\$ 19,780	\$ 69	\$(19,711)
Other financing sources (uses):			
Operating transfers in	24,700	7,200	(17,500)
Operating transfers out	(29,700)	(3,751)	25,949
Excess of revenues over expenditures and other financing sources (uses)	\$ 14,780	\$ 3,518	\$(11,262)
Fund balances (deficit) - beginning	(11,280)	(11,280)	-
Fund balances (deficit) - ending	<u>\$ 3,500</u>	<u>\$(7,762)</u>	<u>\$(11,262)</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, 1996

Revenues:	
Water and sewer fees	\$ <u>84,158</u>
Expenses:	
Depreciation	\$ 36,466
Insurance	3,699
Interest	9,020
Office	1,373
Other operating	3,607
Repairs and maintenance	306
Salaries	25,536
Supplies	8,174
Telephone	729
Utilities	10,826
Vehicle	<u>1,930</u>
	\$ <u>101,666</u>
Operating income (loss)	\$(17,508)
Nonoperating revenues:	
Interest	<u>541</u>
Income (loss) before operating transfers	\$(16,967)
Operating transfers in	3,751
Operating transfers out	<u>(7,200)</u>
Net income (loss)	\$(20,416)
Retained earnings (deficit) - beginning	<u>(292,143)</u>
Retained earnings (deficit) - ending	<u>\$(312,559)</u>

See accountant's compilation report.

VILLAGE OF BONITA, LOUISIANA

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 Year Ended June 30, 1996

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income (loss)	\$(17,508)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	36,466
(Increase) decrease in accounts receivable	(482)
(Increase) decrease in restricted assets	(11,685)
Increase (decrease) in accounts payable	408
Increase (decrease) in liabilities payable from restricted assets	<u>2,264</u>
Net cash flows from operating activities	<u>\$ 9,463</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating transfers in	\$ 3,751
Operating transfers out	<u>(7,200)</u>
Net cash flows provided (used) by noncapital financing activities	<u>\$(3,449)</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>\$ 541</u>
Increase (decrease) in cash and cash equivalents	\$(1,445)

CASH AND CASH EQUIVALENTS - beginning	<u>4,785</u>
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CASH AND CASH EQUIVALENTS - ending	<u>\$ 3,340</u>
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See accountant's compilation report.

VILLAGE OF BONITA, LOUISIANA

SCHEDULE OF MAYOR AND BOARD OF ALDERMEN COMPENSATION
Year Ended June 30, 1996

<u>Name and Title</u>	<u>Compensation</u>
Michael Lytle, Mayor	\$ 2,400
Floyd Baker, Alderman	180
Elroy Glosup, Alderman	180
Ada Sherer, Alderman	<u>180</u>
 Total compensation	 <u>\$ 2,940</u>

See accountant's compilation report.

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 July 31, 1996, and prepared for the year ended June 30, 1996. 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).
 - Our review of the detail general ledger for the period under examination revealed one individual expenditure for materials and supplies exceeding \$5,000 and no individual expenditure for public works exceeding \$50,000. We noted no instances of noncompliance.

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, 1996, was not formally adopted until August, 1995. For the year ended June 30, 1996, expenditures exceeded 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 no occurrences of mis-coding or unauthorized payments in regard to the other five disbursements randomly selected. However, we have separately communicated to management in a letter dated January 30, 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 structure.

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).

- 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.
 - 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.
 - We noted that an employee had a delinquent water/sewer bill of approximately \$400. The employee was given permission by the Mayor to work additional hours to be credited directly against the bill, but none of the earnings were reported as additional income to the employee. Also, as of the date of our field work, the employee's individual account was not listed on the water/sewer accounts receivable detail listing and his water meter had not been documented as having been read for several months.

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.

In accordance with the *Louisiana Governmental Audit Guide*, we are required to include matters, coming to our attention by other means, that significantly contradict the assertions included in the accompanying *Louisiana Attestation Questionnaire*. We noted the following during the course of our compilation/attestation engagement:

The Mayor is conducting matters relevant to his private accounting practice in the Village Hall and other Village employees are answering phone calls related to his private business.

The compiled financial statements and reports of the Village as of and for the year ended June 30, 1996, were issued subsequent to the December 31, 1996, deadline due to the untimely provision of information by the Mayor for the engaged firm to complete their fieldwork.

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.

January 30, 1997

Hill, Prigoda & Co.

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, 1996, we noted certain matters that are presented for your information and as suggestions for improvement.

- A membership fee was paid to a private club (i.e., Sam's Wholesale Club). This is in apparent violation of Article VII, Section 14 of the Louisiana Constitution.
- Accounts entitled "miscellaneous" and "uncategorized" are used excessively for coding cash transactions. Careful attention should be given to coding cash transactions to the most appropriate accounts. "Uncategorized" and interfund transactions should be properly recorded so that trial balances for each fund can be readily obtained.
- Careful attention should be given to having all aldermen sign minutes, ordinances, etc. as spacing is currently being provided for such signatures. Minutes only need to be signed by the Mayor and Clerk if such change is desired.
- 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 current and 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 incur operating losses and is in a deficit position.
- Monthly deposits are being made into separate sinking, reserve, and depreciation and 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 deposit requirements have been met as of June 30, 1996.

- 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.
- Supporting documentation should be maintained on all expenditures.
- 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.)
- Careful attention should be given when transcribing actions of Board meetings from the recorder to the official minutes. We noted an instance where an alderman was documented in the minutes as seconding a motion when in fact the alderman had previously resigned from the Board.
- The procedures for handling delinquent accounts that were dated July 1, 1995, and mailed to all customers should be strictly adhered to so as to reduce the amount of delinquent and uncollectible accounts.
- Printed copies of all information input and stored in the computer system should be made frequently so as to avoid problems in the case of fire, lightning, computer failure, etc. Also, at least one copy of computer disk backups should be stored safely off of the premises.

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.

January 30, 1997

Hill, Arzner & Co.