

VILLAGE OF CONVERSE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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 9/14/11

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana

VILLAGE OF CONVERSE, LOUISIANA

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VILLAGE OF CONVERSE, LOUISIANA

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

The Honorable Troy Terrill, Mayor
and Members of the Board of Aldermen
Village of Converse, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, major funds, and remaining fund information, which collectively comprise the basic financial statements of Village of Converse, Louisiana, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

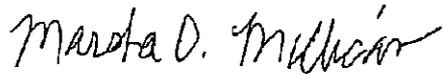
In my opinion, the basic financial statements referred to above present fairly, in all material respects the financial position of the governmental activities, business-type, major funds, and remaining fund information as of December 31, 2010, and the changes in financial position and cash flows, where applicable, of those activities and funds for the year then ended 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 3 through 7 and the budgetary information on page 24 are not a required part of the basic financial statements but are 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 express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the Village of Converse's basic financial statements. The accompanying supplemental information listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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SHREVEPORT, LA 71104-3036
(318) 221-3881
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In accordance with *Governmental Auditing Standards*, I have also issued a report dated August 22, 2011 on my consideration of Village of Converse's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



Certified Public Accountant
August 22, 2011

VILLAGE OF CONVERSE
P.O. BOX 40
CONVERSE, LA 71419
318-567-3312

Mayor
Troy H. Terrell
Chief of Police
John W. Brock

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

Council Members
Rita Anderson
David Gentry
Travis Womack

The Management's Discussion and Analysis of the Village of Converse's financial performance presents a narrative overview of the Village of Converse's financial activities for the year ended December 31, 2010. The document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Governmental Activities

- 1) Village of Converse had cash of \$63,475 at December 31, 2010, which represents an increase of \$9,330 from prior year end.
- 2) Village of Converse had taxes receivable of \$10,608 at December 31, 2010, which represents a decrease of \$3,191 from prior year end.
- 3) Village of Converse had accounts payable and accruals of \$3,634 at December 31, 2010, which represents a decrease of \$2,948 from the prior year end.
- 4) Village of Converse had total revenues of \$116,947 for the year ended December 31, 2010, which represents an increase of \$16,238 from prior year.
- 5) Village of Converse had total expenses of \$92,685 for the year ended December 31, 2010, which represents an increase of \$1,851 from prior year.
- 6) Village of Converse had capital improvements of \$5,453 for the year ended December 31, 2010.

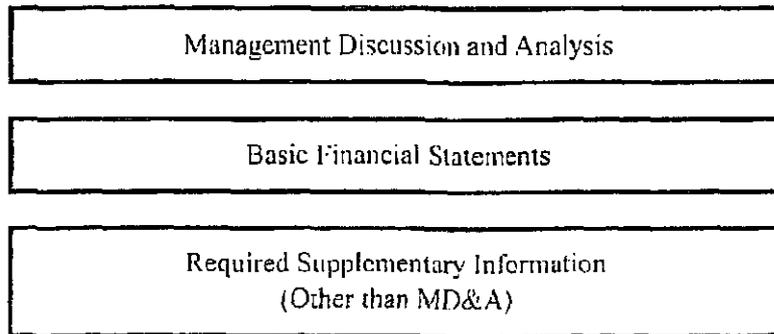
Business-Type Activities

- 1) Village of Converse had cash of \$57,430 for the year ended December 31, 2010, which represents an increase of \$33,166 from prior year.
- 2) Village of Converse had accounts receivable of \$5,746 for the year ended December 31, 2010, which represents a decrease of \$415 from prior year.
- 3) Village of Converse had accounts payable and accruals of \$3,448 for the year ended December 31, 2010, which represents an increase of \$2,081 from prior year.
- 4) Village of Converse had total revenues of \$106,063 for the year ended December 31, 2010, which represents an increase of \$21,305 from prior year.
- 5) Village of Converse had total expenses of \$132,191 for the year ended December 31, 2010, which represents an increase of \$14,058 from prior year.
- 6) Village of Converse had capital asset improvements of \$19,110 for the year ended December 31, 2010.

VILLAGE OF CONVERSE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Village of Converse as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of the Village of Converse as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

Reporting the Village as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Village's finances is, "Is the Village as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

VILLAGE OF CONVERSE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

These two statements report the Village's net assets and changes in them. You can think of the Village's net assets, the difference between assets and liabilities, as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we divide the Village into two kinds of activities:

Governmental Activities

Most of the Village's basic services are reported here including the police and general administration. Taxes, license and permits, fines, interest income and state and federal grants finance most of these activities.

Business-Type Activities

The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water and sewer systems are reported here.

Reporting the Village's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Council may establish other funds to help it control and money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The Village's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Village's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's activities as well as what remains for future spending.

Proprietary Funds

When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and Statement of Activities. In fact, the Village's enterprise funds are the same as the business-type activities we reported in the government-wide statements but provide more detail and additional information, such as cash flows.

VILLAGE OF CONVERSE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2010

FINANCIAL ANALYSIS OF THE ENTITY

	Statement of Net Assets at Year End			
	Governmental Activities	Business Activities	Governmental Activities	Business Activities
	2010	2010	2009	2009
Current and other assets	\$ 102,770	\$ 64,668	\$ 81,456	\$ 31,494
Capital assets, net	545,249	1,023,134	558,842	1,049,284
Total Assets	\$ 648,019	\$ 1,087,802	\$ 640,298	\$ 1,080,778
Accounts Payable and Accruals	\$ 3,634	\$ 3,448	\$ 6,582	\$ 1,367
Long-Term Debt	-	-	-	-
Due to Other Funds	-	22,513	-	11,533
Customer Deposits	-	10,500	-	12,525
Total Liabilities	3,634	36,461	6,582	25,425
Net Assets				
Investments in capital assets, Net of related debt	545,249	1,036,326	558,842	1,049,284
Restricted Net Assets	-	-	-	-
Unrestricted	99,136	15,015	74,874	6,069
Total Net Assets	644,385	1,051,341	633,716	1,055,353
Total Liabilities & Net Assets	\$ 648,019	\$ 1,087,802	\$ 640,298	\$ 1,080,778

Net assets of the Village of Converse increased (decreased) by \$10,669 and \$(4,012) from the previous fiscal year in Governmental Activities and Business-Type Activities, respectively. These changes are the result of operating and other expenses being less than/exceeding operating and nonoperating revenues during the fiscal year ended 2010 (See table below).

	Statement of Activities As of Year End			
	Government	Business	Government	Business
	2010	2010	2009	2009
General Government Expenses	\$ (106,278)	\$ (132,191)	\$ (107,741)	\$ (118,133)
Program revenues				
Charges for services	-	102,557	-	80,897
Operating and capital grants and Contributions	-	22,116	-	3,114
Subtotal	(106,278)	(7,518)	(107,741)	(34,122)
General revenues and transfers	\$ 116,947	\$ 3,506	\$ 100,709	\$ 3,861
Change in net assets	\$ 10,669	\$ (4,012)	\$ (7,032)	\$ (30,261)

Village of Converse's total revenues and transfers increased by \$16,238 or 16% and increased by \$21,305 or 26% from the previous fiscal year in Governmental Activities and Business-Type Activities, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, Village of Converse had \$545,249, and \$1,023,134 net of depreciation in Governmental Activities and Business-Type Activities, respectively, invested in a broad range of capital assets (See table below). This account represents a net decrease (including additions and deductions) of \$13,593 and a decrease of \$26,150 in Governmental Activities and Business-Type Activities, respectively, from the previous year.

VILLAGE OF CONVERSE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2010

Capital Assets (Net) at Year End

	Governmental Activities	Business-Type Activities
	2010	2010
Land	\$ 1,600	\$ 10,000
Buildings and other improvements	537,116	-
Distribution system	-	964,574
Equipment, furniture and fixtures	6,533	48,560
Total	<u>\$ 545,249</u>	<u>\$ 1,023,134</u>

Additions for the year ended December 31, 2009 are as follows:

This years major additions included:

	Governmental Activities	Business-Type Activities
	2010	2010
Distribution system	\$ -	\$ 9,300
Land	-	-
Buildings and other improvements	5,455	-
Equipment, furniture and fixtures	-	9,810
Total	<u>\$ 5,455</u>	<u>\$ 19,110</u>

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$15,447 more than budgeted amounts.

Actual expenditures were \$465 less than budgeted amounts due to general government being more than expected.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village of Converse's elected officials considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

- 1) Taxes
- 2) Intergovernmental revenues (state and local grants)
- 3) License and permits
- 4) Fines

Village of Converse does not expect any significant changes in next year's results as compared to the current year.

CONTACTING VILLAGE OF CONVERSE'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village of Converse's finances and to show the Village of Converse's accountability for the money it receives. If you have questions about this report or need additional information, contact Troy Terrell, Mayor of the Village of Converse, Post Office Box 40, Converse, Louisiana 71419, (318) 567-3312.

VILLAGE OF CONVERSE, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets			
Cash	\$ 63,475	\$ 46,930	\$ 110,405
Accounts and Taxes Receivable	10,608	5,746	16,354
Due from other funds	22,513	-	22,513
Prepaid expenses	6,174	1,492	7,666
Total Current Assets	<u>102,770</u>	<u>54,168</u>	<u>156,938</u>
Noncurrent Assets			
Restricted cash	-	10,500	10,500
Capital assets, net	545,249	1,023,134	1,568,383
Total Noncurrent Assets	<u>545,249</u>	<u>1,033,634</u>	<u>1,578,883</u>
Total Assets	<u>648,019</u>	<u>1,087,802</u>	<u>1,735,821</u>
 LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	3,634	3,448	7,082
Due to other funds	-	22,513	22,513
Total current liabilities	<u>3,634</u>	<u>25,961</u>	<u>29,595</u>
Noncurrent Liabilities			
Long-term debt, net of current portion	-	-	-
Customer deposits	-	10,500	10,500
Total Noncurrent liabilities	<u>-</u>	<u>10,500</u>	<u>10,500</u>
Total liabilities	3,634	36,461	40,095
 NET ASSETS			
Investment in capital assets. Net of related debt	545,249	1,036,326	1,581,575
Unrestricted	99,136	15,015	114,151
Total Net Assets	<u>644,385</u>	<u>1,051,341</u>	<u>1,695,726</u>
Total Liabilities and Net Assets	<u>\$ 648,019</u>	<u>\$ 1,087,802</u>	<u>1,735,821</u>

See accompanying notes to financial statements.

VILLAGE OF CONVERSE LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 93,232	\$ -	\$ -	\$ -	\$ (93,232)	\$ -	\$ (93,232)
Depreciation	19,046	-	-	-	(19,046)	-	(19,046)
Total Governmental Activities	112,278	-	-	-	(112,278)	-	(112,278)
Business-Type Activities							
Utility Fund	132,191	102,557	-	22,116	-	(7,518)	(7,518)
Total Business-Type Activities	132,191	102,557	-	22,116	-	(7,518)	(7,518)
Total Primary Government	\$ 244,469	\$ 102,557	\$ -	\$ 22,116	(112,278)	(7,518)	(119,796)
General Revenues							
Taxes							
Ad Valorem					22,097	-	22,097
Licenses and Permits					33,784	-	38,650
Sales					55,440	-	55,440
Intergovernmental					6,000	-	6,000
Fines					1,247	-	1,247
Miscellaneous					4,379	3,506	7,885
Total General Revenues and Transfers					122,947	3,506	131,319
Change in Net Assets					10,669	(4,012)	6,657
Net Assets, Beginning of Year					633,716	1,055,353	1,689,069
Net Assets, End of Year					\$ 644,385	\$ 1,051,341	\$ 1,695,726

See accompanying notes to financial statements.

VILLAGE OF CONVERSE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Capital Projects Fund	Total
ASSETS			
Cash	\$ 63,475	-	\$ 63,475
Taxes Receivable	10,608	-	10,608
Due from other funds	22,513	-	22,513
Prepaid expenses	6,174	-	6,174
Total Assets	\$ 102,770	\$ -	\$ 102,770
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 3,634	-	\$ 3,634
Due to other funds	-	-	-
Total Liabilities	3,634	-	3,634
Fund Balances			
Unrestricted	99,136	-	99,136
Total Fund Balances	99,136	-	99,136
Total Liabilities and Fund Balances	\$ 102,770	\$ -	\$ 102,770

VILLAGE OF CONVERSE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

Total Fund Balance for Governmental Funds	\$ 99,136
Total Net Assets 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 funds.	<u>545,249</u>
Total Net Assets of Governmental Activities	<u>\$ 644,385</u>

See accompanying notes to financial statements.

VILLAGE OF CONVERSE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Taxes			
Ad Valorem	\$ 22,097	\$ -	\$ 22,097
Licenses and Permits	33,784	-	33,784
Sales	55,440	-	55,440
Intergovernmental	6,000	-	6,000
Fines	1,247	-	1,247
Miscellaneous	4,379	-	4,379
Total Revenues	<u>122,947</u>	<u>-</u>	<u>122,947</u>
Expenditures			
General Government	49,427	-	49,427
Public Safety	37,837	-	37,837
Streets	11,421	-	11,421
Total Expenditures	<u>98,685</u>	<u>-</u>	<u>98,685</u>
Net Change in Fund Balances	24,262	-	24,262
Fund Balances, Beginning of year	<u>74,874</u>	<u>-</u>	<u>74,874</u>
Fund Balances, End of year	<u>\$ 99,136</u>	<u>-</u>	<u>\$ 99,136</u>

See accompanying notes to financial statements.

VILLAGE OF CONVERSE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net Changes in Fund Balances - Total Governmental Funds \$ 24,262

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 those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$19,046) exceeds capital outlay (5,453).

(13,593)

Change in Net Assets of Governmental Activities

\$ 10,669

See accompanying notes to financial statements.

VILLAGE OF CONVERSE, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2010

Assets	
Current Assets	
Cash	\$ 46,930
Accounts receivable	5,746
Prepaid Insurance	1,492
Due from other funds	-
Total Current Assets	54,168
Noncurrent Assets	
Restricted cash	10,500
Capital Assets, Net	1,023,134
Total Noncurrent Assets	1,033,634
Total Assets	\$ 1,087,802
Liabilities and Fund Balances	
Liabilities	
Accounts payable and accruals	\$ 3,448
Due to other funds	22,513
Total Current Liabilities	25,961
Noncurrent Liabilities	
Customer deposits	10,500
Total Noncurrent Liabilities	10,500
Total Liabilities	36,461
Net Assets	
Investments in capital assets, Net of related debt	1,036,326
Unrestricted	15,015
Total Net Assets	1,051,341
Total Liabilities and Net Assets	\$ 1,087,802

See accompanying notes to financial statements.

VILLAGE OF CONVERSE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

OPERATING REVENUES	
Charges for Services	\$ 102,557
Miscellaneous	<u>3,506</u>
Total Operating Revenues	106,063
 OPERATING EXPENSES	
Personal Services	31,206
Utilities	10,630
Repair and maintenance	5,735
Other supplies and expenses	36,203
Insurance	3,157
Depreciation	<u>45,260</u>
Total Operating Expenses	<u>132,191</u>
 Changes in Net Assets before Other Income	 (26,128)
 OTHER INCOME	
 State Grants	 <u>22,116</u>
 Changes in Net Assets	 (4,012)
 Net Assets, Beginning of Year	 <u>1,055,353</u>
 Net Assets, End of Year	 <u>\$ 1,051,341</u>

See accompanying notes to financial statements.

VILLAGE OF CONVERSE, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
YEAR ENDED DECEMBER 31, 2010

Cash flows from operating activities:	
Cash received from customers	\$ 100,280
Cash payments to suppliers and employees	(51,510)
Other operating income	3,506
Net cash provided by operating activities	<u>52,276</u>
 Cash flows from capital and related financing activities	
Fixed asset purchases	(19,110)
Capital contributions	-
Net cash used by capital and related financing activities	<u>(19,110)</u>
 Net increase in cash	33,166
 Cash, January 1, 2010 (including \$12,515 in restricted accounts)	<u>24,264</u>
 Cash, December 31, 2010 (including \$10,500 in restricted accounts)	<u>\$ 57,430</u>
 Reconciliation of changes in net assets to net cash provided by operating activities:	
Changes in net assets	\$ (4,012)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	45,260
Changes in assets and liabilities	
Decrease in accounts receivable	415
Increase in prepaid insurance	(423)
Increase in accounts payable	2,081
Increase in due to other funds	10,980
Decrease in customer deposits	<u>(2,025)</u>
Net cash provided by operating activities	<u>\$ 52,276</u>

See accompanying notes to financial statements.

VILLAGE OF CONVERSE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Village of Converse was incorporated under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government. The Town's major operations include public safety, streets, recreation and parks, utilities, and general administrative services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements of the Village of Converse have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June, 1999.

B. Reporting Entity

GASB Statement 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, Village of Converse is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that Village of Converse may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bond debt.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets, page 8, and the Statement of Activities, (page 9) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include a) charges to customers or applicants who purchase, use or directly benefit from goods, services privileges provided by a given function or segment, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF CONVERSE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales and use tax revenues are recorded in the month collected by the tax collector. All other revenue items are considered to be measurable and available only when the cash is received by the government.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of capital assets, debt extinguishment, long-term proceeds, et cetera) are accounted for as other financing sources/(uses). These other financing sources/(uses) are recognized at the time the underlying events occur.

Village of Converse reports the following governmental and proprietary funds:

Governmental Funds

Governmental funds account for all or most of Village of Converse's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term obligations.

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. General tax revenues and other sources of revenue used to finance the fundamental operations of the Village are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

VILLAGE OF CONVERSE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary Funds

Proprietary funds 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 on income measurement, which, together with the maintenance of equity, is an important financial indicator. Village of Converse applies all GASB pronouncements as well the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Enterprise Fund - is used to account for operations a) that are financed/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 the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that these standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include a) charges to customers or applicants for goods, services, or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control. Village of Converse prepares and adopts a budget each year for its general and utility funds in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Town amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more. All budget appropriations lapse at year end.

VILLAGE OF CONVERSE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. *Cash and Cash Equivalents*

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the Village defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

G. *Receivables*

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

H. *Bad Debts*

All accounts receivable are considered to be fully collectible.

I. *Capital Assets*

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased that have a useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements, and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

J. *Sales Taxes*

The Village collects sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated to construction, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewer disposal works, recreational facilities, public parks, public buildings and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department including the purchase of equipment thereof, or for any one or more of said purposes, title to which improvements shall be in the public.

VILLAGE OF CONVERSE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

Leave cannot be accumulated or carried over from one year to the next. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 LEVIED TAXES

Village of Converse levies taxes on real and business personal property located within its boundaries. The Parish Tax Assessor assesses the property values and prepares the Village's property tax roll. The Village bills and collects its own property taxes. Ad valorem taxes are levied and billed to the taxpayer in December, and are payable upon receipt of notice. Ad valorem taxes attach as an enforceable lien on property as of December 31 of each year. Taxes of 13.79 mills were levied on property with assessment valuations totaling 1,141,660 and were dedicated as follows: general corporate purposes - 5.79 mills, street fund - 8.00 mills. Total taxes levied after adjustments were \$15,743. Taxes receivable at December 31, 2010 totaled \$1,521.

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law, the Village may deposit funds within a fiscal agent bank selected and designated by the Board of Aldermen. Further, the fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits 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 bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The carrying amount of the Village's deposits at December 31, 2010 was \$120,905 (including petty cash of \$90) and the bank's balance was \$25,407. The difference is due to outstanding checks and deposits at year end. All bank balances were fully insured by FDIC insurance.

VILLAGE OF CONVERSE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2010

NOTE 4 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2010:

	Governmental Activities	Business-Type Activities	Total
Taxes			
Ad Valorem	\$ 1,521	\$ -	\$ 1,521
Franchise	3,496	-	3,495
Sales	4,041	-	4,041
Other	1,150		
Charges for services	-	5,746	5,746
Total	\$ 10,608	\$ 5,746	\$ 16,354

NOTE 5 CAPITAL ASSETS

A summary of Village of Converse's capital assets at December 31, 2010 follows:

	Balance 1/12/2010	Additions	Retirements	Balance 12/31/2010
Government Activities				
Capital Assets, not being depreciated				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Total Capital Assets, not being depreciated	1,600	-	-	1,600
Capital Assets, being depreciated				
Buildings and other improvements	645,844	5,453	-	651,297
Less accumulated depreciation	(97,535)	(16,646)	-	(114,181)
Total Buildings and other improvements	548,309	(11,193)	-	537,116
Equipment, furniture & fixtures	37,014	-	-	37,014
Less accumulated depreciation	(28,081)	(2,400)	-	(30,481)
Total Equipment, Furniture & Fixtures	8,933	(2,400)	-	6,533
Total Capital Assets, being depreciated	557,242	(13,593)	-	543,649
Governmental Activities	\$ 558,842	\$ (13,593)	\$ -	\$ 545,249
Business-Type Activities				
Capital Assets, not being depreciated				
Land	10,000	-	-	10,000
Total Capital Assets, not being depreciated	10,000	-	-	10,000
Capital Assets, being depreciated				
Distribution System	1,552,689	9,300	-	1,561,989
Less accumulated depreciation	(554,889)	(42,526)	-	(597,415)
Total Distribution System	997,800	(33,226)	-	964,574
Equipment, furniture & fixtures	84,517	9,810	-	94,327
Less accumulated depreciation	(43,033)	(2,734)	-	(45,767)
Total Equipment, Furniture & Fixtures	41,484	7,076	-	48,560
Total Capital Assets, being depreciated	1,039,284	(26,150)	-	1,013,134
Business-Type Activities	1,049,284	(26,150)	-	1,023,134
Primary Government	1,608,126	(39,743)	-	1,568,383

VILLAGE OF CONVERSE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2010

NOTE 6 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at December 31, 2010:

	Governmental Activities	Business-Type Activities	Total
Vendor	\$ 2,216	\$ 3,448	\$ 5,664
Payroll taxes	1,418	-	1,418
Other	-	-	-
Total	\$ 3,634	\$ 3,448	\$ 7,082

NOTE 7 RISK MANAGEMENT

Village of Converse is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

NOTE 8 - COMMUNITY DEVELOPMENT BLOCK GRANT

Village of Converse was awarded a community development block grant for improvements to public facilities in the amount of \$436,507 on December 14, 2010. Village of Converse was also awarded a grant in the amount of \$169,880 on December 31, 2010 from the Office of Community Development Disaster Recovery Unit for building improvements. No revenue was collected and no expenditures were made on these grants for the year ended December 31, 2010.

VILLAGE OF CONVERSE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes				
Ad Valorem	\$ 18,500	\$ 17,500	\$ 22,097	\$ 4,597
Licenses & Permits	36,000	36,000	33,784	(2,216)
Sales	25,000	50,000	55,440	5,440
Fines	5,500	500	1,247	747
Intergovernmental	-	-	6,000	6,000
Miscellaneous	3,500	3,500	4,379	879
Total revenues	<u>88,500</u>	<u>107,500</u>	<u>122,947</u>	<u>15,447</u>
Expenditures:				
General government	43,450	50,950	49,427	1,523
Public Safety	28,025	28,400	37,837	(9,437)
Highways and streets	18,800	19,800	11,421	8,379
Total Expenditures	<u>90,275</u>	<u>99,150</u>	<u>98,685</u>	<u>465</u>
Excess Revenues Over Expenditures	(1,775)	8,350	24,262	15,912
Fund Balances, Beginning	74,874	74,874	74,874	
Fund Balances, Ending	<u>\$ 64,999</u>	<u>\$ 83,224</u>	<u>\$ 99,136</u>	<u>\$ 15,912</u>

VILLAGE OF CONVERSE, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MAYOR AND
BOARD OF ALDERMEN

YEAR ENDED DECEMBER 31, 2010

Troy Terrell, Mayor	\$ 3,600
Preston Brumley	450
Rita Anderson	900
Ken Norman	450
David Gentry	450
Travis Womack	<u>375</u>
Total	<u>\$ 6,225</u>



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Troy Terrill, Mayor
and Members of the Town Council
Town of Converse, Louisiana

I have audited the financial statements of Village of Converse as of and for the year ended December 31, 2010, and have issued my report thereon dated August 22, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village of Converse's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected on a timely basis.

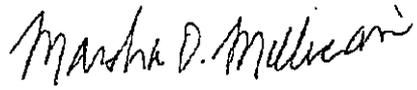
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Converse's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards.

810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3881
FAX: (318) 221-4641

This report is intended solely for the information and use of management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Marsha D. Mellican". The signature is written in a cursive style with a prominent initial "M".

Certified Public Accountant
August 22, 2011

VILLAGE OF CONVERSE

Schedule of Findings and Questioned Costs

Year Ended December 31, 2010

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. No significant deficiencies in internal accounting control were disclosed during the audit.
3. One instance of noncompliance material to the financial statements were disclosed during the audit.

FINDING 2010-1:

Condition: The Village did not file its financial statements within the time frame required by State law.

Cause: The certified public accountant engaged by the Village to perform monthly bookkeeping and year end adjustments was involved in an automobile accident. More time was required to complete the year end accounting.

Recommendation: I recommend the Village file its annual financial statements within the time frame required by State Law.

Management's Corrective Action Taken: We agree with the finding. We will file our financial statements within the time frame required by State law in the future.

VILLAGE OF CONVERSE, LOUISIANA

Corrective Action Taken on Prior Year Findings

For the Year Ended December 31, 2010

There were no findings for the year ended December, 31, 2009.