

VILLAGE OF PROVENCAL
ANNUAL FINANCIAL REPORT

JUNE 30, 2011

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

Release Date JAN 18 2012

Village of Provencal
Financial Report
June 30, 2011

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis		1-4
Independent Accountant's Review Report	-	5-6
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Assets	A	9
Statement of Activities	B	10
Fund Financial Statements		
Governmental Funds		
Balance Sheet	C	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	13
Statement of Revenues, Expenditures, and Changes in Fund Balance	E	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	F	15
Proprietary Fund		
Statement of Net Assets	G	16
Statement of Revenues, Expenses, and Change in Net Assets	H	17
Statement of Cash Flows	I	18-19
Notes to Financial Statements	-	21-30

Village of Provençal
Financial Report
June 30, 2011

TABLE OF CONTENTS (cont'd)

	<u>Exhibit</u>	<u>Page</u>
Other Required Supplementary Information		
Budgetary Comparison Schedule – General Fund	J	32
Budgetary Comparison Schedule – LCDBG	K	33
Supplementary Information		
Independent Accountant's Report on Applying Agreed-Upon Procedures	L	35-37
Louisiana Attestation Questionnaire	M	38-39
Management Letter	N	40
Management's Response	O	41

Village of Provencal

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2011

This section of the Village of Provencal's (hereafter referred to as the Village) annual financial report presents an overview and analysis of the Village's financial activities for the year ended June 30, 2011. The intent of the MD&A is to look at the Village's financial performance as a whole. It should therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Village's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Assets presents all of the Village's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases or decreases in the Village's net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.
- The Statement of Activities presents information showing how the Village's net assets changed during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the Village are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village conducts its day-to-day operations through a governmental fund, the General Fund, and a business-type activity, the Village's utility system. For the year ended June 30, 2011, the Village had a LCDBG Grant which was restricted, therefore it is included as a special revenue fund.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	June 2011			June 2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Current Assets	\$59,864	\$ 31,672	\$ 91,536	\$49,632	\$ 60,334	\$ 109,966
Restricted Assets	0	63,709	63,709	0	50,530	50,530
Capital Assets, net of accumulated depreciation	<u>34,823</u>	<u>1,592,103</u>	<u>1,626,926</u>	<u>2,644</u>	<u>1,636,574</u>	<u>1,639,218</u>
Total Assets	<u>\$94,687</u>	<u>\$1,687,484</u>	<u>\$1,782,171</u>	<u>\$52,276</u>	<u>\$1,747,438</u>	<u>\$1,799,714</u>
LIABILITIES:						
Accounts/Other Payables	\$ 8,312	\$ 22,998	\$ 31,310	\$ 0	\$ 25,950	\$ 25,950
Customer Deposits Payable	0	23,112	23,112	0	23,112	23,112
Long Term Debt	<u>0</u>	<u>34,591</u>	<u>34,591</u>	<u>0</u>	<u>43,583</u>	<u>43,583</u>
Total Liabilities	<u>\$ 8,312</u>	<u>\$ 80,701</u>	<u>\$ 89,013</u>	<u>\$ 0</u>	<u>\$ 92,645</u>	<u>\$ 92,645</u>
NET ASSETS:						
Invested in Capital Assets, net of related debt	\$34,823	\$1,557,512	\$1,592,335	\$ 2,644	\$1,592,991	\$1,595,635
Restricted for Debt Service	0	34,591	34,591	0	43,583	43,583
Unrestricted	<u>51,552</u>	<u>14,680</u>	<u>66,232</u>	<u>49,632</u>	<u>18,219</u>	<u>67,851</u>
NET ASSETS	<u>\$86,375</u>	<u>\$1,606,783</u>	<u>\$1,693,158</u>	<u>\$52,276</u>	<u>\$1,654,793</u>	<u>\$1,707,069</u>

Summary of Statement of Activities

	June 2011			June 2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Grants	\$32,348	\$ 0	\$ 32,348	\$ 0	\$ 24,091	\$ 24,091
Licenses & Fees	14,568	0	14,568	2,342	0	2,342
Charges for Services	22,910	243,815	266,725	17,647	261,344	278,991
Fines	2,654	0	2,654	6,768	0	6,768
Interest	423	371	794	558	404	962
Miscellaneous	2,774	10,726	13,500	11,157	0	11,157
Transfer-In	<u>0</u>	<u>450</u>	<u>450</u>	<u>0</u>	<u>594</u>	<u>594</u>
Total Revenues	<u>\$75,677</u>	<u>\$255,362</u>	<u>\$331,039</u>	<u>\$38,472</u>	<u>\$286,433</u>	<u>\$324,905</u>
EXPENSES:						
Public Safety	\$ 1,978	\$ 0	\$ 1,978	\$ 7,253	\$ 0	\$ 7,253
General Government	39,150	0	39,150	30,549	0	30,549
Public Works	0	301,108	301,108	0	306,017	306,017
Interest Expense	0	2,264	2,264	0	2,685	2,685
Transfer-Out	<u>450</u>	<u>0</u>	<u>450</u>	<u>594</u>	<u>0</u>	<u>594</u>
Total Expenses	<u>\$41,578</u>	<u>\$303,372</u>	<u>\$344,950</u>	<u>\$38,396</u>	<u>\$308,702</u>	<u>\$347,098</u>
Change in Net Assets	<u>\$34,099</u>	<u>\$(48,010)</u>	<u>\$(13,911)</u>	<u>\$ 76</u>	<u>\$(22,269)</u>	<u>\$(22,193)</u>

Governmental Activities

- The Village's assets exceeded its liabilities by \$86,375 (net assets) for the year. This is an increase of \$34,099 from the prior year.
- Unrestricted net assets of \$51,552 represent the portion available to maintain the Village's obligation to both citizens and creditors. For the prior year, this was \$49,632.

Business Type Activities

The Proprietary Fund experienced a net loss of \$48,010 for the year. For the prior year, the loss was \$22,269.

General Fund Budgetary Highlights

The Village adopted a budget for the General Fund for the 2010/2011 year.

Economic Factors and Next Year's Budget

The Village has prepared its FY 2011/2012 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Both revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 400, Provençal, LA 71468.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Randy Dupree, Mayor
and Village Aldermen
Village of Provencal, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and the major funds of the Village of Provencal (Village) as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Village's personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

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

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 4 and 32 through 33, are presented only for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. The information included in the budgetary comparisons has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements,

and we are not aware of any material modifications that should be made thereto. The information included in the Management's Discussion and Analysis has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the management's discussion and analysis.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated December 21, 2011, on the results of our agreed-upon procedures on page 35 through 37. Pages 38 through 41 present the Louisiana Attestation Questionnaire, our Management Letter and Management's Response.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 21, 2011
Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Village of Provencal
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$35,483	\$ 22,177	\$ 57,660
Accounts Receivable	5,462	9,495	14,957
Due from Other Funds	<u>18,919</u>	<u>0</u>	<u>18,919</u>
Total Current Assets	<u>\$59,864</u>	<u>\$ 31,672</u>	<u>\$ 91,536</u>
Noncurrent Assets:			
Restricted Assets:			
Customers' Account Deposits	\$ 0	\$ 21,416	\$ 21,416
Bond Covenant Accounts	0	42,293	42,293
Capital Assets (net)	<u>34,823</u>	<u>1,592,103</u>	<u>1,626,926</u>
Total Noncurrent Assets	<u>\$34,823</u>	<u>\$1,655,812</u>	<u>\$1,690,635</u>
Total Assets	<u>\$94,687</u>	<u>\$1,687,484</u>	<u>\$1,782,171</u>
LIABILITIES:			
Current Liabilities:			
Accounts/Other Payable	\$ 8,312	\$ 3,279	\$ 11,591
Accrued Interest Payable	0	800	800
Due to Other Funds	0	18,919	18,919
Current Portion of Long-Term Debt	<u>0</u>	<u>9,130</u>	<u>9,130</u>
Total Current Liabilities	<u>\$ 8,312</u>	<u>\$ 32,128</u>	<u>\$ 40,440</u>
Noncurrent Liabilities:			
Customers' Deposits Payable	\$ 0	\$ 23,112	\$ 23,112
Long-Term Debt	<u>0</u>	<u>25,461</u>	<u>25,461</u>
Total Noncurrent Liabilities	<u>\$ 0</u>	<u>\$ 48,573</u>	<u>\$ 48,573</u>
Total Liabilities	<u>\$ 8,312</u>	<u>\$ 80,701</u>	<u>\$ 89,013</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	\$34,823	\$1,557,512	\$1,592,335
Restricted for Debt Service	0	34,591	34,591
Unrestricted	<u>51,552</u>	<u>14,680</u>	<u>66,232</u>
Total Net Assets	<u>\$86,375</u>	<u>\$1,606,783</u>	<u>\$1,693,158</u>

See accompanying notes and independent accountant's review report.

Village of Provençal
Statement of Activities
For the Year Ended June 30, 2011

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 39,150	\$ 37,478	\$0	\$32,348	\$30,676	\$ 0	\$ 30,676
Public Safety	<u>1,978</u>	<u>2,654</u>	0	<u>0</u>	<u>676</u>	<u>0</u>	<u>676</u>
Total Governmental Activities	\$ 41,128	\$ 40,132	\$0	\$32,348	\$31,352	\$ 0	\$ 31,352
Business-Type Activities:							
Water/Sewer/Gas	\$303,372	\$243,815	\$0	\$ 0	\$ 0	\$ (59,557)	\$ (59,557)
Total Government	\$344,500	\$283,947	\$0	\$32,348	\$31,352	\$ (59,557)	\$ (28,205)
General Revenues:							
Interest					\$ 423	\$ 371	\$ 794
Other					2,774	10,726	13,500
Transfer-In/Out					(450)	450	0
Total General Revenues					\$ 2,747	\$ 11,547	\$ 14,294
Change in Net Assets					\$34,099	\$ (48,010)	\$ (13,911)
Net Assets June 30, 2010							
Restated – see note 11					<u>\$2,276</u>	<u>1,654,793</u>	<u>1,707,069</u>
Net Assets June 30, 2011					\$86,375	\$1,606,783	\$1,693,158

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

Village of Provençal
Balance Sheet-Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>LCDBG Fund</u>	<u>Total Funds</u>
ASSETS:			
Cash and Cash Equivalents	\$35,483	\$ 0	\$35,483
Accounts/Revenue Receivable	1,144	4,318	5,462
Due from Other Funds	<u>18,919</u>	<u>0</u>	<u>18,919</u>
Total Assets	<u>\$55,546</u>	<u>\$4,318</u>	<u>\$59,864</u>
LIABILITIES:			
Accounts Payable	\$ 3,994	\$4,318	\$ 8,312
FUND BALANCES:			
Unassigned	<u>51,552</u>	<u>0</u>	<u>51,552</u>
Total Liabilities and Fund Balances	<u>\$55,546</u>	<u>\$4,318</u>	<u>\$59,864</u>

See accompanying notes and independent accountant's review report.

Village of Provencal
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2011

Total Fund Balance for the Governmental Fund at June 30, 2011	\$ 51,552
Total Net Assets reported for Governmental Activities in the Statement of Net Assets is different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Land, Equipment, Buildings, and Vehicles	120,580
Construction in Progress	32,347
Less: Accumulated Depreciation	<u>(118,104)</u>
Total Net Assets of Governmental Activities at June 30, 2011	\$ <u>86,375</u>

See accompanying notes and independent accountant's review report.

Village of Provencal
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

	General Fund	LCDBG Fund	Total Funds
Revenues:			
Licenses and Fees	\$37,478	\$ 0	\$37,478
Fines & Forfeits	2,654	0	2,654
Interest	423	0	423
LCDBG Grant	0	32,348	32,348
Miscellaneous	<u>2,774</u>	<u>0</u>	<u>2,774</u>
Total Revenues	<u>\$43,329</u>	<u>\$32,348</u>	<u>\$75,677</u>
Expenditures:			
Current-			
General Government	\$38,981	\$ 0	\$38,981
Public Safety	1,978	0	1,978
Capital Outlay	<u>0</u>	<u>32,348</u>	<u>32,348</u>
Total Expenditures	<u>\$40,959</u>	<u>\$32,348</u>	<u>\$73,307</u>
Excess of Revenues over Expenditures	\$ 2,370	\$ 0	\$ 2,370
Other Financing Sources (Uses):			
Transfer-Out	<u>(450)</u>	<u>0</u>	<u>(450)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Uses	\$ 1,920	\$ 0	\$ 1,920
Fund Balance-Beginning of Year	<u>49,632</u>	<u>0</u>	<u>49,632</u>
Fund Balance-End of Year	<u>\$51,552</u>	<u>\$ 0</u>	<u>\$51,552</u>

See accompanying notes and independent accountant's review report.

Village of Provencal
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Total Net Change in Fund Balance at June 30, 2011, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 1,920
The Change in Net Assets reported for Governmental Activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is:	32,348
Depreciation expense on capital assets is reported in the Government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is:	<u>(169)</u>
Total changes in Net Assets at June 30, 2011, per Statement of Activities	<u>\$34,099</u>

See accompanying notes and independent accountant's review report.

Village of Provencal
Statement of Net Assets
Proprietary Fund
June 30, 2011

ASSETS:	
Current Assets-	
Cash and Cash Equivalents	\$ 22,177
Accounts Receivable	<u>9,495</u>
Total Current Assets	\$ <u>31,672</u>
Noncurrent Assets-	
Restricted Assets-	
Customers' Account Deposits	\$ 21,416
Bond Covenant Accounts	42,293
Capital Assets (Net)	<u>1,592,103</u>
Total Noncurrent Assets	<u>\$1,655,812</u>
Total Assets	<u>\$1,687,484</u>
LIABILITIES:	
Current Liabilities-	
Accounts/Other Payables	\$ 3,279
Due to Other Funds	18,919
Accrued Interest	800
Current Portion of Long-Term Debt - Bond	7,000
Current Portion of Long-Term Debt - Note	<u>2,130</u>
Total Current Liabilities	\$ <u>32,128</u>
Noncurrent Liabilities-	
Customers' Deposits Payable	\$ 23,112
Long-Term Debt - Bond	23,750
Long-Term Debt - Note	<u>1,711</u>
Total Noncurrent Liabilities	\$ <u>48,573</u>
Total Liabilities	\$ <u>80,701</u>
NET ASSETS:	
Invested in Capital Assets, net of related debt	\$1,557,512
Restricted for Debt Service	34,591
Unrestricted	<u>14,680</u>
Total Net Assets	<u>\$1,606,783</u>

See accompanying notes and independent accountant's review report.

Village of Provençal
Statement of Revenues, Expenses, and Change in Net Assets
Proprietary Fund
For the Year Ended June 30, 2011

OPERATING REVENUES:	
Utility Sales & Miscellaneous	\$ <u>254,541</u>
OPERATING EXPENSES:	
Gas Purchased	\$ 37,664
Maintenance & Labor	149,092
Depreciation	44,471
Utility/Telephone	18,397
Office Expenses	22,287
Insurance	16,418
Taxes & Licenses	12,738
Miscellaneous	<u>41</u>
Total Operating Expenses	\$ <u>301,108</u>
Operating Income (Loss)	\$ <u>(46,567)</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	\$ 371
Interest Expense	(2,264)
Transfer-In	<u>450</u>
Total Non-Operating Revenues (Expenses)	\$ <u>(1,443)</u>
Change in Net Assets	\$ (48,010)
Net Assets-Beginning of Year	
Restated - see note 11	<u>1,654,793</u>
Net Assets-End of Year	\$ <u>1,606,783</u>

See accompanying notes and independent accountant's review report.

Village of Provencal
Statement of Cash Flows
Proprietary Fund
June 30, 2011

	<u>Business Type Activities</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 248,700
Cash Received from Other Sources	10,726
Cash Paid to Suppliers	(207,235)
Cash Paid to Employees	<u>(52,179)</u>
Net Cash Provided by Operating Activities	\$ <u>12</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers from Other Funds	\$ <u>450</u>
Net Cash Provided by Non-Capital Financing Activities	\$ <u>450</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Paid on Debt	\$ (8,992)
Interest Paid on Debt	<u>(2,439)</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	\$ <u>(11,431)</u>
Cash Flows from Investing Activities:	
Interest and Dividends	\$ <u>371</u>
Net Decrease in Cash and Cash Equivalents	\$ (10,598)
Cash and Cash Equivalents at Beginning of Year	<u>96,484</u>
Cash and Cash Equivalents at End of Year	\$ <u>85,886</u>

See accompanying notes and independent accountant's review report.

Continued next page.

Village of Provençal
Statement of Cash Flows
Proprietary Fund
June 30, 2011

	<u>Business Type Activities</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (46,567)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	44,471
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	4,885
Decrease in Accounts and Other Payables	<u>(2,777)</u>
Net Cash Provided by Operating Activities	<u>\$ 12</u>
Cash Amounts:	
Cash & Cash Equivalents	\$ 22,177
Customers' Account Deposits Account	21,416
Bond Covenant Accounts	<u>42,293</u>
Net Cash Amounts	<u>\$ 85,886</u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

Village of Provencal
Notes to Financial Statements
June 30, 2011

Introduction:

The Village of Provencal, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of three Aldermen.

This report includes all funds which are controlled or dependent on the Village of Provencal's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Provencal was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water, sewer and gas services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Provencal, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Provencal's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The proprietary fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Village of Provençal
Notes to Financial Statements
June 30, 2011

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village maintains three funds. Two are categorized as governmental funds and one is a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Village considers all funds to be major.

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Village of Provençal
Notes to Financial Statements
June 30, 2011

LCDBG Fund-

The LCDBG Fund is used to account for grant money received to upgrade the Village utility system.

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that 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's enterprise fund is the Utility Fund.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both 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. The Village considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on

Village of Provençal
Notes to Financial Statements
June 30, 2011

long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-10 years
Utility system and improvements	10-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. RESTRICTED ASSETS-

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. These covenants are more fully described in Note 5.

H. COMPENSATED ABSENCES-

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences.

Village of Provencal
Notes to Financial Statements
June 30, 2011

I. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets---Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Beginning with fiscal year 2011, the Clerk implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance---amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

Village of Provençal
Notes to Financial Statements
June 30, 2011

J. ESTIMATES-

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

K. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing noncapital financing, or investing activities.

L. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

M. BUDGET-

Prior to the beginning of each fiscal year, the Village normally adopts a budget for the next fiscal year. The budget should be open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

2. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At June 30, 2011, the Village had cash and cash equivalents (collected bank balances) totaling \$140,435. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal

Village of Provencal
Notes to Financial Statements
June 30, 2011

deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the Village. The deposits at June 30, 2011, were fully secured by FDIC Insurance.

3. Changes in Long-Term Debt:

The following is a summary of bond transactions of the Village for the year ended June 30, 2011:

	<u>Revenue Bonds</u>	<u>Notes</u>
Long-Term Debt Payable at July 1, 2010	\$40,000	\$ 5,833
Less: Payments	<u>(7,000)</u>	<u>(1,992)</u>
Long-Term Debt Payable at June 30, 2011	<u>\$33,000</u>	<u>\$ 3,841</u>

Bonds payable at June 30, 2011, are comprised of the following individual issues:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Total</u>
1975 Water Revenue Bonds	7-20-75	1-1-15	5%	<u>\$33,000</u>

In March 2010, the Village borrowed \$8,125 at 6.75% interest for 4 years from City Bank & Trust for the purchase of a "Bad Boy" Lightning 60 mower. This is to be repaid from the Utility Fund.

The annual requirements to amortize all debt outstanding as of June 30, 2011, including interest payments of \$4,375 are as follows:

	<u>Bond</u>	<u>Note</u>
2012	\$ 8,600	\$2,323
2013	10,250	1,743
2014	8,850	0
2015	<u>9,450</u>	<u>0</u>
Total	<u>\$37,150</u>	<u>\$4,066</u>

Village of Provencal
Notes to Financial Statements
June 30, 2011

4. Restricted Assets:

Restricted assets were applicable to the following at June 30, 2011:

Customers' Account Deposits	\$21,416
Bond Redemption Funds	35,810
Bond Contingency Fund	<u>6,483</u>
Total	<u>\$63,709</u>

5. Flow of Funds, Restriction on Use - Water Funds:

On May 2, 1975, the Village of Provencal borrowed \$157,000 from the Farmers Home Administration for the development of a water system. General Electric Capital Corporation has purchased the note from the Farmers Home Administration. The note is secured by a revenue bond in the amount of \$157,000 and pledge of revenues from the sale of water. The establishment of a Reserve Bond Fund was required. The amount required was five percent of the monthly payment of the revenue bond. This amount is to be deposited monthly into the fund until there is accumulated therein an amount equal to the highest annual debt service payable in any future year - \$10,250.

The establishment of a depreciation and contingency fund was also required with an initial payment of \$2,000 into the fund. Monthly amounts of \$40 are to be set aside into this fund. The fund can be used for maintenance of the system.

6. Capital Assets:

Capital asset activity for the year ended June 30, 2011, is as follows:

Governmental <u>Activities</u>	Balance <u>07-01-10</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06-30-11</u>
Capital Assets Not Depreciated:				
Construction in Progress	\$ 0	\$ 32,348	\$0	\$ 32,348
Capital Assets Depreciated:				
Building	41,190	0	0	41,190
Office Furniture, Fixtures & Equipment	40,377	0	0	40,377
Vehicles	<u>39,012</u>	<u>0</u>	<u>0</u>	<u>39,012</u>
Total Capital Assets	\$ <u>120,579</u>	\$ <u>32,348</u>	\$0	\$ <u>152,927</u>

Village of Provençal
Notes to Financial Statements
June 30, 2011

<u>Governmental Activities</u>	<u>Balance 07-01-10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-11</u>
Less, Accumulated Depreciation:				
Building	\$ 38,547	\$ 168	\$0	\$ 38,715
Office Furniture, Fixtures & Equipment	40,377	0	0	40,377
Vehicles	<u>39,012</u>	<u>0</u>	<u>0</u>	<u>39,012</u>
Total Accumulated Depreciation	<u>\$ 117,936</u>	<u>\$ 168</u>	<u>\$0</u>	<u>\$ 118,104</u>
Net Capital Assets	<u>\$ 2,643</u>	<u>\$32,180</u>	<u>\$0</u>	<u>\$ 34,823</u>
<u>Business-Type Activities</u>	<u>Balance 07-01-10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-11</u>
Capital Assets Not Depreciated:				
Land	\$ 38,250	\$ 0	\$0	\$ 38,250
Capital Assets Depreciated:				
General Equipment	8,125	0	0	8,125
Gas System	68,746	0	0	68,746
Water System	879,790	0	0	879,790
Sewer System	<u>1,446,625</u>	<u>0</u>	<u>0</u>	<u>1,446,625</u>
Total Capital Assets	<u>\$2,441,536</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$2,441,536</u>
Less, Accumulated Depreciation:				
General Equipment	\$ 580	\$ 290	\$0	\$ 870
Gas System	44,195	1,719	0	45,914
Water System	377,036	23,174	0	400,210
Sewer System	<u>383,151</u>	<u>19,288</u>	<u>0</u>	<u>402,439</u>
Total Accumulated Depreciation	<u>\$ 804,962</u>	<u>\$ 44,471</u>	<u>\$0</u>	<u>\$ 849,433</u>
Net Capital Assets	<u>\$1,636,574</u>	<u>\$(44,471)</u>	<u>\$0</u>	<u>\$1,592,103</u>

Depreciation expense for the General Fund of \$168 was charged to the General Government function.

Depreciation expense for the Utility Fund of \$44,471 was charged as follows:

General Equipment	\$ 290
Gas System	\$ 1,719
Water System	\$23,174
Sewer System	\$19,288

Village of Provençal
Notes to Financial Statements
June 30, 2011

7. Litigation:

At June 30, 2011, the Village was not a party in any outstanding civil suit seeking damages.

8. Proprietary Funds:

Segment information disclosure for the different types of utility fund services provided is not available since these services are combined by the Village's accounting system.

9. Per Diem Payments:

Village Aldermen and women received the following payments for meeting attendance:

<u>Name</u>	<u>Amount</u>
Ray Gandy	\$ 250
Francine Cook	250
Fred Ballard	300
Richard Luman	300
W. E. O'Bannon	<u>550</u>
Total	<u>\$1,650</u>

10. Receivables:

The following is a summary of receivables at June 30, 2011:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>LCDBG Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Revenue Receivable	\$1,144	\$4,318	\$ 0	\$ 5,462
Water Sales	0	0	4,237	4,237
Sewer Sales	0	0	2,965	2,965
Gas Sales	<u>0</u>	<u>0</u>	<u>2,293</u>	<u>2,293</u>
Total	<u>\$1,144</u>	<u>\$4,318</u>	<u>\$9,495</u>	<u>\$14,957</u>

11. Prior Period Adjustment:

The Village has been operating with an amortization schedule which was provided to them years ago. It has now been determined that the amortization schedule was in error and the actual loan balance was \$2,250 less than what the Village was carrying on their financial statements.

12. Subsequent Events:

Management has evaluated events through December 21, 2011, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

Village of Provencal
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES:			
Licenses and Fees	\$ 21,000	\$ 36,335	\$ 15,335
Fines	7,000	2,654	(4,346)
Interest	1,000	423	(577)
Other	<u>0</u>	<u>2,774</u>	<u>2,774</u>
Total Revenues	<u>\$29,000</u>	<u>\$42,186</u>	<u>\$ 13,186</u>
EXPENDITURES:			
General Government	\$23,000	\$37,838	\$(14,838)
Public Safety	<u>6,000</u>	<u>1,978</u>	<u>4,022</u>
Total Expenditures	<u>\$29,000</u>	<u>\$39,816</u>	<u>\$(10,816)</u>
Excess of Revenues over Expenditures	\$ 0	\$ 2,370	\$ 2,370
Other Financing Sources(Uses): Transfer Out	<u>0</u>	<u>(450)</u>	<u>(450)</u>
Excess of Revenues and Other Financing Sources(Uses)	\$ 0	\$ 1,920	\$ 1,920
Fund Balance-Beginning of Year	<u>49,632</u>	<u>49,632</u>	<u>49,632</u>
Fund Balance-End of Year	<u>\$49,632</u>	<u>\$51,552</u>	<u>\$51,552</u>

See independent accountant's review report.

Village of Provenal
LCDBG Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	<u>Total Budget</u>	<u>Current Year Actual</u>	<u>Remaining Budget</u>
REVENUES:			
Intergovernmental- Grant - State	\$141,200	\$ 32,348	\$108,852
EXPENDITURES:			
Capital Outlay	<u>141,200</u>	<u>32,348</u>	<u>108,852</u>
Excess of Revenues over Expenditures	\$ 0	\$ 0	\$ 0
Fund Balance-Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent accountant's review report.

SUPPLEMENTARY INFORMATION

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Randy Dupree, Mayor
and Village Aldermen
Village of Provencal, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Provencal and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Provencal's compliance with certain laws and regulations during the year ended June 30, 2011, included in the Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

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

All applicable expenditures were found to be in compliance.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

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

Management provided us with the required list, including the noted information.

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

Management provided us with the required list.

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

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

BUDGETING

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

Management provided us with a copy of the original budget.

6. Trace the budget adoption to the minute book.

We were able to trace the budget adoption to the minute book.

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

The actual expenditures exceeded budgeted expenditures by more than the 5% allowed.

ACCOUNTING AND REPORTING

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

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

We examined supporting documentation for each of the six disbursements and found that the payments were for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

All payments examined were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities:

All payments examined were properly approved by the proper authorities.

MEETINGS

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

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

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

None found.

Our prior report dated December 21, 2010, contained one finding: a violation of the Local Government Budget Act. This finding was cleared at June 30, 2011.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we 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.

This report is intended solely for the use of management of the Village of Provencal and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

December 21, 2011
Natchitoches, Louisiana

VILLAGE OF PROVENCAL
LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your review of our financial statements as of June 30, 2011, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 11-2-11.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

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

Yes No

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

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No

Accounting and Reporting

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

Yes No

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463, where applicable.

Yes No

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:1 through 42:13.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

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

Yes No

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

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

Secretary Dallie Broadway

Johnson, Thomas & Cunningham

Certified Public Accountants

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Honorable Mayor Randy Dupree
and Village Aldermen
Village of Provencal
P. O. Box 400
Provencal, LA 71468

RE: Management letter
Review Report - June 30, 2011

Dear Mayor Dupree,

We have performed our review of the Village of Provencal for the year ended June 30, 2011, and have applied certain agreed upon procedures. As part of the procedures, we have the following information to report to you.

- LA Revised Statutes require that a budget for the General Fund be amended if actual revenues are less than budgeted revenues by 5% or more, and/or actual expenditures exceed budgeted expenditures by 5% or more. For the year ended June 30, 2011, the Village failed to amend the budget when the actual expenditures exceeded budgeted expenditures by more than 5% as allowed. We recommend that the Village institute procedures to ensure the budget for the General Fund is amended whenever actual revenues are less than budgeted revenues by more than 5% and/or actual expenditures are more than budgeted expenditures by more than the 5% allowed.

Sincerely,

Johnson, Thomas & Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's

Village of Provencal

1968 Hwy. 117 • P.O. Box 400 • Provencal, Louisiana 71468-0400
Phone (318) 472-1757 Fax (318) 472-8767

Fred Ballard - Alderman
W. E. O'Bannon - Alderman



Randy Dupree - Mayor

Harry Vought - Marshal
Richard Luman - Mayor Pro-Tem

Dec. 21, 2011

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

RE: Village of Provencal
Financial Report- June 30, 2011

The following is our response to the management letter issued to us by the firm Johnson, Thomas & Cunningham, CPA's for the year ended June 30, 2011:

MANAGEMENT'S CORRECTIVE ACTION PLAN

We will ensure that in the future, the budget will be amended if either actual Revenues or actual expenditures do not meet the 5% variance allowed.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Dupree", is written over a printed name.

Randy Dupree
Mayor

