



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 16, 2013

The Honorable Wesley Boddie, Mayor
Village of Bienville
Post Office Box 207
Bienville, Louisiana 71008-0207

Dear Mayor Boddie:

As you are aware, members of my Advisory Services staff recently visited the Village of Bienville (Village). This visit was a result of the Village's failure to adopt a budget for two consecutive fiscal years. During this visit, my staff addressed budget issues and also assessed the business operations of the Village's utility system. After completing their assessment, my staff discussed their findings and recommendations with you and other Village officials. This letter briefly summarizes the results/findings of our work.

1. Village management has failed for two consecutive years to adopt a budget as required by the Local Government Budget Act (LGBA).

At the time of our visit, the Village had not adopted a general fund budget for fiscal years ending June 30, 2013 and June 30, 2014, as required by state law. According to the LGBA, La. R.S. 39:1301 et. seq., the Village's budgets should have been adopted before the start of each fiscal year.

We understand that the mayor and board of aldermen have not adopted a budget for two years because of a \$200 disagreement in the monthly salary of the Village clerk. We were informed that the mayor wants the Village clerk's salary to remain at \$600 per month and the board wants to reduce her salary to \$400 per month. Currently, the clerk is being paid \$300 per month because the Village has not adopted a budget and La. R.S. 39:1312 limits the Village's spending. Also, we noted that the Village stopped paying certain bills (e.g., electricity bills for street lights) to stay within the expenditure limits provided by law.

We remind the mayor and board of aldermen of their fiduciary responsibility to properly administer and manage the fiscal affairs of the Village. We caution that La. R.S. 14:134 provides, in part, "malfeasance in office is committed when any public officer or public employee shall: (1) Intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; or (2) Intentionally perform any such duty in an unlawful manner..."

Recommendations: Village management should strictly comply with the Local Government Budget Act. The mayor and board of aldermen should immediately work out a compromise to pass/adopt the general fund budget for the current fiscal year ending June 30, 2014. In the future, management should ensure that a budget is adopted prior to the start of each fiscal year in accordance with state law.

2. Records indicate that the Village incurred expenditures/ liabilities in the prior fiscal year that exceeded the 50 percent appropriation limitation specified in the LGBA.

Based on our review of Village records and calculations, management appears to have incurred expenditures/liabilities during the fiscal year ending June 30, 2013, that exceeded the 50% legal limit by approximately \$2,700 (12%). Since the Village failed to adopt a budget for fiscal year ending June 30, 2013, La. R.S. 39:1312 limited expenditures to 50% of the expenditures appropriated for the fiscal year ending June 30, 2012 (last adopted budget).

Furthermore, we noted that Louisiana Attorney General Opinion No.13-0013, which specifically addressed questions presented by Mayor Boddie, provides that the mayor has no authority to incur general fund liabilities or authorize expenditures during the fiscal year beyond what is authorized by state budgeting laws.

Recommendation: The mayor and board of aldermen should strictly comply with all provisions of the Local Government Budget Act, including ensuring the Village does not incur expenditures/liabilities that are in excess of the legal limitation.

3. Controls over the Village's Utility System operations are inadequate, as follows:

- No written policies and procedures for all operations
- Clerk works out of her home and does not have a regular work schedule at Village Hall
- Utility payments not always collected at Village Hall
- Clerk not covered by fidelity bond insurance
- Utility collections not deposited daily

- Customer meter deposits recorded in the utility billing system were not reconciled/agreed to related bank/CD balances on a monthly basis
- Mayor's approval was not documented for all utility billing adjustments made on customer accounts
- Gallons of water produced not reconciled monthly to the gallons of water billed to customers
- Inadequate segregation of accounting duties (e.g., Village clerk collects payments, records payments into the utility billing system, and records billing adjustments to customer accounts) and lack of adequate oversight of the clerk's work
- Village clerk and utility superintendent do not prepare time sheets to account for their time and attendance at work

Recommendation: The mayor and board of aldermen should work together to develop and implement controls over all of these areas to ensure that utility system operations are conducted with appropriate checks and balances.

A copy of this letter has been delivered to the District Attorney for the 2nd Judicial District of Louisiana. We stress the need to take immediate action and to consider our recommendations (as discussed in our meetings with you) as you work toward resolving these issues. My staff will be monitoring the resolution of these problems. If you have any questions about the assessment, please call Mike Battle or Steven Kraemer at 225-339-3800.

Sincerely,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

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cc: Board of Aldermen