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VILLAGE OF KILLIAN

Louisiana

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

As of and for the Year Ended
June 30, 1969

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 1-12-2010

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Louisiana

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INDEPENDENT AUDITOR'S REPORTS

As of and for the Year Ended June 30, 1999

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Gillis Windham
and Members of the Board of Aldermen
Village of Kilian, Louisiana

I have audited the accompanying general purpose financial statements of the Village of Kilian, Louisiana as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Kilian's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Kilian, Louisiana, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 3, 1999, on my consideration of the Village of Kilian's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget

Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements of the Village of Killian, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The year 2000 supplementary information on page 20 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that the Village of Killian is or will become year 2000 compliant, that the Village of Killian's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Village of Killian does business are or will become year 2000 compliant.

I have also issued a management letter dated December 3, 1999, in connection with my audit of the Village of Killian, Louisiana, as of and for the year ended June 30, 1999.


Lou Perry
Certified Public Accountant

December 3, 1999

Ylleg of Killeen

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP

June 30, 1999

	Governmental Fund Types		Proprietary Fund Type	Account Group General Fixed Assets	Total (Nonmonetary Only)
	General Fund	Capital Projects Fund	Enterprise Fund		
ASSETS					
Cash	\$ 1,670	\$ -	\$ 1,240	\$ -	\$ 3,910
Taxes receivable	9,261	-	-	-	9,261
Accounts receivable (net of allowance for uncollectibles)	-	-	14,657	-	14,657
Intergovernmental	4,379	52,702	-	-	57,081
Due from Water Fund	13,214	-	-	-	13,214
Due from school	258	-	-	-	258
Fixed assets, net	-	-	812,458	119,384	745,842
TOTAL ASSETS	\$21,252	\$52,702	\$843,214	\$119,384	\$947,232
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 4,235	\$ 4,265	\$ 1,214	\$ -	\$ 11,694
Retainage payable	-	46,537	-	-	46,537
Other accrued expenses	6,748	-	4,828	-	11,576
Due to General Fund	-	-	15,594	-	15,594
Unearned revenue	-	-	13,990	-	13,990
Total Liabilities	\$11,803	\$52,702	\$40,966	-	\$114,531
Fund Equity					
Contributed capital, net	-	-	588,350	-	588,350
Investments in general fixed assets	-	-	-	119,384	119,384
Retained earnings	-	-	14,118	-	14,118
Fund balance:					
Reserved for purchase of a police car	3,000	-	-	-	3,000
Unreserved, unassigned	18,252	-	-	-	18,252
Total Fund Equity	\$21,252	-	\$802,468	\$119,384	\$745,117
TOTAL LIABILITIES AND FUND EQUITY	\$33,055	\$52,702	\$843,214	\$119,384	\$947,232

The accompanying notes are an integral part of this statement.

Village of Kildee

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 1999

	General Fund	Capital Projects Fund	Total (Information Only)
REVENUES			
Taxes	\$ 68,680	\$ -	\$ 68,680
Licenses	2,380	-	2,380
Intragovernmental	3,100	-	3,100
Fees	70,915	-	70,915
Legislative Community Development			
Block Grant	-	551,312	551,312
FEMA Grant	3,295	-	3,295
Law Enforcement Grants	6,313	-	6,313
COOP's FAST Grant	9,000	-	9,000
On behalf payments by state	3,600	-	3,600
Donations	<u>3,020</u>	<u>-</u>	<u>3,020</u>
Total Revenues	<u>164,294</u>	<u>551,312</u>	<u>715,606</u>
EXPENDITURES			
General and administrative	53,560	-	53,560
Public safety	67,245	-	67,245
Road maintenance	23,935	-	23,935
Capital outlay	<u>4,900</u>	<u>551,312</u>	<u>556,212</u>
Total Expenditures	<u>149,760</u>	<u>551,312</u>	<u>701,072</u>
EXCESS OF REVENUES OVER EXPENDITURES	15,504	-	15,504
OTHER FINANCING SOURCES			
Sale of fixed assets	<u>1,124</u>	<u>-</u>	<u>1,124</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	16,628	-	16,628
FUND BALANCE BEGINNING (AS RESTATED)	<u>4,627</u>	<u>-</u>	<u>4,627</u>
FUND BALANCE, ENDING	<u>\$ 21,255</u>	<u>\$ -</u>	<u>\$ 21,255</u>

The accompanying notes are an integral part of this statement.

Village of Kildee

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
PROPRITARY FUND TYPE - ENTERPRISE FUND

For the Year Ended June 30, 1999

OPERATING REVENUES

Charges for services -	
Water sales	<u>\$28,583</u>
Total Operating Revenues	<u>28,583</u>

OPERATING EXPENSES

Salaries	844
Bad debts	7,418
Bank charges	88
Contract labor	7,000
Depreciation	5,900
Miscellaneous	373
Professional services	388
Repairs and maintenance	8,134
Utilities	<u>4,589</u>
Total Operating Expenses	<u>34,000</u>

OPERATING LOSS (5,417)

NONOPERATING EXPENSE

Loss on disposal of fixed assets (1,738)

NET LOSS (7,155)

RETAINED EARNINGS - BEGINNING 17,272

AMORTIZATION OF CONTRIBUTED CAPITAL 4,045

RETAINED EARNINGS, ENDING \$14,118

The accompanying notes are an integral part of this statement.

Village of Kildee
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - TYPE - ENTERPRISE FUND

For the Year Ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (5,420)
Adjustments to reconcile net operating loss to net cash provided by operating activities -	
Depreciation	5,303
Changes in accounts receivable	(344)
Changes in accounts payable	860
Changes in other accrued expenses	763
Changes in amounts due to General Fund	12,879
Changes in deferred revenue	<u>7,310</u>
Net Cash Provided by Operating Activities	<u>21,863</u>
CASH FLOWS FROM CAPITAL ACTIVITIES	
Payments for capital acquisitions	(20,788)
Net Cash Used in Capital Activities	<u>(20,788)</u>
NET CASH INCREASE	1,077
CASH, BEGINNING	<u>162</u>
CASH, ENDING	<u>\$ 1,239</u>

The accompanying notes are an integral part of this statement.

Village of Killian

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1999

INTRODUCTION

The Village of Killian was incorporated in 1968, under the provisions of the "Lawson Act", [Louisiana Revised Statutes (R.S.) 33:321-411] of the constitution of the State of Louisiana. The Village is located in the Parish of Livingston and has a population of 721. The Village operates under a Board of Aldermen - Mayor form of government and, as permitted under the act, provides police protection; roads, streets, and sidewalks; sponsorship of federal and state supported programs; water utilities; and other necessary public services.

(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Village of Killian have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

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

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village of Killian for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

Village of Kildeer

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 1999

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Village of Kildeer. Based on the criteria of GASB Statement No. 34, there are no component units to be included either blended within the Village's funds or discretely presented in these financial statements.

C. FUND ACCOUNTING

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of general fixed assets. Governmental funds include:

1. General Fund -- the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. Capital project funds -- account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2022

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is an income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise funds – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public be financed or recovered primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village maintains one enterprise fund, the Waterworks Fund, which provides water services.

II. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental Funds

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized, under the modified accrual basis of accounting, when measurable to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes are considered measurable in the calendar year of the tax levy that falls within the Village's fiscal year. Gross receipts of business taxes are recognized when received. State shared revenues such as tobacco, beer, and

Village of Killian

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1999

gaining taxes are recorded in the period collected by the state. Licenses, permits, fees, fines, and miscellaneous revenues are recorded as revenues when received. Charges for services are recorded when earned since they are measurable and available.

Entitlements and shared revenues are recorded at the date of receipt or earlier if the uncollectible or accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Expenditures

Expenditures are recorded when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing sources/uses) are accounted for as other financing sources (uses).

Proprietary Fund

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

E. BUDGETS

The Village has not prepared a Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Governmental Fund Type - General Fund because a budget was not legally adopted. According to the Village Clerk, the budget was established for the same amount as the amounts received and expended for the prior fiscal year, but the adoption is not noted in the minutes and no formal budget document was prepared.

Formal budgetary accounting should be employed as a management control for the General Fund but the Village failed to adopt an annual operating budget as required for the General Fund. Budgets should be prepared and adopted in accordance with the Louisiana Local Government Budget Act. Budgetary control should be exercised at the fund level for each fund.

Village of Killar

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1989

F. ENCUMBRANCES

The Village does not use encumbrance accounting.

G. CASH

Cash includes amounts in demand deposit accounts. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, and money market or time deposit accounts with state banks organized under Louisiana laws and national banks having their principal offices in Louisiana.

Under state law, the Village may also invest in U.S. Government bonds, notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all others reported as investments.

H. RECEIVABLES

Receivables are shown net of an allowance for uncollectibles. Uncollectible amounts due for water charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivables. Uncollectible amounts for property taxes are recorded as a reduction of current revenues.

I. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

J. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost, or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of the accumulated depreciation. Interest costs incurred during construction, if any, are capitalized. Depreciation of all exhaustible fixed assets used by proprietary fund

Village of Kildee

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1999

operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the following useful lives:

Water Utility	
Wells	25 - 40 years
Storage tanks	15 - 40 years
Lines and mains	30 - 40 years
Miscellaneous equipment	05 - 10 years

Contributed capital is recorded in the Waterworks Fund to account for contributions of capital assets from other governments, private developers, and others used to recognize grants and other nonbonded funds dedicated and restricted to the acquisition or construction of capital assets. The contributed capital is amortized based on the depreciation recognized on the fixed assets contributed or those acquired or constructed from contributed resources. This depreciation is closed to the contributed capital account and recorded as a retirement of contributed capital and an adjustment to net income.

K. COMPENSATED AGENCIES

The Village has no policy for compensated officers.

L. FUND EQUITY

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, contractors, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in

Village of Collins

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1999

the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-occurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

F. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Village in October and billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Livingston Parish.

G. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(3) CASH

At June 30, 1999, the Village has cash (book balances) of \$3,829 in non-interest bearing demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The bank balance of \$2,852 at June 30, 1999, is secured from risk by federal deposit insurance (GAAP Risk Category 1).

Village of Elletts

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 1989

(4) RECEIVABLES

Receivables at June 30, 1989, consist of the following:

Class of Receivable	General	Capital Projects	Enterprise	Total
Taxes -				
Franchise	\$ 9,361	\$ -	\$ -	\$ 9,361
Accounts -				
Water	-	-	20,137	20,137
Less: Allowance for Uncollectibles	-	-	(5,900)	(5,900)
Intergovernmental -				
Tobacco taxes	913	-	-	913
State grant	3,500	-	-	3,500
Federal grant	-	52,792	-	52,792
Total	\$13,534	\$52,792	\$14,637	\$80,963

(5) ADDITIONAL TAXES

For the year ended June 30, 1989, taxes of 7 mills were levied on property with assessed valuations totaling \$3,804,200.

Total taxes levied were \$26,629. Taxes receivable at June 30, 1989, were \$-0-.

(6) FIXTURES

A summary of changes in general fixed assets follows:

	Balance July 1, 1988	Additions	Deletions	Balance June 30, 1989
Land	\$ 49,200	\$ -	\$ -	\$ 49,200
Buildings	55,566	-	(5,316)	50,250
Equipment	46,024	4,500	(30,783)	19,741
Total	\$150,790	\$4,500	\$35,899	\$119,391

Village of Kellam

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1999

A summary of proprietary property, plant, and equipment at June 30, 1999, follows:

Equipment	\$ 13,378
Water system	<u>621,660</u>
Sub-total	641,041
Less: accumulated depreciation	<u>113,583</u>
Net	<u>\$527,458</u>

During the fiscal year, the proprietary fund had additions of \$612,898 and deletions of \$9,520 to property, plant, and equipment. Depreciation expense of the proprietary fund was \$5,900.

(6) RETIREMENT SYSTEM

Employees of the Village are members of the social security system. In addition to employee payroll deductions, Village funds are required to match the employee contributions. Aggregate contributions to the social security system for the year ended June 30, 1999, were \$11,318 of which \$3,659 was contributed by the Village.

(7) LEASES

The Village does not have any operating or capital leases.

(8) INTERFUND RECEIVABLES/PAYABLES

Amounts due to or from other funds at June 30, 1999, consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$15,514	\$ -
Enterprise Fund - Waterworks Fund	-	<u>15,514</u>
Total	<u>\$15,514</u>	<u>\$15,514</u>

(9) RESERVED FUND BALANCE

The Village has a reserved fund balance in the General Fund of \$3,000 as the result of a donation received for the specific purpose of paying a down payment on a new police car.

Village of Killian

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 1999

(10) CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital of the Village for the year ended June 30, 1999:

Balance at July 1, 1998	\$ 1,594
Deductions:	
Depreciation on fixed assets acquired by grants	(4,044)
Abandonment of River Ridge well	(1,600)
Additions:	
Water System Improvements FY-96 LCDFD	562,130
Balance at June 30, 1999	<u>\$285,940</u>

(11) LITIGATION AND CLAIMS

There are no lawsuits or complaints currently pending against the Village of Killian that, in the opinion of legal counsel, would result in a material loss to the Village.

(12) GRANT PROGRAM COMPLIANCE CONTINGENCIES

The Village participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Village has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 1999, may be impaired. In the opinion of the Village, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

(13) COMPENSATION PAID MAYOR, CHIEF OF POLICE,
AND BOARD OF ALDERMEN

The amount paid to the Chief of Police, Jeff Shaffer, for compensation was \$21,473. This includes \$3,900 supplemental pay received from the Livingston Parish Sheriff's office and \$3,580 earned as Tax Collector for the Village of Killian.

No compensation was paid to the Mayor or members of the Board of Aldermen.

Village of Killar

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1999

(14) ON BEHALF PAYMENTS BY STATE OF LOUISIANA

For the year ended June 30, 1999, the State of Louisiana made on behalf payments in the form of supplemental pay to the Village of Killar's Chief of Police. In accordance with GASB 34, the Village has recorded \$5,600 of on behalf payments as revenue and as expense in the General Fund.

(15) RISK MANAGEMENT

The Village of Killar is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village attempts to minimize risk from significant losses through the purchase of commercial insurance.

(16) RESTATED FUND BALANCES

The beginning fund balances of the General Fund and Capital Projects Fund have been restated to reflect the retrospective recording of the following prior period adjustment to the June 30, 1998, balances:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Fund Balance (Deficit) at June 30, 1998	\$2,835	300
Ad valorem tax receivable	1,782	-
Reimbursed bank charges	<u> </u>	<u> 4</u>
Fund Balances at June 30, 1998, as restated	<u>\$4,617</u>	<u>304</u>

(17) SUBSEQUENT EVENTS

Subsequent to June 30, 1998, the Village received \$15,000 in FY 1998-99 Rural Development grant funds for street improvements. This money will be used to reimburse the Livingston Parish Council for an invoice to the Village of Killar dated September 4, 1999.

SUPPLEMENTARY INFORMATION

Village of Killian

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 1988

<u>Federal Grantor/Pass-through Grantor/ Program or Class Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development: Pass-through program from: Louisiana Division of Administration Community Development Block Grant	94.219	107-800179	\$551,312
U.S. Federal Emergency Management Agency: Pass-through program from: Louisiana Military Department Disaster Assistance	85.544	1346-863-89685	<u>3,235</u>
Total expenditures of federal awards			<u>\$554,547</u>

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Killian and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*.

Village of Killian

Year 2000 Supplementary Information
(UNAUDITED)

As of and for the Year Ended June 30, 1999

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not directly recognize "00" as the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be re-programmed or replaced to make them year 2000 compliant.

The Village of Killian is not significantly dependent on its computerized systems for essential operations or to provide services to its citizens.

However, the Village has tested and updated its computer systems that may be affected by the year 2000 issue even though they are not necessary re-conducting the Village's operations. The cost of this testing was not a material dollar amount.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of any related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village of Killian is or will be Year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that the systems of those parties with whom the Village of Killian does business with will be year 2000 ready.

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MEMBER
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STATE NO. 14488
EXP. 12/31/99

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL BASED ON AN AUDIT OF THE GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Aldermen
Village of Killian
Killian, Louisiana

I have audited the general purpose financial statements of the Village of Killian, Louisiana, as of and for the year ended June 30, 1999, and have issued my report thereon dated December 3, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Village of Killian's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 99-1, 99-3, 99-14, 99-5, 99-6, 99-9, 99-13, 99-14, and 99-15. I also noted certain immaterial instances of noncompliance that I have reported to management of the Village of Killian in a separate letter dated December 3, 1999.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered the Village of Killian's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation

Village of Kilbuck
Independent Auditor's Report on Compliance
and an Internal Control - Combined

of Kilbuck's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 99-1, 99-2, 99-3, 99-4a-c, 99-4c, 99-5, 99-6, 99-7, 99-8, 99-10, 99-11, and 99-12.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

However, of the reportable conditions described above, I consider items 99-1, 99-2, 99-3, 99-4a-c, 99-4c, 99-5, 99-6, 99-7, 99-8, and 99-10 to be material weaknesses.

This report is intended for the information and use of management, the Legislative Authority, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

December 3, 2009

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MEMBER
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MEMBER, SOCIETY OF CHARTERED
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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Aldermen
Village of Killian
Killian, Louisiana

Compliance

I have audited the compliance of the Village of Killian, Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Village of Killian's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village of Killian's management. My responsibility is to express an opinion on the Village of Killian's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Killian's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Village of Killian's compliance with those requirements.

In my opinion, the Village of Killian, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. However, the results of my auditing procedures disclosed instances of noncompliance with these requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings on items 98-16 and 99-18.

Village of Killian
Report on Compliance with Requirements
Applicable to each Major Program - Continued

Internal Control Over Compliance

The management of the Village of Killian is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Village of Killian's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the Village of Killian's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings as items 99-16 through 04-20.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of management, the Legislative Auditor, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountant

December 3, 1999

VILLAGE OF KILLIAN

Schedule of Findings
For the Year Ended June 30, 1999

SECTION I - SUMMARY OF AUDITOR'S RESULTS

I have audited the financial statements of the Village of Killian as of and for the year ended June 30, 1999, and have issued my report thereon dated December 3, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. My audit of the financial statements as of June 30, 1999, resulted in an unqualified opinion.

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:
Material weaknesses identified? X yes no

Reportable conditions identified not
considered to be material weaknesses? X yes none reported

Noncompliance material to financial
statements noted? X yes no

Federal Awards

Internal control over major programs:
Material weaknesses identified? yes X no

Reportable conditions identified not
considered to be material weaknesses? X yes no

Type of auditor's report issued on compliance
for major programs: unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Section 503 (a) of Circular A-133? X yes no

Village of Killian
Schedule of Findings - Continued

Major program:
CFDA Number 14.219
Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$500,000

Auditor qualified as low-risk auditor? _____ yes _____ X no

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements required to be reported under Government Auditing Standards.

Finding No. 99-1

Condition - Possible infringement of the Mayor's authority by the mayor pro tempore (who is also the street commissioner) and possible use of public funds on private property.

Criteria - Louisiana Revised Statutes (LSA-RS) 33:282 (B) states that the mayor shall be the chief executive officer of the municipality.

- LSA-RS 33:404 sets forth the powers, duties, and responsibilities of the mayor which require the mayor to sign warrants drawn on the treasury for money and to require that the municipal clerk attend to such warrants.
- LSA-RS 33:445 sets forth the procedure by which an alderman is selected as mayor pro tempore and his duties in the absence of the mayor. This statute specifically states "The mayor shall notify the mayor pro tempore when he shall be absent from the municipality."
- Article VII, Section 14 of the 1974 Louisiana Constitution prohibits use of public funds for the benefit of private persons, etc.

Evidence - During the year under audit there was at least one instance where the alderman selected as mayor pro tempore authorized the purchase of asphalt materials although it is uncertain if the mayor granted authorization to the mayor pro tempore to purchase asphalt materials. There were also several instances of checks signed by the mayor pro tempore although it is uncertain whether the mayor informed him that he, the mayor, would be absent from the municipality.

It is uncertain as to whether the road on which the asphalt was placed is a public or private road.

Village of Killian
Schedule of Findings - Continued

Claim - The mayor states that he did not give the mayor pro tempore --

- + notice of his absence from the municipality nor
- authority to purchase asphalt

If this is the case,

- then the mayor pro tempore has improperly assumed the authority of the mayor in authorizing the purchase of asphalt and signing a check to pay for the asphalt - both of these duties are reserved to the mayor by Louisiana Revised Statutes.
- the asphalt placed on private property (if in fact it is private property) could be in violation of Article VII, Section 14 of the 1974 Louisiana Constitution.

Recommendation - The Village should request a clarification of LSA-RS 33:405 from the Attorney General concerning when the mayor is considered absent from the municipality. The Village needs to establish a written policy of acceptance of roads into the Village's public road system.

Mayor's Response - I did not notify the mayor pro tempore that I would be out of state. There are other expenses, such as Division Water Company, where the mayor pro tempore used public funds for Harry Road. The mayor pro tempore took these actions without the authority or knowledge of the mayor.

Mayor Pro Tempore's Response - I cannot recall if the mayor notified me of his absence from the Village in March 1999 when I signed the check paying for the asphalt. He rarely notified me of his absence, maybe sometimes requesting me to hold court. I thought that every time he crossed the bridge going out of town that I assumed the role of mayor pro tempore which gave me authority to sign checks for the Village. I am listed on the signature card at the bank which I believed gave me authority to sign Village checks. The mayor knew that I was signing checks. The mayor was aware that I signed the Village's check to pay for the asphalt. He is always out of town and not available to sign checks.

As for authorization to purchase asphalt for road surfacing, the mayor knew it was going to be done. He specifically gave his approval for me to purchase the asphalt. I am the Road Commissioner and feel that I am responsible for upkeep of the road. The mayor told me that he wanted out of the road business and for me to handle all road problems.

I even spoke to the mayor about having the citizens pay part of the cost of improving the roads. The mayor said that the Village should pay for all road work.

To the best of my knowledge the road on which the asphalt was placed is a public road. The road had been maintained by the government in the past. I believe that makes it a public road.

Village of Killian
Schedule of Findings - Continued

I don't know if the road has been legally dedicated to the Village, I don't think any road has been legally dedicated to the Village of Killian.

The mayor was aware of the water line extension by Diversion Water Company. It produced six new water customers for the Village.

All my efforts have been for the betterment of Killian, not for self gain. I thought that the mayor had knowledge of and approved everything I did for the Village. I also thought that as soon as the mayor left the Village limits, that I assumed the mayor's duties which includes the right to sign checks.

I was not given adequate time to properly respond to this finding and will follow-up in the near future.

Finding No. 99-2

Condition - Lack of segregation of duties

Criteria - An adequate system of internal control requires an appropriate segregation of duties consistent with control objectives.

Effect - This deficiency could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with management's objectives.

Cause - Limited qualified staff in the accounting department. This is a repeatable condition and is considered a material weakness in internal control.

Recommendation - The limited size of the Village precludes an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. No change is recommended.

Mayor's Response - I concur with the auditor's recommendation.

Finding No. 99-3

Condition - Failure to adopt a budget (this finding is a repeat of prior year finding 98-1).

Criteria - LSA-35 39:1301-14 (the Local Government Budget Act) requires a municipality to prepare a comprehensive budget presenting a complete financial plan for the ensuing fiscal year for the general fund and each special revenue fund.

The budget must show estimates of all revenues to be received, itemized by source; recommended expenditures itemized by agency, department, function and character; other

Village of Killian
Schedule of Findings - Continued

financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year.

A budget reflecting the above estimates must be adopted prior to the end of the fiscal year and included in the minutes of the meeting when adopted.

Effect - The failure to adopt a budget resulted in these deficiencies:

- a. The Village is in violation of the Local Government Budget Act.
- b. The budgetary controls of the Village were nonexistent as no comparison of actual amounts to budgeted amounts could be made.
- c. The Village was unable to prepare a "statement of revenues, expenditures, and changes in fund balances - budget and actual" for its general fund as required by GASB Cod. Sec. 3400.102.

Cause - The Village clerk informed me that a budget had been adopted for the general fund equal to the prior year's revenues and expenditures, but there was no approval in the minutes and no budget document.

Recommendation - The Village must adopt a budget prepared in accordance with LSA-RS 59:1300-14 for the general fund prior to the end of the fiscal year. This action must be recorded in the minutes of the meeting at which it occurs. There must be a budget document setting forth the proposed financial plan for the general fund.

Mayor's Response - I attempted to comply but the clerk did not follow my instructions to type and file the new budget.

Clerk's Response - A budget was prepared although it may not have met the legal requirements.

Finding No. 99-4

Condition - Inadequate control over cash

Criteria - Adequate controls include procedures to assure that cash is stated at the correct amount.

Effect - The Village has the following deficiencies in controls over cash:

- a. Deposit debits to cash do not equal credits to various accounts (this is a repeat of prior year finding 98-3).
- b. The checking account balance per the computer does not agree with the bank reconciliation (this is a repeat of prior year finding 98-3).

Village of Killian
Schedule of Findings - Continued

- c. Cash per the cash receipts book is not reconciled to the deposit slip or to the computer entry.
- d. Daily deposits are not made.
- e. A cash box holding cash and checks is not kept locked at all times, nor is the file drawer containing the cash box kept locked at all times.

Cause - These deficiencies occurred because the Village does not have an adequate accounting software package, the checking account balance in the computer is not compared to the bank reconciliation at month-end, daily deposits are not made, and the cash on hand is not kept securely locked.

Recommendation - The following recommendations are made:

- a. A different accounting software should be used by the Village that does not require a double-posting of deposits.
- b. The checking account balance per the computer should be compared each month with the balance per the bank reconciliation and any differences resolved.
- c. The cash receipts book should have separate columns for cash and checks/money orders, and a total column. All these columns should be totaled daily and agreed to the deposit ticket.
- d. Daily deposits must be made as required by LSA-RS 39:1212.
- e. Purchase a cash box to be kept locked at all times, also purchase a locking file cabinet to hold the cash box, and keep it locked at all times.

Mayor's Response - I have instructed the clerk to make daily deposits, to list cash items separately on the deposit slips, and to keep cash locked, and the clerk has failed to do so.

Clerk's Response - I was never instructed to make daily deposits, and, in fact, cannot make daily deposits because the mayor does not allow Town Hall to be closed. I have made attempts to improve controls over cash since becoming clerk.

Finding No. 99-5

Condition - Inadequate controls over check signing

Criteria - LSA-RS 33:404 requires the mayor to sign checks and the municipal clerk to attest to the mayor's signature.

Village of Elkhart
Schedule of Findings - Continued

Effect - The Village has the following deficiencies in controls over check signing:

- a. On some checks, the two signatures were that of the Village clerk and assistant clerk.
- b. The mayor's signature on some checks appeared to be written by someone other than the mayor.
- c. The mayor pro-tempore may have signed checks without authority.

It is a circumvention of internal controls for the clerk and the assistant clerk to sign checks together, for the mayor's signature to be written by someone else, or for the mayor pro tempore to incorrectly assume the right to sign checks.

Cause - The Village was unaware that proper controls preclude the signing of a check by the clerk and the assistant clerk. Evidently the signing of the mayor's signature was done with the mayor's permission in some cases.

Recommendation - The mayor and the municipal clerk should sign all Village checks or the mayor pro tempore and the assistant clerk if the mayor gives notice of his absence from the municipality and the clerk is not available. The practice of signing the mayor's name by someone other than the mayor must stop immediately.

Mayor's Response -

- a. I will see that the clerk signs my or the mayor pro tempore's signature only.
- b. On occasion I have granted authority for the signing of my name. I will investigate the occasions when my name was signed without my authority.
- c. I will request an Attorney General's opinion regarding when the mayor pro tempore may sign a check.

Mayor Pro Tempore's Response - See response to this matter at Finding 98-1.

Finding No. 99-6

Condition - Weakness in controls over payroll disbursements

Criteria - A timesheet provides the necessary documentation to support hourly employees' payroll disbursements.

Effect - The Village clerk and assistant clerk were paid on an hourly basis, but there were no timesheets supporting the hours paid.

**Village of Killian
Schedule of Findings - Continued**

The deficiency led to the inability to determine if payments made to the Village clerk and assistant clerk were actually for time worked.

Cause - The Village clerk assured me that timesheets had been completed but had been removed from her office during her absence.

Recommendation - All hourly employees of the Village must prepare timesheets indicating dates and hours worked. This timesheet should be approved by the Mayor (or the police chief, if employee is a police officer) prior to the payment of wages and retained in a permanent file.

Mayor's Response - I will follow the auditor's recommendation.

Finding No. 59-7

Condition - Inadequate controls over collection of ad valorem taxes

Criteria - The Village has a fiscal duty to collect its assessed taxes, especially since the Village has hired the police chief to act as Tax Collector.

Effect - No liens are being placed on property whose owners have failed to pay the Village of Killian's property tax. Collection efforts appear to be limited to the sending of one post-due notice.

Cause - The Village Clerk states that it is too expensive to place a lien on property belonging to delinquent taxpayers.

Recommendation - The Village should follow the proper legal procedures to place liens on property whose owners are delinquent in the remittance of ad valorem taxes.

Mayor's Response - I have instructed the clerk to file liens with the Clerk of Court's office, but the clerk has failed to follow my instructions.

Clerk's Response - The mayor has never instructed me to file liens; no funds currently exist for the filing of liens.

Finding No. 59-8

Condition - Inadequate controls over the collection of water receivables

Criteria - In order to provide adequate revenue to operate its water system, the Village must collect its water receivables in a timely manner.

Village of Killam

Schedule of Findings - Continued

Effect - Thirty-three percent (33%) of the Village's water receivables as June 30, 1995, were more than six months past due. Some customers have been allowed to continue receiving water while maintaining balances that are several years' past due.

Cause - Mayor Gillis Windham states that it is too expensive to cut off the water services of delinquent customers; evidently there are no cut-off valves in place except on recently constructed water lines.

Recommendation - The Village should follow a written collection policy which allows for the disconnection of water services after a certain delinquency period (perhaps ninety days). A re-connect fee should be charged the customer to recover any cost (including the installation of a cut-off valve) to the Village.

Mayor's Response - During the current fiscal year we will adopt an ordinance to set forth rules and regulations regarding water collection.

Finding No. 99-9

Condition - Increase in water rates not accomplished by ordinance

Criteria - According to an official with the Louisiana Municipal Association, using an ordinance to set utility rates gives the municipality the opportunity to sue utility customers in the event of nonpayment. Failure to establish rates by ordinance does not allow for such legal enforcement.

Effect - This deficiency results in an inability by the Village to enforce collection of its delinquent water bills.

Cause - The Village was unaware of the potential consequences of increasing water rates by motion only.

Recommendation - The Village should follow proper procedure to adopt an ordinance for its \$15 monthly water rate, to establish payment terms and policy regarding termination of services due to non-payment (including re-connect costs).

Mayor's Response - I will follow the auditor's recommendations.

Finding No. 99-10

Condition - Weak controls over police fine revenue

Criteria - Internal controls over police fines include the establishment of a procedure to account for all citation numbers and a reconciliation of the recording of fines in the computer with a manual recordkeeping system.

Village of Killbuck
Schedule of Findings - Continued

Effect - The Village has the following weaknesses in controls over police fines:

- a. Police citations are not kept in numerical order nor does the Village have a procedure to ascertain that all ticket numbers are accounted for.
- b. The Village relies upon a computer program for the status of its police fines; a manual log of fines is also kept. However, there is no reconciliation of the two; and it was noted during my audit that some tickets were omitted in the computer program.

Cause - Village personnel were not aware of the need to keep police citations in numerical order or the availability of controls over the recording of the citations in the computer.

Recommendation - The Village should do the following:

- a. The copy of the citation retained by the Village clerk should be maintained in numerical sequence. The clerk is responsible for accounting for all citation numbers; voided tickets should include all copies of the ticket.
- b. The manual record of police fines should include a column for the original amount of the citation; this column can be totaled monthly and reconciled to a printout from the computer program.

Mayor's Response - I will instruct the clerk to follow the auditor's recommendations so this will be resolved in the future.

Clerk's Response - I feel that I am keeping proper control over police fines.

Finding No. 99-11

Condition - My audit of the records of Mayor's court did not satisfy me that proper procedure is being followed.

Criteria - Mayor's court must be held in order to forfeit a bond of a traffic ticket holder who does not appear in court.

Effect - Mayor's court at the Village of Killbuck is not being held when tickets are paid prior to the time of the meeting. This procedure is proper unless there are violators who do not appear for court or if a violator has paid a bond in lieu of a ticket, in which case court must be held and a record kept of violators not appearing and the results of court proceedings.

Cause - The mayor may not understand the procedure to follow for Mayor's court.

Village of Killian
Schedule of Findings - Continued

Recommendation - Mayor's court must be held if any violators do not appear or if a violator has paid a bond in lieu of a ticket. A record of the violators not appearing and court proceedings should be maintained.

Mayor's Response - I will hold court according to the auditor's recommendations.

Finding No. 99-12

Condition - Lack of documentation regarding personal telephone calls.

Criteria - Article VII, Section 14 of the 1974 Louisiana Constitution prohibits the use of public funds for private purposes.

Effect - Telephone bills do not reflect enough information to determine whether calls were for Village purposes or personal purposes. This includes telephone bills of Village phone lines and bills submitted by the Mayor for reimbursement of outside telephone usage.

Cause - This deficiency occurred because the Village does not have a procedure for keeping track of personal telephone calls.

Recommendation - A log should be kept of all long-distance telephone calls made on the Village's telephones. All telephone bills must be approved by the mayor prior to payment. The mayor should indicate to whom calls were made on his request for reimbursement of outside usage.

Mayor's Response - I will establish the log as recommended.

Finding No. 99-13

Condition - Failure to post meeting notices and agendas (this is a repeat of prior year finding 98-09)

Criteria - LSA-RS 42:1 through 42:12 (the open meetings law) requires that a notice and the accompanying agenda be posted on the door of the Town Hall at least twenty-four hours prior to the meeting.

Effect - The Village is in violation of the open meetings law.

Cause - The Village has been aware of the requirement to post meeting notices since its completion/attestation of June 30, 1993, but it has not corrected this finding.

Recommendation - Meeting notices and agendas must be posted on the door of Town Hall at least twenty-four hours prior to the meeting.

Mayor's Response - The clerk has repeatedly been instructed to follow these procedures but has failed to do so.

Village of Killian
Schedule of Findings - Continued

Clerk's Response - I have never been instructed to post meeting notices and agendas but am now doing so.

Finding No. 99-14

Condition - Inadequate recording of proceedings of meetings

Criteria - The minutes of the proceedings of meetings must indicate the vote on a proposed motion.

Effect - The outcome of a proposed motion is unknown when the vote is not recorded in the minutes.

Cause - The Village of Killian's minutes reflect who made a motion and who seconded the motion, but there is no record of the result of the vote on this motion.

Recommendation - The "yeas" and "nays" resulting from the vote on a motion should be recorded as part of the minutes of each meeting.

Mayor's Response - I have instructed the clerk to prepare the minutes in accordance with Louisiana Statutes.

Clerk's Response - I have never been instructed on the proper procedures for recording proceedings of meetings.

Finding No. 99-15

Condition - Delayed completion of the Louisiana Compliance Questionnaire

Criteria - The Louisiana Legislative Auditor requires the completion and adoption of the Louisiana Compliance Questionnaire by the auditee; the completed Questionnaire is to be given to the auditor at the start of the audit. This Questionnaire is used as a basis of state compliance testing in all audits performed under LSA-RS 24:513.

Effect - The Louisiana Compliance Questionnaire was not completed until November 17, 1999, although the client was reminded by the auditor of the necessity of its completion in a request for information dated August 24, 1999, and the auditee requested the Questionnaire verbally at frequent intervals after this date.

Cause - The Village clerk was aware of the need to complete the Louisiana Compliance Questionnaire but did not do so.

Recommendation - In the future, the Louisiana Compliance Questionnaire should be completed by the Village of Killian, adopted by its governing body, and given to the auditor at the beginning of the audit.

Village of Killian
Schedule of Findings - Continued

Mayor's Response - The clerk knew the Questionnaire had to be completed but failed to do so.

SECTION III - FEDERAL AWARD FINDINGS

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance required to be reported by OMB Circular A-133.

Finding No. 89-16

Condition - Missing bank statements for October 1998, January 1999, and May 1999.

Criteria - All records relating to the Louisiana Community Development Block Grant (LCDDBG) must be available.

Effect - Transactions for these months, although identified from other sources, could not be traced to bank statements.

Recommendation - Bank statements should be retained and filed in a retrievable manner.

Mayor's Response - The clerk received written and verbal instructions from the engineer on the maintenance of records but failed to follow them.

Clerk's Response - To the best of my knowledge all bank statements were at Town Hall; the engineer may have the missing statements.

Finding No. 89-17

Condition - Inadequate filing system

Criteria - LCDDBG program records should be maintained in a manner resulting in easily retrievable documentation.

Effect - The contract for the block grant with the Division of Administration could not be located nor could the full response of the Village to the findings in the Division of Administration's monitoring report. These documents were obtained by the auditor from the engineer's files.

Cause - The Village did not have the LCDDBG files maintained in a manner that would enable the location of specific information.

Recommendation - The Village should maintain LCDDBG program documentation in a manner resulting in easily retrievable information.

Village of Killis
Schedule of Findings - Continued

Mayor's Response - In the future we will make a concerted effort to file correctly.

Finding No. 99-18

Condition - Although the Village designated Alderman John Henry to review and approve all transactions involving LCDBG funds, no evidence of such approval was available.

Criteria - Task A-6, page 18, of the FY1996 LCDBG Grantee Handbook requires that one person be designated to review and approve all transactions involving LCDBG funds prior to these transactions being processed.

Effect - The Village is in noncompliance with LCDBG requirements.

Cause - This finding was identified by the Louisiana Division of Administration during its monitoring visit in October 1998 but was not corrected by the Village.

Recommendation - This requirement should be adhered to for the remainder of this project and for any future LCDBG programs.

Mayor's Response - In the future this will be handled by the mayor directly.

Mayor Pro Tempore's Response - I was aware of being designated as the person to review and approve the transactions involving LCDBG funds however I was not granted access to information needed to approve the transactions. I objected to several matters including placement of water lines and cut-off valves in sewer ditches, the shallow well, and other matters all to no avail.

Finding No. 99-19

Condition - No general ledger of the LCDBG program was available.

Criteria - A general ledger should be maintained as an integral part of the books and records of the LCDBG program.

Effect - The general ledger of the LCDBG program was created by the auditor at the time of the annual audit.

Cause - This finding was identified by the Louisiana Division of Administration during its monitoring visit in October 1998 but was not corrected by the Village.

Recommendation - A general ledger for the LCDBG program should be maintained as the project is ongoing.

Village of Kilauea
Schedule of Findings - Continued

Mayor's Response - In the future I will see that adequate records are maintained.

Finding No. 99-20

Condition - LCDBG program check signer not bonded

Criteria - All persons authorized to sign LCDBG checks should be covered in the Village's blanket bond policy; however, the assistant clerk signed checks but was not covered in the blanket bond.

Effect - Potential theft is not covered by insurance.

Cause - Village personnel were not aware of this requirement.

Recommendation - Add the position of assistant clerk to the Village's public employee blanket coverage.

Mayor's Response - This was an oversight. I will add the position of assistant clerk to the bond.

**VILLAGE OF KILLIAN
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended June 30, 1999**

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
99-1 Possible infringement of the Mayor's authority, possible misuse of public funds	An opinion from the Attorney General will be requested. We will establish a policy for acceptance of bonds.
99-2 Lack of segregation of duties	The Village concurs with the auditor's recommendation. No further action to be taken.
99-3 Failure to adopt a budget	For the budget year 2000 - 2004, a copy of the Local Government Budget Act will be obtained and its requirements followed.
99-4 Inadequate control over cash	With the support of a majority of the Board of Aldermen and the cooperation of the clerk, the mayor will follow the recommendations of the auditor.
99-5 Inadequate controls over check signing	An Attorney General's opinion will be sought regarding when the mayor pro tempore can sign checks.
99-6 Weakness in controls over payroll disbursements	With the support of a majority of the Board of Aldermen and the cooperation of the clerk, amendments will be prepared and approved.
99-7 Inadequate controls over collection of ad valorem taxes	With the support of a majority of the Board of Aldermen and the cooperation of the clerk, liens will be filed.
99-8 Inadequate controls over the collection of water receivables	The mayor will seek an ordinance to establish rules and regulations regarding water collections. A program will be created to find ways to cut all past dues at an expense affordable to the Village.
99-9 Increase in water rates not accomplished by ordinance	The mayor will follow the auditor's recommendations before the end of the fiscal year.
99-10 Weak controls over police fire revenue	With the support of a majority of the Board of Aldermen and the cooperation of the clerk, this will be corrected.
99-11 Mayor's court procedures improperly conducted	The mayor will hold court according to the auditor's recommendation.
99-12 Lack of documentation regarding personal telephone calls	The Mayor will establish a log for all long distance calls.

Village of Killian
 Management's Corrective Action Plan
 For the Year Ended June 30, 1989 - Continued

Finding Reference No.	Management's Corrective Action Plan
99-13 Failure to post meeting notices and agendas	With the support of a majority of the Board of Aldermen and the cooperation of the clerk, this will be corrected.
99-14 Inadequate recording of proceedings of meetings	The mayor will follow these recommendations with the support of a majority of the Board of Aldermen and the cooperation of the clerk.
99-15 Delayed completion of the Louisiana Compliance Questionnaire	The mayor will follow the auditor's instructions.

SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Finding Reference No.	Management's Corrective Action Plan
99-16 Missing bank statements	The mayor will make sure the Village is in compliance in the future.
99-17 Inadequate filing system	The job will be done correctly in the future. The mayor will become more involved.
99-18 No approval of LCDRG transactions by the Village	In the future, this will be handled by the mayor directly.
99-19 No general ledger of the LCDRG program	In the future, the mayor will see that the records are maintained.
99-20 LCDRG program check signer not bonded	The position of assistant clerk will be added to the bond.

SECTION 3. MANAGEMENT LETTER

Finding Reference No.	Management's Corrective Action Plan
99-21 Inadequate payroll records	Quintabeau Pro will be used to correct recordings of salary amounts. The mayor will require approved time sheets and attempt to follow the auditor's recommendations.

Village of Killbuck
 Management's Corrective Action Plan
 For the Year Ended June 30, 1999 - Continued

Finding Reference No.	Management's Corrective Action Plan
99-22 Delinquent payroll tax payments and required reporting to federal agencies	The mayor will inform the clerk to remit taxes and comply with the auditor's recommendations. This will be done immediately.
99-25 Inadequate accounting records - cash disbursements/ receipts	The mayor will attempt to comply with the auditor's recommendations.
99-24 Inadequate performance bond	The assistant clerk and the tax collector will be added to the bond.
99-25 Signing and publication of minutes	The mayor will again instruct the clerk to comply.
99-26 Outstanding COPS grant request	The mayor will follow-up immediately on this request.
99-27 Delinquent sales tax returns	The mayor will follow-up and again ask the clerk to comply. This will be done immediately.

VILLAGE OF KILLIAN
SCHEDULE OF FIVE YEAR ATTESTATION FINDINGS *
For the Year Ended June 30, 1999

98-1	No formal budget document	Unresolved - see current year Finding 98-3
98-2	Actual expenditures exceeded budgeted amounts by 14%	Resolved
98-3	Deposit debits to cash do not equal credits to various accounts	Unresolved - see current year Finding 98-4a
98-4	Salaries recorded in general ledger as net rather than gross	Unresolved - see current year Finding 98-21a (management letter)
98-5	Cash balance per computer not agreed to bank reconciliation	Unresolved - see current year Finding 98-4b
98-6	Evidence not available of posting of meetings and accompanying agenda	Unresolved - see current year Finding 98-13

* The Village of Killian was not required to have an audit for the fiscal year ended June 30, 1998.

LEE BRAY
Certified Public Accountant
20100 Highway 1040
P.O. Box 1000
Aurora, Louisiana 70501

MEMO

INTERNAL CONTROLS OF THE
VILLAGE OF KILBEE, LA

MEMO DATE: 12/28/99
TO: MAJOR WINDHAM

MANAGEMENT LETTER

To the Honorable Major Gills Windham
and Members of the Board of Aldermen
Village of Kilbee, Louisiana

RECEIVED
LEGISLATIVE SERVICES
12/28/99 PM 2:43

As part of the audit of the Village of Kilbee as of and for the year ended June 30, 1999, I performed a study and evaluation of the internal controls necessary to achieve an understanding of the internal controls and to assess control risk. I also performed tests of the Village of Kilbee's compliance with certain provisions of laws, regulations, contracts, and grants.

As a result of my audit, I noted several items in the Village of Kilbee's internal control which should be improved. I also noted instances of noncompliance with certain provisions of laws, regulations, contracts, and grants.

My findings concerning these items are listed below:

99-21 PAYROLL RECORDS

The following items were noted in relation to the payroll recordkeeping of the Village of Kilbee:

- a. Salaries are recorded in the general ledger at net rather than gross (this is a repeat of prior year finding 98-4). This deficiency makes it difficult to reconcile the salary expense in the general ledger with the wages reported on payroll tax returns.
- b. Time sheets are not approved by a supervisor, i.e., time sheets of police officers not approved by the police chief.
- c. Complete individual employee personnel files are not maintained for police department employees. There is no formal documentation available in the personnel files for approval of the pay rates for salaried or hourly police department employees.

- d. It was noted during my audit that hours worked did not agree with hours paid for one employee for the month of May 1999.

The employee may have been paid based on hours called in to the clerk rather than hours appearing on his timesheet. The error resulted in one hour underpaid to the employee.

RECOMMENDATIONS

The following recommendations are made as a result of Finding No. 99-21:

- a. It is recommended that a more sophisticated accounting software be used by the Village which will record salaries at gross.
- b. The police chief should examine the timesheets of police department employees and initial his approval on the timesheet prior to the payment of wages.
- c. The Village should establish complete individual employee personnel files which contain documentation supporting hourly or salaried pay rates for employees.
- d. Employee paychecks should not be written based on "called-in" hours. The clerk should have approved timesheets on hand prior to payment, and the hours paid should agree with the hours worked on the timesheet.

99-22 PAYROLL TAX PAYMENT AND REPORTING TO FEDERAL AGENCIES

It was noted during my audit that the Village of Kilian is not complying with all requirements regarding the reporting of contract labor and the remitting of payroll taxes, as follows:

- a. The Village is required to make monthly 941 deposits with its fiscal agent, but instead remitted the 941 taxes with the quarterly 941 report.

This resulted in penalties and interest to the Village of \$1,538 during the fiscal year ended June 30, 1999.

- b. The Village of Kilian is not remitting the required social security and medicare taxes on police supplemental pay.
- c. Forms 1099 were not issued for all contract labor for the calendar year 1998 as required by federal law. Although six 1099s were issued, it was noted during my audit that at least an additional three should have been issued.

RECOMMENDATIONS

The following recommendations are made as a result of Finding No. 99-22:

- a. The Village should deposit 941 taxes with its fiscal agent by the 15th day of the month following the payment of wages.
- b. The Village must report police supplemental pay as social security and medicare wages on its quarterly 941s and withhold and remit the employee's and employer's share of social security and medicare taxes monthly.
- c. Forms 3099 should be issued for all contract labor payments of \$600 or more during the calendar year.

99-25 ACCOUNTING RECORDS - CASH DISBURSEMENTS/RECEIPTS

It was noted during my audit that some improvements could be made regarding documentation supporting cash disbursements/receipts, as follows:

- a. Some invoices supporting cash disbursements could not be located.
- b. Some police fuel tickets do not indicate which vehicle is being fueled or the mileage of the vehicle at the time fuel is purchased. Also, a purchase of a hamery and oil did not indicate which vehicle the purchase was for.
- c. The Village did not use pre-numbered receipts for cash received during the fiscal year ended June 30, 1999.

(Subsequent to June 30, 1999, the Village began using a pre-numbered receipt book).

- d. Paid invoices are "cancelled" after payment by the writing of the check number on the invoice. A complete cancellation includes the date paid, as well.

RECOMMENDATIONS

All disbursements of the Village should be supported by invoices or other documentation. These invoices should contain enough information to identify the disbursement as allowable, i.e., vehicle and mileage information for police fuel and repairs.

Also, invoices should be cancelled by writing the check number and date paid on the invoice.

89-24 INADEQUATE PERFORMANCE BOND

The assistant clerk is an approved signatory on the checking account but is not covered under the performance bond of the Village.

Also, according to LSA-RS 33:386 (E), the tax collector shall execute a bond to the municipality. The tax collector for the Village of Killian is the police chief, who is not covered under the performance bond of the Village.

RECOMMENDATION

The positions of assistant clerk and tax collector should be added to the employee's blanket coverage.

89-25 SIGNING AND PUBLICATION OF MINUTES

It was noted during my audit that some minutes of the meeting of the Board of Aldermen are not being signed by the municipal clerk. Also, minutes are not being published within ten days of the meeting date, as required by LSA-RS 43:143, under penalty of fine and imprisonment.

RECOMMENDATIONS

The municipal clerk should attest by signature to the correctness of the minutes of the meetings of the Board of Aldermen.

Also, the minutes of meetings of Board of Aldermen must be published within ten days exactly as they appear in the official minutes kept by the municipal clerk. The clerk should obtain a copy of the Louisiana Municipal Association's Handbook for Municipal Officials in Louisiana and refer to Chapter 17.

89-26 COFS GRANT REQUEST OUTSTANDING

The Village has not received a COFS grant award of \$1,000 for the period 4/1/98 - 6/30/98. A report was submitted by the Village to the U.S. Department of Justice on October 22, 1998.

RECOMMENDATION

Inquiry should be made of the U.S. Department of Justice as to why these COPS grant funds have not been received.

89-27 PREPARATION OF SALES TAX RETURNS

The Village did not prepare sales tax returns or remit sales taxes to the Louisiana Department of Revenue for the January 1999 and July 1999 water billings.

RECOMMENDATION

The required sales tax returns were prepared by the auditor, and the Village should remit the taxes due. In the future, the Village should insure that these returns are prepared and the taxes remitted by the 20th day of the month following the month of water billings.

This report is intended for the information and use of management, the Legislative Authority, and federal awarding agencies and pass through entities. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

December 3, 1999