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**VILLAGE OF CREOLA, LOUISIANA**  
**GENERAL-PURPOSE FINANCIAL STATEMENTS**

**For the year ended**  
**June 30, 2003**

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 1-28-04

**VILLAGE OF CREOLA, LOUISIANA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2003**

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**INDEPENDENT AUDITOR'S REPORT**

To Honorable Wayne Nugent, Mayor  
and Members of the Board of Aldermen  
Village of Creola, Louisiana

I have audited the accompanying general purpose financial statements that do not include a statement of revenues, expenditures, and changes in fund balances—budget and actual, for the general fund of the Village of Creola, Louisiana, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Creola's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

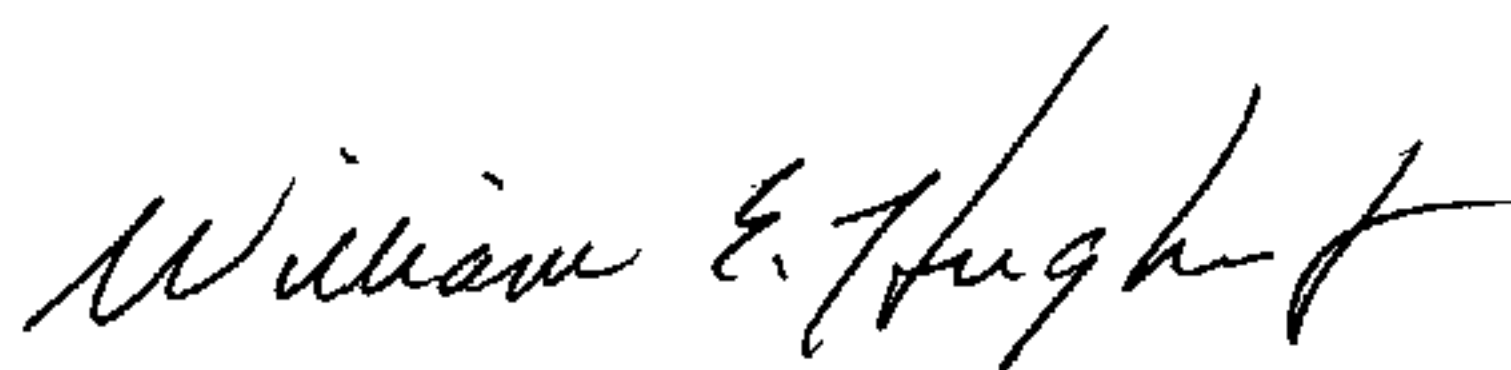
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and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

The Village of Creola declined to present a statement of revenues, expenditures, and changes in fund balances—budget and actual, for the general fund for the year ended June 30, 2003. Presentation of such statements for those governmental funds for which budgets have been legally adopted is required by accounting principles generally accepted in the United States of America.

In my opinion, except for the omission of the statements of revenues, expenditures, and changes in fund balances—budget and actual that results in an incomplete presentation as explained in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village of Creola as of June 30, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 19, 2003, on my consideration of the Village of Creola's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Creola, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "William E. Hugh".

Pineville, Louisiana  
December 19, 2003

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS – OVERVIEW)**

**VILLAGE OF CREOLA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2003**

	<u>Governmental Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General Fund</u>	<u>General Fixed Assets</u>	
<b>ASSETS</b>			
Cash	\$ 6,475		\$ 6,475
Franchise Tax Receivable	1,357		1,357
Sales Tax Receivable	5,560		5,560
Equipment		4,231	4,231
Total Assets	<u>\$ 13,392</u>	<u>\$ 4,231</u>	<u>\$ 17,623</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 3,277		\$ 3,277
Payroll Taxes Payable	283		283
Total Liabilities	<u>3,560</u>		<u>3,560</u>
<b>FUND EQUITY</b>			
Investment in general fixed assets		\$ 4,231	4,231
Fund Balance - unreserved and undesignated	9,832		9,832
Total Fund Equity	<u>9,832</u>	<u>4,231</u>	<u>14,063</u>
Total Liabilities and Fund Equity	<u>\$ 13,392</u>	<u>\$ 4,231</u>	<u>\$ 17,623</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF CREOLA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPE**

**For the Year Ended June 30, 2003**

**REVENUES**

Ad Valorem Taxes	\$ 1,791
Sales and use taxes	14,561
Franchise taxes	5,941
Licenses and permits	50
Intergovernmental:	
Grants	3,879
Other:	
Interest	<u>27</u>
Total Revenues	<u>26,249</u>

**EXPENDITURES**

General Government:	
Personnel	3,983
Operating	8,203
Capital Outlay	<u>4,231</u>
Total Expenditures	<u>16,417</u>

EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	9,832
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FUND BALANCES AT BEGINNING OF YEAR	<u>-</u>
------------------------------------	----------

FUND BALANCES AT END OF YEAR	<u><u>\$ 9,832</u></u>
------------------------------	------------------------

The accompanying notes are an integral part of this statement.

**Village of Creola, Louisiana**

**Notes to Financial Statements**

**June 30, 2003**

**INTRODUCTION**

The Village of Creola was incorporated January 23, 2002, under the provisions of the Lawrason Act. The Village operates under a Mayor – Board of Aldermen form of government.

The accounting and reporting policies of the Village of Creola conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Government Units*.

The Village maintains a general fund that provides police protection and general administrative functions, including coordination of related services with parish, state, and federal governing bodies.

The Village is located within Grant Parish in the central part of the State of Louisiana and is comprised of approximately 250 residents. The governing board is composed of three elected aldermen that are compensated for the regular and special board meetings they attend. There are two employees that provide police protection and perform clerical duties for the Village.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Village of Creola have been prepared in conformity with generally accepted accounting principles (GAAP) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

As the municipal governing authority, for reporting purposes, the Village of Creola, Louisiana is considered a separate financial reporting entity. The Village of Creola, which is the primary government, does not have (a) organizations for which the primary government is financially accountable, and (b) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, therefore the Village is also the financial reporting entity.



**Village of Creola, Louisiana**

**Notes to Financial Statements**

**June 30, 2003**

**C. Fund Accounting**

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund Accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and allocated to and accounted for in individual funds based upon the purposes for which they are to be spend and the means by which spending activities are controlled.

The fund of the municipality is classified as a government fund. The fund classification and a description of the general fund follows:

Governmental Fund

The governmental fund is used to account for all or most of the municipality's general activities, including the acquisition or construction of general fixed assets. The government fund includes:

1. 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.

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of the fund present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental fund. The governmental fund uses the following practices in recording revenues and expenditures.:

Revenues

Revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income and gross receipts are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

## Village of Creola, Louisiana

### Notes to Financial Statements

June 30, 2003

#### Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

#### Other Financing Sources (Uses)

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

#### E. Budget

The Village had not adopted procedures to prepare the budget for the fiscal year ended June 30, 2003. The Village of Creola's management has recently adopted procedures to comply with the State's budget laws.

1. The Village Clerk will prepare a proposed budget and submits the same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget will be published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing will be called.
3. A public hearing will be held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget will be adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. 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 will require the approval of the Board of Aldermen.
6. All budgetary appropriations will lapse at the end of each fiscal year.
7. Budget for the General Fund will be adopted on a basis consistent with generally accepted accounting principles (GAAP).

**Village of Creola, Louisiana**

**Notes to Financial Statements**

**June 30, 2003**

**F. Encumbrances**

The Village of Creola does not use *encumbrance accounting*.

**G. Cash and Cash Equivalents and Investments**

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, with maturities of three months or less when acquired. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

**H. Inventories**

The Village of Creola does not maintain an inventory. Purchases are made as needed for repair and maintenance.

**I. Prepaid Items**

There were no prepaid expenses at June 30, 2003.

**J. Fixed Assets**

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

**K. Sales Tax**

A two-percent sales and use tax was levied in the Village beginning January, 2003. The tax is to be used for general operating purposes of the Village.

**L. Compensated Absences**

The Village's leave policy does not provide for the accumulation and vesting of leave.

**Village of Creola, Louisiana**

**Notes to Financial Statements**

**June 30, 2003**

**M. Long-Term Obligations**

For the primary government, long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.

**N. Total Columns on Combined Statements**

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

**NOTE 2 – AD VALOREM TAXES**

The Village levies taxes on real and business personal property located within the boundaries of Village limits. Property taxes are levied by the Village on property values assessed by the Grant Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Village is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose. Property taxes are recorded as revenues and receivables in the year assessed.

For the year ended June 30, 2003, taxes of 7.00 mills were levied on property with assessed value of \$ 260,626. and were dedicated as follows:

General corporate purposes	7.00
Total taxes levied were	\$ 1,824

**Property Tax Calendar:**

Assessment date	January 1, 2002
Levy date	June 30, 2002
Tax bills mailed	November 1, 2002
Penalties and interest added	January 1, 2003
Lien Date	March 1, 2003

**Village of Creola, Louisiana**  
**Notes to Financial Statements**  
**June 30, 2003**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 2003, the Village has cash and cash equivalents (book balances) totaling \$ 6,475 as follows:

Demand deposits	\$ 6,475
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all time equal the amount on deposit with the fiscal agent. 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.

At June 30, 2003, the carrying amount of the Village's deposits were \$ 6,475, and the bank balances (collected bank balances) were \$ 6,685. These deposits are secured from risk by \$6,685 of federal deposit insurance.

State statutes relating to cash and cash equivalents are located at Note 1 G., "Cash and cash equivalents."

**NOTE 4 – INVESTMENTS**

The Village of Creola had no investments as of June 30, 2003.

**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2003 consist of the following:

	<u>General</u>
Receivables:	
Sales taxes	\$ 5,560
Franchise taxes	<u>1,357</u>
Total receivables	\$ 6,917

Village of Creola, Louisiana

Notes to Financial Statements  
June 30, 2003

**NOTE 6 – FIXED ASSETS**

A summary of changes in general fixed assets for the year ended June 30, 2003 follows:

	<u>Balance</u> <u>6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/03</u>
Equipment	\$ -	\$ 4,231	\$ -	\$ 4,231
Total	\$ -	\$ 4,231	\$ -	\$ 4,231

**NOTE 7 – ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at June 30, 2003:

<u>Class of Payable</u>	
Accounts	\$ 3,277
Payroll taxes	<u>283</u>
Total Payable	\$ 3,560

**NOTE 8 – LEASES**

The Village of Creola had no leases as of June 30, 2003.

**NOTE 9 – PENSION PLAN**

The employees of the Village are members of the Social Security System. In addition to the employee contributions withheld at 7.65% of gross salary, the Village contributes an equal amount to the Social Security System. The Village does not guarantee the benefits granted by the Social Security System.

**NOTE 10 – GASB STATEMENT #34**

In June 1999, the Government Accounting Standards Board (GASB) approved Statement Number 34, titled *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 established new financial reporting requirements for all state and local governments and consists of the following:

**Village of Creola, Louisiana**

**Notes to Financial Statements**

**June 30, 2003**

1. A "Management Discussion and Analysis" (MD&A), which will provide an analysis of the Village's overall financial position and results of its operations.
2. Basic Financial Statements:
  - A. Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting. These statements are designed to provide a broad overview of a government entity's finances, in a manner similar to private sector business
  - B. Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds, using the modified accrual basis of accounting, and enterprise funds, if any.
  - C. Notes to the financial statements that include various disclosures for the government-wide and fund financial statements to ensure that a complete picture is presented.
  - D. Required supplementary information, such as budgetary comparison schedules.

In addition, this new GASB statement requires depreciation expense to be reported in the government-wide financial statements. However, depreciation expense will not be reported in the fund statements that use modified accrual basis of accounting.

The Village will implement the new reporting model as required by Statement 34 for the fiscal year beginning July 1, 2003.

**SUPPLEMENTARY INFORMATION SCHEDULES**



## GENERAL FUND

To account for resources traditionally associated with governments that are not required to be accounted for in another fund.

**VILLAGE OF CREOLA**

**GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2003**

<b>ASSETS</b>	<u>General Fund</u>
Cash	\$ 6,475
Franchise Tax Receivable	1,357
Sales Tax Receivable	5,560
Equipment	<hr/>
Total Assets	<u>\$ 13,392</u>
<b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 3,277
Payroll Taxes Payable	283
Total Liabilities	<hr/> 3,560
<b>FUND EQUITY</b>	
Investment in general fixed assets	
Fund Balance - unreserved and undesignated	<hr/> 9,832
Total Fund Equity	<hr/> 9,832
Total Liabilities and Fund Equity	<u>\$ 13,392</u>

**VILLAGE OF CREOLA, LOUISIANA**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2003**

**REVENUES**

Ad Valorem Taxes	\$ 1,669
Sales and use taxes	14,561
Franchise taxes	6,063
Licenses and permits	50
Intergovernmental:	
Grants	3,879
Other:	
Interest	<u>27</u>
Total Revenues	<u>26,249</u>

**EXPENDITURES**

General Government:	
Personnel	3,983
Operating	8,203
Capital Outlay	<u>4,231</u>
Total Expenditures	<u>16,417</u>

EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	9,832
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FUND BALANCES AT BEGINNING OF YEAR	<u>-</u>
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FUND BALANCES AT END OF YEAR	<u><u>\$ 9,832</u></u>
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**VILLAGE OF CREOLA, LOUISIANA****GENERAL FUND  
STATEMENT OF EXPENDITURES****FOR THE YEAR ENDED JUNE 30, 2003****GENERAL GOVERNMENT**

Salaries	\$ 3,700
Payroll Taxes	283
Professional Fees	6,417
Outside Services	567
Telephone	218
Utilities	492
Bank Charges	119
Dues and Subscriptions	125
Court Costs	265
Total General Government	<u>12,186</u>

**PUBLIC SAFETY**

Capital Outlay	<u>4,231</u>
Total Public Safety	<u>4,231</u>
Total Expenditures	<u><u>\$ 16,417</u></u>

**Village of Creola  
Supplemental Information Schedules  
For the Year Ended June 30, 2003**

**Compensation Paid to Aldermen**

The schedule of compensation paid to aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the personnel expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:405(G), the aldermen have passed an ordinance that sets their compensation at \$75 per month.

Dawn Redd, Alderman	\$ 300
Lisa Butchee, Alderman	300
Sharon Machinski, Alderman	300
Wayne Nugent, Mayor	1,200

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets used in governmental fund type operations.

**VILLAGE OF CREOLA, LOUISIANA**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

General Fixed Assets, at cost:

Equipment	<u>\$ 4,231</u>
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Total general fixed assets	<u><u>4,231</u></u>
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Investment in general fixed assets:

General fund revenues	<u><u>\$ 4,231</u></u>
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**VILLAGE OF CREOLA, LOUISIANA**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Balance</u> <u>6/30/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2003</u>
Equipment	\$ -	4,231	\$ -	4,231
Total	\$ -	4,231	\$ -	4,231



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

To Honorable Wayne Nugent, Mayor  
and Members of the Board of Aldermen  
Village of Creola, Louisiana

I have audited the general purpose financial statements of Village of Creola, Louisiana as of and for the year ended June 30, 2003, and have issued my report thereon dated December 19, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether Village of Creola's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 2003-1, 2003-2.

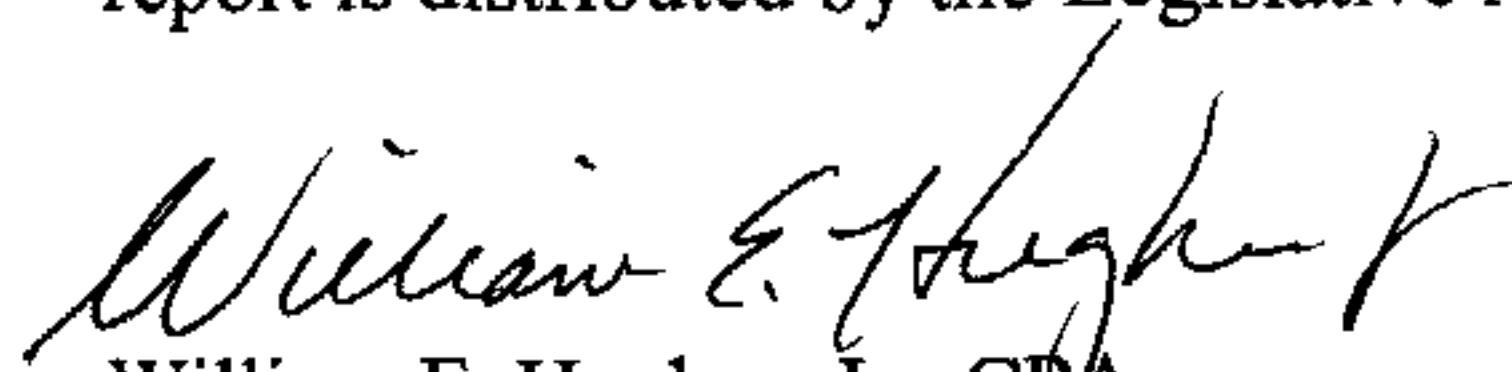
**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Village of Creola's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements

being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that *misstatements in amounts that would be material in relation to the general purpose* financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items 2003-1 and 2003-2 to be material weaknesses.

This report is intended solely for the information and use of management of the Village of Creola and the Louisiana State Legislative Auditor and is not intended to be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
William E. Hughes, Jr., CPA  
December 19, 2003

**Village of Creola, Louisiana**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

I have audited the financial statements of the Village of Creola as of and for the year ended June 30, 2003, and have issued by report thereon dated December 19, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2003 resulted in a qualified opinion.

**Section I – Summary of Auditor’s Results**

**Report on Internal Control and Compliance over Financial Reporting:**

**Internal control**

Material Weaknesses  Yes \_\_\_ No      Reportable Conditions  Yes \_\_\_ No

**Compliance**

Non-Compliance Material to Financial Statements  Yes \_\_\_ No

**Section II – Financial Statement Findings**

The results of my tests disclosed two instances of non-compliance that is required to be reported under Government Auditing Standards and which is described in the schedule of findings below as item 2003-01 and 2003-02.

**2003-01 Budgeting**

**Condition –** The Village of Creola did not prepare and approve a budget for its general fund.

**Criteria -** LSA-RS 39:1305 - 1309 requires the Village of Creola to prepare a budget for its general and special revenue funds 15 days prior to the start of the fiscal year.

**Cause –** The Village of Creola was incorporated in January 2002 and the Village’s management was not aware of the budgeting requirements.

**Effect –** The Village was not in compliance with the State’s budgeting laws.

**Recommendation –** The management of the Village of Creola establish procedures to ensure that the budget is prepared and administered according to the State’s budgeting laws.

**Village of Creola, Louisiana**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

2003-02 Payroll

Condition – The Village of Creola did not deduct payroll taxes, prepare required payroll tax reports, nor timely remit amounts due to State and Federal agencies.

Criteria – Federal and State laws require payroll taxes to be deducted, reported and remitted timely.

Cause – The Village of Creola’s management was not aware of the payroll tax reporting requirements.

Effect – The Village of Creola is not in compliance with State and Federal laws and will incur penalties and interest for late filing.

Recommendation – The Village of Creola has since retained the services of a certified public accountant to prepare the required payroll tax reports.

**VILLAGE OF CREOLA  
21435 HWY 167  
DRY PRONG, LA 71423**

**CORRECTIVE ACTION PLAN**

Number

- 2003-1 We have implemented procedures to ensure that the budget for the Village Creola conforms with La. Revised Statutes.
- 2003-2 We have implemented procedures to ensure that payroll taxes are properly deducted, timely remitted to federal and state agencies and payroll tax reports are timely filed.

Name of Contact Person: Wayne Nugent, Mayor

Date: December 30, 2003