

**VILLAGE OF PIONEER, LOUISIANA**

**Financial Report  
As of and For the Year Ended June 30, 2012**

VILLAGE OF PIONEER, LOUISIANA

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

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# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)  
Francis I. Huffman, CPA  
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John Herman, CPA  
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## ACCOUNTANTS' COMPILATION REPORT

**Mayor and Board of  
Aldermen  
Village of Pioneer, Louisiana**

We have compiled the accompanying balance sheet of the Village of Pioneer, Louisiana (the Village) as of June 30, 2012 and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Generally accepted accounting standards require state and local governments to adopt and report under Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and No. 37, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus." The Village is not presenting its financial statements under those standards. Those standards require that the Village report information regarding its financial position by governmental activities, business-type activities, each major fund, and the aggregate remaining fund information that comprise the Village's basic financial statements. The standards also require that a management's discussion and analysis be included as supplementary information. The effects of these departures have not been determined.

Management has elected to present the Village's financial statements under the pre- GASB 34 standards (general purpose financial statements) and to omit substantially all of the disclosures required by generally accepted accounting principles. If the GASB 34 presentation

**Mayor and Board  
of Aldermen  
Village of Pioneer, Louisiana**

(basic financial statements) and the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Village's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

*Huffey, Huffman, Roylake, & Squires*

(A Professional Accounting Corporation)

**December 31, 2012**

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

**VILLAGE OF PIONEER, LOUISIANA**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP**  
**JUNE 30, 2012**

	<u>GOVERNMENTAL FUND TYPE</u>	<u>PROPRIETARY FUND TYPE - SEWER ENTERPRISE FUND</u>	<u>ACCOUNT GROUP - GENERAL FIXED ASSETS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<b>ASSETS</b>				
Cash	\$ 2,315	\$ 1,361	\$ -	\$ 3,676
Investments	1,029	-	-	1,029
Accounts receivable, net	6,376	1,715	-	8,091
Meter deposits	200	-	-	200
Property, plant, and equipment (net of accumulated depreciation)	-	492,728	263,357	756,085
<b>TOTAL ASSETS</b>	<b>\$ 9,920</b>	<b>\$ 495,804</b>	<b>\$ 263,357</b>	<b>\$ 769,081</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,104	\$ 859	\$ -	\$ 1,963
Payroll liabilities	3,035	-	-	3,035
Customer deposits	-	4,712	-	4,712
<b>Total Liabilities</b>	<b>4,139</b>	<b>5,571</b>	<b>-</b>	<b>9,710</b>
<b>Fund Equity:</b>				
Investment in general fixed assets	-	-	263,357	263,357
Contributed capital (net of accumulated depreciation on fixed assets acquired with Federal grant)	-	439,077	-	439,077
Retained earnings - unreserved	-	51,156	-	51,156
Fund balance - undesignated	5,781	-	-	5,781
<b>Total Fund Equity</b>	<b>5,781</b>	<b>490,233</b>	<b>263,357</b>	<b>759,371</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 9,920</b>	<b>\$ 495,804</b>	<b>\$ 263,357</b>	<b>\$ 769,081</b>

**VILLAGE OF PIONEER, LOUISIANA**  
**COMBINED BALANCE SHEET - GOVERNMENTAL TYPE FUNDS**  
**JUNE 30, 2012**

	<b>GENERAL FUND</b>	<b>CAPITAL PROJECT FUND</b>	<b>TOTAL (MEMORANDUM ONLY)</b>
<b>ASSETS</b>			
Cash	\$ 2,315	\$ -	\$ 2,315
Investments	1,029	-	1,029
Accounts receivable, net	6,376	-	6,376
Meter deposits	200	-	200
<b>TOTAL ASSETS</b>	<b>\$ 9,920</b>	<b>\$ -</b>	<b>\$ 9,920</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,104	\$ -	\$ 1,104
Payroll liabilities	3,035	-	3,035
<b>Total Liabilities</b>	<b>4,139</b>	<b>-</b>	<b>4,139</b>
<b>Fund Equity:</b>			
Fund balance - undesignated	5,781	-	5,781
<b>Total Fund Equity</b>	<b>5,781</b>	<b>-</b>	<b>5,781</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 9,920</b>	<b>\$ -</b>	<b>\$ 9,920</b>

See accountants' compilation report

**VILLAGE OF PIONEER, LOUISIANA  
 COMBINED STATEMENT OF REVENUES , EXPENDITURES  
 AND CHANGES IN FUND BALANCES -  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECT FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<b>REVENUES</b>			
Franchise fees	\$ 4,576	\$ -	\$ 4,576
Occupational licenses	800	-	800
Insurance licenses	14,409	-	14,409
Intergovernmental revenue - state	-	14,835	14,835
Fines	70,076	-	70,076
Other revenue	10,941	-	10,941
Total revenues	<u>100,802</u>	<u>14,835</u>	<u>115,637</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	44,042	-	44,042
Public safety:			
Police department	49,367	-	49,367
Public works	8,328	-	8,328
Capital outlay	4,142	2,334	6,476
Total expenditures	<u>105,879</u>	<u>2,334</u>	<u>108,213</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(5,077)	12,501	7,424
<b>Other financing sources (uses)</b>			
Transfers in	9,559	4,833	14,392
Transfers out	(4,833)	(17,334)	(22,167)
Total other financing sources (uses)	<u>4,726</u>	<u>(12,501)</u>	<u>(7,775)</u>
<b>Deficiency of revenues over expenditures and other financing sources</b>	(351)	-	(351)
<b>Fund Balance at beginning of year</b>	<u>6,132</u>	<u>-</u>	<u>6,132</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 5,781</u>	<u>\$ -</u>	<u>\$ 5,781</u>

See accountants' compilation report



**VILLAGE OF PIONEER, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CASH BASIS) -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>CASH BASIS BUDGET</u>	<u>CASH BASIS ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>Revenues</b>			
Franchise fees	\$ 4,700	\$ 4,658	\$ (42)
Occupational licenses	750	800	50
State Grants	11,000	1,000	(10,000)
Insurance licenses	13,500	13,382	(118)
Fines	67,500	69,652	2,152
Other revenue	9,115	9,017	(98)
Total revenues	<u>106,565</u>	<u>98,509</u>	<u>(8,056)</u>
<b>Expenditures</b>			
<b>Current:</b>			
General government			
Salaries and benefits	37,000	37,134	(134)
Operating services	11,045	10,862	183
Materials and supplies	1,550	1,539	11
Total general government	<u>49,595</u>	<u>49,535</u>	<u>60</u>
Public safety			
Salaries and benefits	31,000	31,396	(396)
Police expense	14,000	14,813	(813)
Capital outlay	2,200	29,331	(27,131)
Total public safety	<u>47,200</u>	<u>75,540</u>	<u>(28,340)</u>
Public works			
Supplies	650	507	143
Tractor expenses	1,000	838	162
Utilities	5,600	5,881	(281)
Mosquito spraying	375	284	91
Total public works	<u>7,625</u>	<u>7,510</u>	<u>115</u>
Total expenditures	<u>104,420</u>	<u>132,585</u>	<u>(28,165)</u>
<b>Excess of revenues over expenditures</b>	2,145	(34,076)	(36,221)

(Continued)

See accountants' compilation report

**VILLAGE OF PIONEER, LOUISIANA  
STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CASH BASIS) -  
GENERAL FUND (CONCLUDED)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>CASH BASIS BUDGET</u>	<u>CASH BASIS ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	9,559	9,559
Sale of investments	-	3,000	3,000
Total other financing sources (uses)	-	12,559	12,559
<b>Excess of revenue over expenditures and other financing sources (uses)</b>	2,145	(21,517)	(23,662)
<b>Cash Balance at beginning of year</b>	<u>23,832</u>	<u>23,832</u>	<u>-</u>
<b>CASH BALANCE AT END OF YEAR</b>	<u>\$ 25,977</u>	<u>\$ 2,315</u>	<u>\$ (23,662)</u>

See accountants' compilation report

**VILLAGE OF PIONEER, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
SEWER ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Operating revenue</b>			
Sewer fees		\$	19,602
<b>Operating expenses</b>			
Collection fees			1,934
Depreciation			19,554
Dues and fees			284
Insurance			2,044
Repairs			7,679
Salaries and wages			3,585
Supplies and chemicals			3,703
Utilities			2,306
Total operating expenses			<u>41,089</u>
<b>Operating loss</b>			(21,487)
<b>Other financing sources</b>			
Transfers in			<u>7,775</u>
Total other financing sources			<u>7,775</u>
Adjustment for depreciation on fixed assets acquired with Federal grant			<u>14,535</u>
<b>Net increase in retained earnings</b>			823
<b>Retained Earnings at beginning of year, restated (Note 1)</b>			<u>50,333</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>		<b>\$</b>	<b><u><u>51,156</u></u></b>

See accountants' compilation report

**VILLAGE OF PIONEER, LOUISIANA  
STATEMENT OF CASH FLOWS  
SEWER ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Cash flows from operating activities</b>	
Operating loss	\$ (21,487)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Depreciation	19,554
Changes in assets and liabilities:	
Receivables	(328)
Accounts payable	669
Customer deposits	487
Total adjustments	<u>20,382</u>
Net cash used by operating activities	<u>(1,105)</u>
 <b>Cash flows from capital and related financing activities</b>	
Purchase of equipment	<u>(5,930)</u>
Net cash used by capital and related financing activities	<u>(5,930)</u>
 <b>Cash flows from noncapital financing activities</b>	
Transfers in	<u>7,775</u>
Net cash provided by noncapital financing activities	<u>7,775</u>
 <b>Net increase in cash</b>	740
 <b>Cash at beginning of year</b>	<u>621</u>
 <b>CASH AT END OF YEAR</b>	<u><u>\$ 1,361</u></u>

See accountants' compilation report

**VILLAGE OF PIONEER  
Pioneer, Louisiana**

**Selected Information – All Disclosures Required by  
Generally Accepted Accounting Principles Are Not Included**

**FOR THE YEAR ENDED JUNE 30, 2012**

**Note 1 – Fund Equity – Enterprise Fund**

The Village of Pioneer reevaluated the contributed capital in the sewer enterprise fund used to purchase fixed assets over the years and the related accumulated depreciated on the related assets. It was determined that a reclassification and restatement was needed in the fund equity section of the sewer enterprise fund in the amount of \$71,554. Therefore, in the fund equity section, contributed capital (net of accumulated depreciation on fixed assets acquired with Federal grant) was decreased and retained earnings was increased by this amount as of July 1, 2011.

**VILLAGE OF PIONEER**  
**SUMMARY STATUS OF PRIOR YEAR MANAGEMENT LETTER**

The following is a summary of the status of the prior year Management Letter included in Luffey, Huffman, Ragsdale & Soignier, CPA's compilation report dated September 30, 2011, covering the compilation of the financial statements of the Village of Pioneer (the Village) as of and for the year ended June 30, 2011.

Actual expenditures exceeded Budgeted expenditures for the year ended June 30, 2011 by 24%. This was a violation of the Local Government Budget Act, which requires that originally adopted budgets be amended if expenditures and other financing uses are above budget by 5% or more.

***Status:***

The Village was not in compliance with the Local Government Budget Act again during the year ended June 30, 2012.

# LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

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## MANAGEMENT LETTER

### **Mayor and Board of Aldermen Village of Pioneer, Louisiana**

During our compilation of the general purpose financial statements of the Village of Pioneer (the Village) for the year ended June 30, 2012, we became aware of a certain matter that is an opportunity for strengthening the Village's internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding this matter. This letter does not affect our compilation report dated December 31, 2012 on the financial statements of the Village.

### ***Local Government Budget Act:***

The Local Government Budget Act requires that originally adopted budgets be amended if expenditures are above budget by 5% or more. However, the total actual expenditures of the General Fund were above the total budgeted amount by \$28,165 or 27%.

### ***Recommendation:***

We recommend that the Village perform a comprehensive review of budget to actual variances in April or May of each year prior to the commencement of the process for adopting final amended budgets for the current operating period and proposed budgets for the subsequent period. This type of review could also be made quarterly during the year to detect potential material variances as early as possible.

### ***Management's Corrective Action Plan:***

We will continue to monitor our budget closely and in April or May, if required, we will amend it in order for it to be in compliance with the Local Government Budget Act..

### ***Customer Deposits and Sewer User Fees:***

Customer deposits are funds held by the Village on behalf of its sewer customers as required by contractual agreement. The Village should maintain sufficient funds to cover customer deposit liabilities, however, as of June 30, 2012, the Sewer Fund maintained \$1,361 in cash and had \$4,712 in liabilities for customer deposits.

**Mayor and Board of Aldermen  
Village of Pioneer, Louisiana  
Management Letter  
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***Recommendation:***

We recommend that the Village evaluate its sewer user fees to ensure that sufficient cash is available at all times to liquidate operating liabilities and be able to liquidate the customer deposits.

***Management's Corrective Action Plan:***

The Village will evaluate its sewer user fees and bank accounts to ensure that sufficient cash is available at all times to cover customer deposits.

***Capital Project Fund:***

Generally accepted accounting principles require entities to record all financial transactions in a uniform manner. However, during 2012, the Village operated a checking account for the capital project fund in which transactions went unrecorded in the Village's general ledger system. In total, \$6,791 of deposits and \$27,147 of disbursements were not recorded on the Village's general ledger for the year ended June 30, 2012.

***Recommendation:***

We recommend that the Village record all financial transactions on its general ledger system.

***Management's Corrective Action Plan:***

The account in question was closed during 2012; however, the Village will record all transactions on its general ledger system in the future.

*Huffman, Huffman, Reynolds, & Seigrist*

(A Professional Accounting Corporation)

**December 31, 2012**