

**VILLAGE OF LOREAUVILLE, LOUISIANA**

**Financial Report**

**Year Ended June 30, 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 10/20/10

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## ACCOUNTANTS' REVIEW REPORT

The Honorable Albert A. Broussard, Mayor  
and the Members of the Board of Aldermen  
Village of Loreauville, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Loreauville, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Village of Loreauville, Louisiana.

A review consists principally of inquiries of Village personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 generally accepted accounting principles.

The required supplementary information on pages 32 through 34 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was 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 supplementary information.

The Village of Loreauville has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

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The other supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was 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 supplementary information.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
August 23, 2010

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF LOREAUVILLE

Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and interest-bearing deposits	\$ 502,499	\$ 6,275	\$ 508,774
Receivables, net	34,453	26,589	61,042
Due from other governmental units	3,655	-	3,655
Prepaid items	<u>4,982</u>	<u>1,301</u>	<u>6,283</u>
Total current assets	<u>545,589</u>	<u>34,165</u>	<u>579,754</u>
Noncurrent assets:			
Restricted cash	90,268	60,949	151,217
Capital assets, net	<u>921,433</u>	<u>1,430,838</u>	<u>2,352,271</u>
Total noncurrent assets	<u>1,011,701</u>	<u>1,491,787</u>	<u>2,503,488</u>
 Total assets	 <u>1,557,290</u>	 <u>1,525,952</u>	 <u>3,083,242</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	5,976	442	6,418
Accrued liabilities	856	2,847	3,703
Bonds payable	-	<u>19,000</u>	<u>19,000</u>
Total current liabilities	<u>6,832</u>	<u>22,289</u>	<u>29,121</u>
Noncurrent liabilities:			
Customer deposits payable	-	25,618	25,618
Bonds payable	-	<u>113,000</u>	<u>113,000</u>
Total noncurrent liabilities	<u>-</u>	<u>138,618</u>	<u>138,618</u>
 Total liabilities	 <u>6,832</u>	 <u>160,907</u>	 <u>167,739</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	921,433	1,317,838	2,239,271
Restricted	90,268	13,608	103,876
Unrestricted	<u>538,757</u>	<u>33,599</u>	<u>572,356</u>
Total net assets	<u>\$ 1,550,458</u>	<u>\$ 1,365,045</u>	<u>\$ 2,915,503</u>

See accompanying notes and accountants' report.

VILLAGE OF LOREAUVILLE

Statement of Activities  
For the Year Ended June 30, 2010

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 99,131	\$ 52,684	\$ 20,000	\$ -	\$ (26,447)	\$ -	\$ (26,447)
Public safety	98,854	-	-	-	(98,854)	-	(98,854)
Public works	118,509	-	-	23,000	(95,509)	-	(95,509)
Total governmental activities	316,494	52,684	20,000	23,000	(220,810)	-	(220,810)
<b>Business-type activities:</b>							
Wastewater	168,562	133,409	-	-	-	(35,153)	(35,153)
Interest on long-term debt	8,613	-	-	-	-	(8,613)	(8,613)
Total business-type activities	177,175	133,409	-	-	-	(43,766)	(43,766)
<b>Total</b>	<b>\$ 493,669</b>	<b>\$ 186,093</b>	<b>\$ 20,000</b>	<b>\$ 23,000</b>	<b>(220,810)</b>	<b>(43,766)</b>	<b>(264,576)</b>
<b>General revenues:</b>							
Taxes -							
Property taxes, levied for general purposes					17,097	9,232	26,329
Sales and use taxes, levied for general purposes					157,551	-	157,551
Franchise taxes					39,657	-	39,657
Grants and contributions not restricted to specific programs					29,885	-	29,885
Miscellaneous					10,783	4,291	15,074
Transfers					(47,204)	47,204	-
Total general revenues and transfers					207,769	60,727	268,496
Change in net assets					(13,041)	16,961	3,920
Net assets - July 1, 2009					1,563,499	1,348,084	2,911,583
Net assets - June 30, 2010					\$ 1,550,458	\$ 1,365,045	\$ 2,915,503

See accompanying notes and accountants' report.

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **MAJOR FUNDS**

#### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

#### **Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **Sales Tax Fund -**

To account for the receipt and use of proceeds of the Village's 1 1/2% sales and use tax. These taxes may be used as described in Note (8).

#### **Enterprise Fund**

#### **Sewerage and Garbage Fund -**

To account for the provision of sewer, garbage, and recycling services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF LOREAUVILLE

Balance Sheet  
Governmental Funds  
June 30, 2010

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 112,801	\$ 479,966	\$ 592,767
Receivables:			
Taxes and licenses	-	15,447	15,447
Due from other governmental units	3,655	-	3,655
Other	18,696	310	19,006
Prepaid items	<u>4,688</u>	<u>294</u>	<u>4,982</u>
Total assets	<u>\$ 139,840</u>	<u>\$ 496,017</u>	<u>\$ 635,857</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	<u>\$ 6,379</u>	<u>\$ 84</u>	<u>\$ 6,463</u>
Total liabilities	<u>6,379</u>	<u>84</u>	<u>6,463</u>
Fund balances -			
Reserved for mosquito control/drainage improvement	90,268	-	90,268
Reserved for prepaid items	4,688	294	4,982
Unreserved:			
Unreserved, undesignated	<u>38,505</u>	<u>495,639</u>	<u>534,144</u>
Total fund balances	<u>133,461</u>	<u>495,933</u>	<u>629,394</u>
Total liabilities and fund balances	<u>\$ 139,840</u>	<u>\$ 496,017</u>	<u>\$ 635,857</u>

See accompanying notes and accountants' report.

VILLAGE OF LOREAUVILLE

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2010

Total fund balances for governmental funds at June 30, 2010 \$ 629,394

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 funds. Those assets consist of:

Land	\$23,027	
Buildings and improvements, net of \$91,608 accumulated depreciation	61,183	
Vehicles, net of \$153,085 accumulated depreciation	79,432	
Furniture and equipment, net of \$87,142 accumulated depreciation	32,550	
Water system, net of \$926,349 accumulated depreciation	412,726	
Infrastructure, net of \$112,413 accumulated depreciation	<u>312,515</u>	921,433

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Compensated absences payable	<u>(369)</u>	<u>921,064</u>
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Total net assets of governmental activities at June 30, 2010 \$1,550,458

See accompanying notes and accountants' report.

VILLAGE OF LOREAUVILLE

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended June 30, 2010

	General	Sales Tax Special Revenue	Total
<b>Revenues:</b>			
Taxes	\$ 56,754	\$ 157,551	\$ 214,305
Licenses and permits	52,684	-	52,684
State grant	43,000	-	43,000
Intergovernmental	29,885	-	29,885
Miscellaneous	4,185	6,598	10,783
Total revenues	<u>186,508</u>	<u>164,149</u>	<u>350,657</u>
<b>Expenditures:</b>			
Current -			
General government	78,401	18,582	96,983
Public safety	75,953	-	75,953
Public works	51,199	-	51,199
Capital outlay	47,445	-	47,445
Total expenditures	<u>252,998</u>	<u>18,582</u>	<u>271,580</u>
Excess (deficiency) of revenues over expenditures	<u>(66,490)</u>	<u>145,567</u>	<u>79,077</u>
<b>Other financing sources (uses):</b>			
Operating transfers in	79,296	-	79,296
Operating transfers out	-	(126,500)	(126,500)
Total other financing sources (uses)	<u>79,296</u>	<u>(126,500)</u>	<u>(47,204)</u>
Net changes in fund balances	12,806	19,067	31,873
Fund balances, beginning	<u>120,655</u>	<u>476,866</u>	<u>597,521</u>
Fund balances, ending	<u>\$ 133,461</u>	<u>\$ 495,933</u>	<u>\$ 629,394</u>

See accompanying notes and accountants' report.

VILLAGE OF LOREAUVILLE

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2010

Total net changes in fund balances at June 30, 2010 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 31,873
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.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 47,445
Depreciation expense for the year ended June 30, 2010	<u>(90,665)</u> (43,220)
Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of with a selling price affect the statement of revenues, expenditures, and changes in fund balances differently than the statement of activities. The statement of revenues, expenditures, and changes in fund balances shows the entire sale price as a revenue. However, in the statement of activities, a gain or loss is shown on the assets that are not fully depreciated.	(1,521)
Governmental funds record long-term debt in the General Long-Term Debt Account Group as opposed to recording debt activity in the fund financial statements. However, in the statement of activities, the debt and related expenses are reported.	
Compensated absences payable	<u>(173)</u>
Total changes in net assets at June 30, 2010 per Statement of Activities	<u>\$ (13,041)</u>

See accompanying notes and accountants' report.

VILLAGE OF LOREAUVILLE

Statement of Net Assets  
 Proprietary Fund  
 June 30, 2010

	<u>Sewerage and Garbage Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and interest-bearing deposits	\$ 6,275
Receivables:	
Accounts (net)	26,589
Prepaid items	<u>1,301</u>
Total current assets	<u>34,165</u>
Noncurrent assets:	
Restricted cash	60,949
Capital assets, net of accumulated depreciation	<u>1,430,838</u>
Total noncurrent assets	<u>1,491,787</u>
Total assets	<u>1,525,952</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	566
Revenue bonds payable	19,000
Accrued interest payable	2,723
Customers' deposits	<u>25,618</u>
Total current liabilities	47,907
Noncurrent liabilities:	
Revenue bonds payable	<u>113,000</u>
Total liabilities	<u>160,907</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,317,838
Restricted	13,608
Unrestricted	<u>33,599</u>
Total net assets	<u>\$ 1,365,045</u>

See accompanying notes and accountants' report.

VILLAGE OF LOREAUVILLE

Statement of Revenues, Expenses, and Changes in Fund Net Assets -  
 Proprietary Fund  
 For the Year Ended June 30, 2010

	<u>Sewerage and Garbage Fund</u>
Operating revenues:	
Charges for services:	
Sewerage	\$ 75,265
Garbage	39,871
Recycling	9,229
Fire protection	9,044
Penalties	<u>3,659</u>
Total operating revenues	<u>137,068</u>
Operating expenses:	
Auto and truck	82
Chemicals and chlorine	4,516
Depreciation	49,915
Garbage collection	33,578
Insurance	6,463
Legal and accounting	4,095
Office supplies	3,527
Miscellaneous	3,313
Professional services	5,662
Recycling fees	9,067
Salaries	17,410
Sewer analysis	2,380
Supplies	472
Payroll taxes	1,342
Retirement	275
Telephone and utilities	<u>26,465</u>
Total operating expenses	<u>168,562</u>
Operating loss	<u>(31,494)</u>
Nonoperating revenues (expenses):	
Property taxes	9,232
Interest on bonds	(8,613)
Miscellaneous	<u>632</u>
Total nonoperating revenues	<u>1,251</u>
Loss before transfers	<u>(30,243)</u>
Operating transfers:	
Transfers in	57,000
Transfers out	<u>(9,796)</u>
Total operating transfers in	<u>47,204</u>
Change in net assets	16,961
Net assets, beginning	<u>1,348,084</u>
Net assets, ending	<u>\$ 1,365,045</u>

See accompanying notes and accountants' report.

VILLAGE OF LOREAUVILLE

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2010

	<u>Sewerage and Garbage Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 136,357
Payments to suppliers	(100,594)
Payments to employees	(17,410)
Net cash provided by operating activities	<u>18,353</u>
Cash flows from noncapital financing activities:	
Operating transfers in from other funds	47,956
Ad valorem tax receipts	9,232
Other receipts	633
Net cash provided by noncapital financing activities	<u>57,821</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(72,000)
Interest paid on revenue bonds	(10,098)
Net cash used by capital and related financing activities	<u>(82,098)</u>
Cash flows from investing activities	<u>-</u>
Net decrease in cash and cash equivalents	(5,924)
Cash and cash equivalents, beginning of period	<u>73,148</u>
Cash and cash equivalents, end of period	<u>\$ 67,224</u>

(continued)

VILLAGE OF LOREAUVILLE

Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2010

	<u>Sewerage and Garbage Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (31,494)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	49,915
Changes in current assets and liabilities:	
Increase in accounts receivable	(711)
Increase in accounts payable and accrued liabilities	643
Total adjustments	<u>49,847</u>
Net cash provided by operating activities	<u>\$ 18,353</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 11,271
Cash - restricted	<u>61,877</u>
Total cash and cash equivalents	<u>73,148</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	6,275
Cash - restricted	<u>60,949</u>
Total cash and cash equivalents	<u>67,224</u>
Net decrease	<u>\$ (5,924)</u>

See accompanying notes and accountants' report.

## VILLAGE OF LOREAUVILLE, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The Village operates under the Lawrason Act. The act provides for the Mayor-Board of Trustees form of government. The Village's operations include police and fire protection, streets and drainage, and general administration services. The Village owns and operates one enterprise activity, a sewerage and garbage fund, which provides sewerage and garbage services.

The accompanying financial statements of the Village of Loreauville (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Although the Village has the option to apply FASB pronouncements issued after that date, the Village has chosen not to. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

#### A. Reporting Entity

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. The Village has no component units.

#### B. Basis of Presentation

##### Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

## VILLAGE OF LOREAUVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, 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.

#### Fund Financial Statements

The accounts of the Village are organized and operated 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 is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary (enterprise). 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 Village 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.

All funds of the Village are considered to be major funds and are described below:

#### 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 LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Special Revenue Fund -

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Sales Tax Fund -

To account for the receipt and use of proceeds of the Village's 1 1/2% sales and use tax. These taxes may be used as described in Note (8).

Proprietary Fund -

Sewerage and Garbage Fund -

The sewerage and garbage fund is used to account for the provision of sewer, garbage, and recycling services to residents of the Village. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities

## VILLAGE OF LOREAUVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

(whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

#### Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Assets, Liabilities and Equity

##### Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

##### Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

## VILLAGE OF LOREAUVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables.

#### Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Village's threshold for capitalization is \$500.

Depreciation of all exhaustible capital assets is recorded as an allocated 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 estimated useful lives by type of asset is as follows:

Buildings and improvements	10-40 years
Vehicles	5-15 years
Furniture and equipment	5-25 years
Water and sewer systems	10-50 years
Infrastructure	10-40 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.

Prior to the adoption of GASB 34, it was the Village's policy not to record infrastructure; however, these assets have been included in the accompanying financial statements valued at historical cost.

#### Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments that are legally restricted as to their use. The restricted assets are related to mosquito control tax revenues not yet spent in the governmental activities and to the revenue bond accounts and utility meter deposits in the business-type activities.

## VILLAGE OF LOREAUVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

#### Compensated Absences

Employees of the Village earn annual and sick leave in varying amounts depending upon length of service. At the end of each year, employees may carry forward annual and sick leave earned but not taken. Unused annual leave is paid to an employee upon retirement at hourly rates being earned by that employee upon separation. Unused sick leave is not paid.

#### 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 the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions 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. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

## VILLAGE OF LOREAUVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### E. Budget and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The municipal clerk prepares a proposed budget and submits this to the Mayor and Board of Aldermen at least fifteen days prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them. Since the proposed expenditures are less than \$500,000, public participation in the budgetary process is not required.
2. The budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

#### F. Capitalization of Interest Expense

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Total interest incurred for the year ended June 30, 2010 was \$8,613. This entire amount was charged to expense.

#### G. Use of 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2010, the Village has cash and interest-bearing deposits (book balances) totaling \$659,991.

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's policy, by state law, is that all 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 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. Deposit balances (bank balances) at June 30, 2010 are secured as follows:

Bank balances	<u>\$ 664,835</u>
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At June 30, 2010 the deposits are secured as follows:

Insured	\$ 664,835
Uninsured and collateral held by pledging bank not in Village's name	<u>-</u>
Total	<u>\$ 664,835</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Receivables

Receivables at June 30, 2010 of \$61,042 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Sewerage and Garbage</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 26,821	\$ 26,821
Allowance	-	-	(232)	(232)
Taxes:				
Sales tax	-	15,447	-	15,447
Franchise tax	8,677	-	-	8,677
Fines, licenses, etc.	8,374	-	-	8,374
Other	1,646	309	-	1,955
Totals	<u>\$ 18,697</u>	<u>\$ 15,756</u>	<u>\$ 26,589</u>	<u>\$ 61,042</u>

(4) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2010 consisted of the following:

General Fund:

Amount due from the Iberia Parish Council for fire insurance tax. \$ 3,655

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance 07/01/09	Additions	Deletions	Balance 06/30/10
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 23,027	\$ -	\$ -	\$ 23,027
Capital assets being depreciated:				
Buildings and improvements	155,291	-	(2,500)	152,791
Vehicles	211,439	21,077	-	232,516
Furniture and equipment	116,541	3,151	-	119,692
Water system	1,339,075	-	-	1,339,075
Infrastructure	401,712	23,217	-	424,929
Total assets being depreciated	<u>2,224,058</u>	<u>47,445</u>	<u>(2,500)</u>	<u>2,269,003</u>
Less accumulated depreciation:				
Buildings and improvements	88,506	4,081	(979)	91,608
Vehicles	137,026	16,059	-	153,085
Furniture and equipment	80,942	6,200	-	87,142
Water system	877,086	49,263	-	926,349
Infrastructure	97,352	15,061	-	112,413
Total accumulated depreciation	<u>1,280,912</u>	<u>90,664</u>	<u>(979)</u>	<u>1,370,597</u>
Governmental activities, net	<u>\$ 966,173</u>	<u>\$ (43,219)</u>	<u>\$ (1,521)</u>	<u>\$ 921,433</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capital assets being depreciated:				
Sewer plant	2,159,828	-	-	2,159,828
Machinery and equipment	4,034	-	-	4,034
Total assets being depreciated	<u>2,163,862</u>	<u>-</u>	<u>-</u>	<u>2,163,862</u>
Less accumulated depreciation:				
Sewer plant	684,902	49,739	-	734,641
Machinery and equipment	3,207	176	-	3,383
Total accumulated depreciation	<u>688,109</u>	<u>49,915</u>	<u>-</u>	<u>738,024</u>
Business-type activities, net	<u>\$ 1,480,753</u>	<u>\$ (49,915)</u>	<u>\$ -</u>	<u>\$ 1,430,838</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 1,975
Public safety	21,380
Public works	<u>67,309</u>
Total depreciation expense	<u>\$ 90,664</u>

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2010:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 5,976	\$ 442	\$ 6,418
Compensated absences payable	856	124	980
Accrued interest payable	<u>-</u>	<u>2,723</u>	<u>2,723</u>
Totals	<u>\$ 6,832</u>	<u>\$ 3,289</u>	<u>\$ 10,121</u>

(7) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village of Loreauville, Louisiana for the year ended June 30, 2010. The revenue bonds relate to business-type activities, and the payments are made from the enterprise fund. In the past, payments on long-term debt that pertained to the Village's governmental activities were made by the governmental funds, and those that pertained to the business-type activities were made by the enterprise fund.

Long-term debt at July 1, 2009	\$204,000
Debt assumed	-
Debt retired	<u>(72,000)</u>
Long-term debt at June 30, 2010	<u>\$132,000</u>

Long-term debt at June 30, 2010 is comprised of the following:

\$300,000 Sewer Revenue Bonds, Series 2003, due in annual installments of \$14,000 to \$28,000; from August 1, 2003 to February 1, 2016; interest rate of 4.95 percent; secured by income and revenues of the sewer system.	<u>\$132,000</u>
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VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at June 30, 2010 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 19,000	\$ 6,534	\$ 25,534
2012	20,000	5,594	25,594
2013	21,000	4,604	25,604
2014	23,000	3,564	26,564
2015	24,000	2,426	26,426
2016	<u>25,000</u>	<u>1,238</u>	<u>26,238</u>
Totals	<u>\$ 132,000</u>	<u>\$ 23,960</u>	<u>\$ 155,960</u>

(8) Dedication of Sales and Use Tax Revenues

Proceeds of a 1 1/2 percent sales and use tax were dedicated to the following purposes:

A. 1% is for constructing and maintaining sewerage, drainage, street and other works of permanent public improvement in the Village, title to which shall be in the public. On November 21, 1987, the voters of the Village approved a rededication of the use of the sales taxes collected which now permits the use of these revenues to pay for any expenditures lawfully incurred.

B. An additional 1/2% was passed effective January 1, 1995 to be dedicated and used, in supplement of other sales tax revenues, to operate and maintain the Loreauville Police Department. In November 2002, the voters of the Village approved the rewording of the dedication to include contracting with the Iberia Parish Sheriff's Office in lieu of operating the Loreauville Police Department.

(9) Flow of Funds; Restrictions on Use - Utilities Revenues

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated April 14, 2003, all income and revenues derived from the operation of the sewer system are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds, after payment of the reasonable and necessary operating expenses of maintaining the system:

A. Sewer Revenue Bond and Interest Sinking Fund: Transfer monthly a sum equal to 1/12 of the principal and 1/6 of the interest due on the next payment date.

B. Sewer Depreciation and Contingency Fund: Transfer \$300 monthly until there has been accumulated therein the sum of \$25,000.

VILLAGE OF LOREAUVILLE, LOUISIANA  
Notes to Basic Financial Statements (Continued)

(10) Interfund Transactions

Interfund transfers

Interfund transfers consisted of the following at June 30, 2010:

	Interfund Transfers In	Interfund Transfers Out
Major Funds:		
Governmental Funds:		
General Fund	\$ 79,296	\$ -
Sales Tax Special Revenue Fund	-	126,500
Enterprise Fund:		
Sewerage and Garbage Fund	57,000	9,796
Total	\$ 136,296	\$ 136,296

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(11) Ad Valorem Taxes

For the year ended June 30, 2010, taxes of 7.78 mills were levied on property with assessed valuations totaling \$3,457,047 and were dedicated as follows:

General alimony	5.05 mills
Sewerage tax	2.73 mills

Total taxes levied were \$26,896 of which all had been collected at June 30, 2010. The taxes are levied and assessed around September or October of each year and tax bills are mailed in November. Billed taxes are due by December 31 and become delinquent if unpaid as of January 1.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Restricted Assets

Restricted assets were composed of checking and savings accounts at June 30, 2010 and were restricted as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Mosquito control	\$ 90,268	\$ -	\$ 90,268
Bond reserve, sinking, and contingency funds	-	35,700	35,700
Customers' deposits	-	25,249	25,249
	<u>\$ 90,268</u>	<u>\$ 60,949</u>	<u>\$ 151,217</u>

(13) Compensation of Village Officials

A detail of compensation paid to Village officials for the year ended June 30, 2010 follows:

Albert A. Broussard, Jr., Mayor	\$ 12,000
Aldermen:	
Tony Broussard	2,700
Mark Landry	2,700
Sandy Sonnier	<u>2,700</u>
Total	<u>\$ 20,100</u>

(14) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards, health care, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the current year or preceding two years.

(15) Lease of Water System

The Village owns a water system which is being leased to Louisiana Water Company (LAWCO). All expenses related to running the system are borne by LAWCO and all revenues derived from providing the service to customers is the property of LAWCO. The Village receives lease revenue annually. The revenue for the current year related to this lease was \$2,025.

## VILLAGE OF LOREAUVILLE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### (16) Retirement Systems

One employee of the Village is a member of the Municipal Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information to the plan follows:

**Plan Description:** The System is composed of two district plans, Plan A and Plan B, with separate assets and benefit provisions. The employee of the municipality is a member of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

**Funding Policy:** Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Village of Loreauville is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Village of Loreauville are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village's contributions to the System under Plan B for the year ended June 30, 2010, 2009, and 2008, were \$1,315, \$1,303, and \$413, respectively, equal to the required contributions for each year.

#### (17) Subsequent Events

Management has evaluated subsequent events through August 23, 2010, the date which the financial statements were available to be issued.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**VILLAGE OF LOREAUVILLE**  
**General Fund**

**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 63,300	\$ 62,242	\$ 56,754	\$ (5,488)
Licenses and permits	39,885	39,585	52,684	13,099
State grant	43,000	43,000	43,000	-
Intergovernmental	32,140	28,888	29,885	997
Fines	100	100	100	-
Miscellaneous	3,720	3,720	4,085	365
Total revenues	182,145	177,535	186,508	8,973
<b>Expenditures:</b>				
General government	81,869	84,249	78,401	5,848
Public safety - Police	74,810	81,710	75,953	5,757
Public works	45,366	57,489	51,199	6,290
Capital outlay	63,000	53,000	47,445	5,555
Total expenditures	265,045	276,448	252,998	23,450
Deficiency of revenues over expenditures	(82,900)	(98,913)	(66,490)	32,423
<b>Other financing sources:</b>				
Transfer from Sales Tax Fund	74,000	90,000	69,500	(20,500)
Transfer from Utility Fund	9,170	9,170	9,796	626
Total other financing sources	83,170	99,170	79,296	(19,874)
Net change in fund balances	270	257	12,806	12,549
Fund balance, beginning	126,965	120,655	120,655	-
Fund balance, ending	\$ 127,235	\$ 120,912	\$ 133,461	\$ 12,549

See accountants' report.

VILLAGE OF LOREAUVILLE  
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 180,000	\$ 180,000	\$ 157,551	\$ (22,449)
Miscellaneous - interest and other	7,900	7,900	6,598	(1,302)
Total revenues	<u>187,900</u>	<u>187,900</u>	<u>164,149</u>	<u>(23,751)</u>
<b>Expenditures:</b>				
General government				
Conventions	500	500	390	110
Dues	150	150	150	-
Insurance	4,030	4,030	3,816	214
Legal and accounting	4,000	4,000	4,095	(95)
Salaries and payroll taxes	8,130	8,130	8,205	(75)
Office expense	620	620	695	(75)
Collection fees	3,800	3,800	1,231	2,569
Total expenditures	<u>21,230</u>	<u>21,230</u>	<u>18,582</u>	<u>2,648</u>
Excess of revenues over expenditures	<u>166,670</u>	<u>166,670</u>	<u>145,567</u>	<u>(21,103)</u>
<b>Other financing uses:</b>				
Transfer out to General Fund	(74,000)	(90,000)	(69,500)	20,500
Transfer out to Sewer Fund	(36,000)	(110,000)	(57,000)	53,000
Total other financing uses	<u>(110,000)</u>	<u>(200,000)</u>	<u>(126,500)</u>	<u>73,500</u>
Net change in fund balances	56,670	(33,330)	19,067	52,397
Fund balance, beginning	<u>452,741</u>	<u>476,866</u>	<u>476,866</u>	-
Fund balance, ending	<u>\$ 509,411</u>	<u>\$ 443,536</u>	<u>\$ 495,933</u>	<u>\$ 52,397</u>

See accountants' report.

**OTHER SUPPLEMENTARY INFORMATION**

**VILLAGE OF LOREAUVILLE**  
General Fund

**Budgetary Comparison Schedule - Revenues**  
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Taxes:</b>			
General alimony	\$ 17,440	\$ 17,097	\$ (343)
Franchise taxes	<u>44,802</u>	<u>39,657</u>	<u>(5,145)</u>
Total taxes	<u>62,242</u>	<u>56,754</u>	<u>(5,488)</u>
Licenses and permits	<u>39,585</u>	<u>52,684</u>	<u>13,099</u>
State grant	<u>43,000</u>	<u>43,000</u>	<u>-</u>
<b>Intergovernmental:</b>			
Beer tax	3,640	3,319	(321)
2% fire insurance tax	2,500	3,818	1,318
Mosquito control tax	<u>22,748</u>	<u>22,748</u>	<u>-</u>
Total intergovernmental	<u>28,888</u>	<u>29,885</u>	<u>997</u>
Fines	<u>100</u>	<u>100</u>	<u>-</u>
<b>Miscellaneous:</b>			
Interest	-	88	88
Water lease	2,000	2,025	25
Other	<u>1,720</u>	<u>1,972</u>	<u>252</u>
Total miscellaneous	<u>3,720</u>	<u>4,085</u>	<u>365</u>
Total revenues	<u>\$ 177,535</u>	<u>\$ 186,508</u>	<u>\$ 8,973</u>

See accountants' report.

**VILLAGE OF LOREAUVILLE**  
General Fund

**Budgetary Comparison Schedule - Expenditures**  
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Current:</b>			
<b>General government -</b>			
Advertising	\$ 720	\$ 580	\$ 140
Conventions	1,650	1,555	95
Dues	420	406	14
Insurance	20,600	18,223	2,377
Legal and accounting	8,000	6,526	1,474
Mayor and council	20,100	20,100	-
Miscellaneous	410	659	(249)
Payroll taxes	2,774	2,751	23
Repairs and maintenance	500	771	(271)
Salaries	15,575	15,768	(193)
Utilities	7,000	6,177	823
Professional fees	1,800	834	966
Office expense	4,700	4,051	649
Total general government	<u>84,249</u>	<u>78,401</u>	<u>5,848</u>
<b>Public safety -</b>			
Law enforcement	60,000	60,000	-
Auto and truck	3,000	2,984	16
Insurance	9,800	9,166	634
Repairs and maintenance	6,500	1,802	4,698
Office Expenses	450	132	318
Utilities	1,960	1,869	91
Total public safety	<u>81,710</u>	<u>75,953</u>	<u>5,757</u>

(continued)

**VILLAGE OF LOREAUVILLE**  
**General Fund**

**Budgetary Comparison Schedule - Expenditures (Continued)**  
**For the Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Public works -</b>			
Auto and truck	6,000	4,449	1,551
Payroll taxes	1,692	1,581	111
Miscellaneous	4,368	3,687	681
Repairs and maintenance	2,400	2,995	(595)
Retirement	1,049	1,040	9
Salaries	21,760	20,608	1,152
Supplies	4,000	3,504	496
Utilities	16,220	13,335	2,885
<b>Total public works</b>	<u>57,489</u>	<u>51,199</u>	<u>6,290</u>
<b>Capital outlay -</b>			
Sidewalks	43,000	44,577	(1,577)
Drainage	10,000	2,868	7,132
<b>Total capital outlay</b>	<u>53,000</u>	<u>47,445</u>	<u>5,555</u>
<b>Total expenditures</b>	<u>\$ 276,448</u>	<u>\$ 252,998</u>	<u>\$ 23,450</u>

See accountants' report.

VILLAGE OF LOREAUVILLE

Summary Schedule of Prior and Current Year Findings and  
Management's Corrective Action Plan  
For the Year Ended June 30, 2010

I. Prior Year Findings:

Internal Control Over Financial Reporting

09-1 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees the Village did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 10-1.

09-2 – Inadequate Controls Over Financial Statement Preparation

Finding: The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 10-2.

Compliance

There were no findings that were required to be reported at June 30, 2009.

Management Letter Items

There were no findings that were required to be reported at June 30, 2009.

II. Current Year Findings and Management's Corrective Action Plan:

Internal Control Over Financial Reporting

10-1 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees the Village did not have adequate segregation of functions within the accounting system.

Management's Corrective Action Plan: Mr. Albert A. Broussard, Jr., Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

(continued)

VILLAGE OF LOREAUVILLE

Summary Schedule of Prior and Current Year Findings and  
Management's Corrective Action Plan (continued)  
For the Year Ended June 30, 2010

10-2 – Inadequate Controls Over Financial Statement Preparation

**Finding:** The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

**Management's Corrective Action Plan:** Mr. Albert A. Broussard, Jr., Mayor, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Compliance

10-3 – Noncompliance with Louisiana Local Government Budget Act

**Finding:** The actual revenues in the Sales Tax Special Revenue Fund for the year ended June 30, 2010 were significantly less than the budgeted revenues. The unfavorable variance of approximately 12.6% exceeded the 5% variance allowed by State law.

**Management's Corrective Action Plan:** Mr. Albert A. Broussard, Jr., Mayor, and Ms. Phyllis B. Savoy, Clerk, will more closely monitor the budget as compared to actual figures. When the original budget was adopted, the Village was expecting more in sales tax revenues than what was actually received during the year. In the prior year, the Village received additional sales taxes due to the Department of Motor Vehicles going back and collecting taxes that were inadvertently paid to a different municipality. The Village did not take this into consideration when estimating their budget for the current year. Also, due to the reduced drilling activity in the Gulf of Mexico, the Village has experienced a reduction in the amount of sales taxes received. In the future, when such changes are noticed, the budget will be amended accordingly.

Management Letter Items

There are no findings that are required to be reported at June 30, 2010.

**ATTESTATION REPORT**

**AND**

**QUESTIONNAIRE**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Russell F. Champagne, CPA\*  
Victor R. Slaven, CPA\*  
P. Troy Courville, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Nixon, CPA\*

Tynes E. Nixon, Jr., CPA  
Allen J. LeBry, CPA  
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Kristin B. Dauszat, CPA  
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Carolyn C. Anderson, CPA

Retired:  
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Harry J. Cloetto, CPA 2007

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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The Honorable Albert A. Broussard, Mayor  
and Members of the Board of Aldermen  
Village of Loreauville, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Loreauville and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village's compliance with certain laws and regulations during the year ended June 30, 2010 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Village is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation 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 this 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 material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

No expenditures were made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000.

Member of:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Member of:  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

*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 R.S. 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 procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in 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 and all amendments.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget and all amendments 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.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%; except that revenues of the Sales Tax Special Revenue Fund were 12.6% deficient of amounts budgeted for the year.

*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 selected disbursements and found that payment was 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; and

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

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated proper approval.

#### *Meetings*

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:4.1 through 42:13 (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 Town Hall building. Although management has asserted that such documents were properly posted, we could not verify this other than by the written notes on the minutes noting posted dates. The agendas for the meetings were recorded in the minutes.

#### *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 like indebtedness.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### *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.

A reading of the minutes of the Village for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

#### *Prior Year Comments and Recommendations*

Our prior year report, dated September 2, 2009, included two comments or unresolved matters as identified on page 39.

We were not engaged to perform, and did not perform, an audit, 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 Loreauville 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.

***Kolder, Champagne, Slaven & Company, LLC***

Certified Public Accountants

Breaux Bridge, Louisiana  
August 23, 2010

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

Aug 9 2010 (Date Transmitted)

Kolder Champagne Slaven & Co, LLC  
PO Box 2501  
Breaux Bridge LA 70517

(Auditors)

In connection with your review of our financial statements as of ~~6/30~~ and for the year 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 08/09/2010.

**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. 14:136, 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.

Aug 9 2010 Phyllis B. Savoy Secretary Phyllis B. SAVOY  
\_Date \_\_\_\_\_ Clerk

\_\_\_\_\_  
\_Date \_\_\_\_\_ Treasurer \_\_\_\_\_

Aug 9 2010 Albert A. Broussard, Jr. President Albert A. Broussard,  
Date \_\_\_\_\_ Mayor \_\_\_\_\_ JR.