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December 15, 2004

Honorable Sarah Wilson, Chairperson,
and Council Members of the
Village of Spearsville
2511 Highway 3121
Spearsville, LA 71277

Dear Ms. Wilson:

We have performed a limited review of certain financial records of the Village of Spearsville (Village) for the period beginning January 2002 and ending August 2004. The scope of our work was significantly less than that required by *Government Auditing Standards* in the audit of the Village's financial records; therefore, we are not offering an opinion on the Village's financial statements, system of internal control, nor assurance as to compliance with laws and regulations.

At the council meeting held on May 3, 2004, the council gave the mayor of the Village of Spearsville, Mr. Joe Futch, the authority to purchase property from First United Bank and then sell that property to Mr. Calvin Hollis. Conveyance records indicate that the property was purchased by the Village on May 7, 2004, for \$2,500 and then sold to Mr. Calvin Hollis on May 17, 2004, for \$3,000.

Louisiana Revised Statute 33:4712¹ provides, in part, that before a municipality can dispose of property:

- (1) an ordinance must be introduced giving the reasons for the action on the part of the governing authority;
- (2) the minimum price and terms of the sale must be fixed; and
- (3) notice of the proposed ordinance must be published or posted in three public and conspicuous places in the municipality if a newspaper is not in general circulation within the municipality.

¹ R.S. 33:4712 provides, in part, before a municipality can dispose of property an ordinance must be introduced, giving reasons for the action on the part of the governing authority, and fixing the minimum price and terms of the sale. Thereafter, notice of the proposed ordinance must be published three times in fifteen days, one week apart, in a newspaper published in the municipality; if there is no newspaper of general circulation in the municipality, by posting in three public and conspicuous places in the municipality.

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These procedures were not followed; therefore, the sale of the property to Mr. Hollis is in violation of state law.

We recommend that the Village comply with all local, state and federal laws, rules, and regulations. We also recommend that the Village conduct proper research before entering into transactions that are not in the normal course of the Village's business.

We contacted Mayor Joe Futch and he stated that the Village is consulting with the district attorney regarding transactions that are not in the Village's normal course of business.

If you have any questions, please contact me at (225) 339-3838 or Mr. Daryl Purpera at (225) 339-3807.

Sincerely,



Steve J. Theriot, CPA
Legislative Auditor

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