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FINANCIAL REPORT
OF THE
VILLAGE OF PINE PRAIRIE, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2004

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 7-6-05

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INDEPENDENT AUDITOR'S REPORT

To the Board of Alderman
Village of Pine Prairie, Louisiana

I have audited the accompanying basic financial statements of the governmental activities, business-type activities, and each major fund of the Village of Pine Prairie, Louisiana, as of and for the year ended December 31, 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Pine Prairie, Louisiana's, management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and each major fund of the Village of Pine Prairie, Louisiana, as of December 31, 2004, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of December, 31 2004*.

The budgetary comparison information on pages 28 and 29 are not a required part of the basic financial statements but are supplementary information required by accounting

principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated June 27, 2005, on my consideration of the Village of Pine Prairie, Louisiana'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.

Michael W. Johnson

Michael W. Johnson
Certified Public Accountant

Eunice, Louisiana
June 27, 2005

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF PINE PRAIRIE
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets:			
Cash and Interest-Bearing Deposits	\$ 96,500	\$ 2,452	\$ 98,952
Receivables, net	84,740	7,712	92,452
Internal Balances	13,915	(13,915)	0
Total Current Assets	<u>\$ 195,155</u>	<u>\$ (3,751)</u>	<u>\$ 191,404</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Interest-Bearing Deposits	\$ 200,467	\$ 324,043	\$ 524,510
Capital Assets, Net (Note C)	1,809,965	550,293	2,360,258
Total Noncurrent Assets	<u>\$2,010,432</u>	<u>\$ 874,336</u>	<u>\$2,884,768</u>
Total Assets	<u>\$2,205,587</u>	<u>\$ 870,585</u>	<u>\$3,076,172</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 21,069	\$ 4,418	\$ 25,487
Payroll Taxes Payable	14,411	1,044	15,455
Accrued Interest Payable	2,279	10,877	13,156
Notes Payable	0	5,303	5,303
Bonds Payable	38,000	0	38,000
Total Current Liabilities	<u>\$ 75,759</u>	<u>\$ 21,642</u>	<u>\$ 97,401</u>
Noncurrent Liabilities:			
Customers' Deposits	\$ 0	\$ 10,355	\$ 10,355
Notes Payable	0	264,770	264,770
Bonds Payable	509,000	0	509,000
Total Noncurrent Liabilities	<u>\$ 509,000</u>	<u>\$ 275,125</u>	<u>\$ 784,125</u>
Total Liabilities	<u>\$ 584,759</u>	<u>\$ 296,767</u>	<u>\$ 881,526</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	\$1,262,965	\$ 280,220	\$1,543,185
Restricted For:			
Debt Service	0	32,156	32,156
Street Projects	347,720	0	347,720
Unrestricted	10,143	261,442	271,585
Total Net Assets	<u>\$1,620,828</u>	<u>\$ 573,818</u>	<u>\$2,194,646</u>

VILLAGE OF PINE PRAIRIE
Statement of Activities
For the Year Ended December 31, 2004

Activities	Expenses	Net (Expense) Revenues and Changes in Net Assets		Total
		Program Revenues Fees, Fines, and Changes for Services	Governmental Activities	
Governmental activities:				
General government	\$ 138,981	\$ 142,971	\$ 3,990	\$ 3,990
Public safety (Police)	249,253	190,840	(58,413)	(58,413)
Recreation	17,929	—	(17,929)	(17,929)
Streets	217,812	—	(217,812)	(217,812)
Interest on long-term debt	34,990	—	(34,990)	(34,990)
Total governmental activities	\$ 658,965	\$ 333,811	\$ (325,154)	\$ (325,154)
Business-type activities:				
Sewer	\$ 101,223	\$ 66,607	\$ —	\$ (34,616)
Total business-type activities	\$ 101,223	\$ 66,607	\$ —	\$ (34,616)
Total primary government	\$ 760,188	\$ 400,418	\$ (325,154)	\$ (359,770)
General Revenues:				
Taxes				
Ad Valorem Taxes			\$ 82,344	\$ 82,344
Sales Taxes			176,537	176,537
Franchise Taxes			35,473	35,473
Investment Earnings			4,149	10,754
Miscellaneous			12,198	12,398
Special Item—Gain on sale of equipment			1,175	1,175
Transfers			(2,712)	—
Total general revenues, special items, and transfers			\$ 309,164	\$ 318,681
Change in net assets			\$ (15,990)	\$ (41,089)
Net assets—beginning			1,636,818	2,235,735
Net assets—ending			\$1,620,828	\$2,194,646

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

FUND DESCRIPTIONS

Governmental Funds

General Fund

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

Special Revenue Funds

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds

To account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Proprietary Funds

To account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

GOVERNMENTAL FUNDS

VILLAGE OF PINE PRAIRIE
Governmental Funds
Balance sheet
December 31, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Interest-Bearing Deposits:	\$ 96,186	\$179,324	\$ 21,457	\$296,967
Ad Valorem Taxes Receivable	22,190	38,773		60,963
Sales Tax Receivable		23,778		23,778
Due from Other Funds	<u>7,658</u>	<u>123,861</u>		<u>131,519</u>
Total Assets	<u>\$126,034</u>	<u>\$365,736</u>	<u>\$ 21,457</u>	<u>\$513,227</u>
LIABILITIES AND FUND BALANCES:				
<u>Liabilities:</u>				
Payroll & Taxes Payable	\$ 10,580	\$ 3,832	\$	\$ 14,412
Customers' Deposits Payable				
Due to Other Funds	<u>34,320</u>	<u>4,324</u>	<u>78,960</u>	<u>117,604</u>
Total Liabilities	<u>\$ 44,900</u>	<u>\$ 8,156</u>	<u>\$ 78,960</u>	<u>\$132,016</u>
<u>Fund Balances:</u>				
Fund Balances:				
Reserved for:				
Debt Service	\$	\$	\$(57,503)	\$(57,503)
Street Projects		357,266		\$357,266
Unreserved	<u>81,134</u>	<u>314</u>		<u>81,448</u>
Total Fund Balances	<u>\$ 81,134</u>	<u>\$357,580</u>	<u>\$(57,503)</u>	<u>\$381,211</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$126,034</u>	<u>\$365,736</u>	<u>\$ 21,457</u>	<u>\$513,227</u>

VILLAGE OF PINE PRAIRIE
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
December 31, 2004

Governmental funds fund balances at December 31, 2004	\$ 381,211
Total net assets reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,809,965
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(547,000)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(2,279)
Certain liabilities (such as accrued expenses) are not reported in the fund financial statements because they are not due and payable, but they are presented in the statement of net assets.	<u>(21,069)</u>
Net assets of governmental activities	<u>\$ 1,620,828</u>

VILLAGE OF PINE PRAIRIE
Governmental Funds
Combined Statement Of Revenues, Expenditures, And Changes
In Fund Balances
For The Year Ended December 31, 2004

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service Fund</u>	<u>Total (Governmental Funds)</u>
Revenues:				
Taxes: Ad Valorem	\$ 37,895	\$ 44,449	\$	\$ 82,344
Franchise	35,473			35,473
Sales		176,537		176,537
Licenses	26,716			26,716
Fines and Forfeits	190,840			190,840
Prison Fees	115,521			115,521
Miscellaneous	8,743	4,187		12,930
Total Revenues	<u>\$ 415,188</u>	<u>\$ 225,173</u>	<u>\$ 0</u>	<u>\$ 640,361</u>
Expenditures:				
Current:				
General Government	\$ 126,045	\$	\$	\$ 126,045
Public Safety	230,067			230,067
Street Department		122,506		122,506
Capital Outlay	53,253	2,595		55,848
Debt Service			196,660	196,660
Total Expenditures:	<u>\$ 409,365</u>	<u>\$ 125,101</u>	<u>\$ 196,660</u>	<u>\$ 731,126</u>
Other Financing Sources / (Uses)				
Interest Income	\$ 1,357	\$ 2,527	\$ 265	\$ 4,149
Sale of Assets	2,484	13,734	129,116	2,484
Operating Transfers In	159	13,734		143,009
Operating Transfers Out	(45,575)	(100,147)		(145,722)
Total Other Financing Sources/(Uses)	<u>\$ (41,575)</u>	<u>\$(83,886)</u>	<u>\$129,381</u>	<u>\$ 3,920</u>
Net Change in Fund Balances	<u>\$ (35,752)</u>	<u>\$ 16,186</u>	<u>\$(67,279)</u>	<u>\$ (86,845)</u>
Fund Balance, Beginning Of Year	<u>116,886</u>	<u>341,394</u>	<u>9,776</u>	<u>468,056</u>
Fund Balance, End Of Year	<u>\$ 81,134</u>	<u>\$357,580</u>	<u>\$(57,503)</u>	<u>\$ 381,211</u>

VILLAGE OF PINE PRAIRIE
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended December 31, 2004

Net change in fund balances-total governmental funds \$(86,845)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$124,286) exceeded capital outlays (\$55,848) in the current year. (68,438)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 161,000

Interest on long-term debt is recorded on the accrual basis in the statement of activities. However, interest is recorded on the modified accrual basis in the statement of revenues, expenditures, and changes in fund balances-governmental funds. 671

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (21,069)

In the statement of activities, only the gain on the sale of equipment is reported, where as in the governmental funds, the proceeds from the sale increase financial resources. This the amount by which the sale proceeds exceeded the gain. (1,309)

Change in net assets of governmental activities \$(15,990)

PROPRIETARY FUND

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Comparative Statement of Net Assets
December 31, 2004 and 2003

ASSETS:	<u>2004</u>	<u>2003</u>
Current Assets:		
Cash and Interest-Bearing Deposits	\$ 2,452	\$ 407,540
Accounts Receivable, Net of Allowance for Uncollectible (2004, \$-0-; 2003, \$-0-)	<u>7,712</u>	<u>7,612</u>
Total Current Assets	<u>\$ 10,164</u>	<u>\$415,152</u>
Restricted Assets:		
Cash on Deposit for:		
Note Sinking Fund	\$ 14,042	\$ 21,647
Note Reserve Fund	15,706	14,875
Note Contingency Fund	18,585	17,598
Customers' Deposits	13,728	
Sewer Plant Corrections	<u>261,982</u>	
Total Restricted Assets	<u>\$324,043</u>	<u>\$ 54,120</u>
<u>Long-Term Assets:</u>		
Fixed Assets, Net of Accumulated Depreciation (2004, \$329,834; 2003, \$306,856)	<u>\$550,293</u>	<u>\$446,215</u>
Total Long-Term Assets	<u>\$550,293</u>	<u>\$446,215</u>
TOTAL ASSETS	<u>\$884,500</u>	<u>\$915,487</u>
 LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 4,418	\$ 2,915
Payroll and Taxes Payable	1,044	372
Accrued Interest Payable	10,877	11,551
Notes Payable	<u>5,303</u>	<u>4,395</u>
Total Current Liabilities	<u>\$ 21,642</u>	<u>\$ 19,233</u>
Noncurrent Liabilities:		
Customers' Deposits	\$ 10,355	\$ 13,160
Note Payable	<u>264,770</u>	<u>270,262</u>
Total Noncurrent Liabilities	<u>\$275,125</u>	<u>\$283,422</u>

(Continued)

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Comparative Statement of Net Assets
December 31, 2004 and 2003
(Continued)

	<u>2004</u>	<u>2003</u>
Due to Other Funds:		
Due to Sales Tax Fund	\$ 6,257	\$ 6,257
Due to General Fund	<u>7,658</u>	<u>7,658</u>
Total Due to Other Funds	<u>\$ 13,915</u>	<u>\$ 13,915</u>
 Total Liabilities	 <u>\$310,682</u>	 <u>\$316,570</u>
 NET ASSETS:		
Invested in capital assets, net of related debt	\$280,220	\$171,558
Restricted for:		
Debt Service	32,156	49,725
Unreserved	<u>261,442</u>	<u>377,634</u>
Total Net Assets	<u>\$573,818</u>	<u>\$598,917</u>

VILLAGE OF PINE PRAIRIE
Comparative Statement Of Revenues,
Expenses, And Changes In Fund Net Assets
Proprietary Fund
For The Year Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating Revenues:		
Charges for Services—Sewer Fees	\$ 66,607	\$ 63,775
Miscellaneous	<u>200</u>	<u>325</u>
Total Operating Revenues	<u>\$ 66,807</u>	<u>\$ 64,100</u>
 Operating expenses:		
Dues & Fees	\$ 0	\$ 200
Depreciation Expense	22,977	24,072
Insurance	7,810	6,559
Office Expense	320	4,184
Repairs and Maintenance	9,316	2,054
Salaries	17,381	19,294
Taxes	1,329	1,475
Miscellaneous	19,353	21,109
Utilities	<u>9,189</u>	<u>9,510</u>
Total operating expenses	<u>\$ 87,675</u>	<u>\$ 88,457</u>
 Operating income (loss)	 <u>\$(20,868)</u>	 <u>\$(24,357)</u>
 Non-operating revenues/(expenses):		
Interest Revenue	\$ 6,605	\$ 9,729
Interest Expense	<u>(13,548)</u>	<u>(13,776)</u>
Total non-operating revenues/(expenses)	<u>\$ (6,943)</u>	<u>\$ (4,047)</u>
 Transfers in (outs):		
Operating Transfers In	\$ 2,724	3,801
Operating Transfer Out	<u>(12)</u>	<u>(663)</u>
Total transfers in (out)	<u>\$ 2,712</u>	<u>\$ 3,138</u>
 Change in net assets	 \$(25,099)	 \$(25,266)
 <u>Net Assets, BEGINNING OF YEAR</u>	 <u>598,917</u>	 <u>624,183</u>
<u>Net Assets, END OF YEAR</u>	<u>\$573,818</u>	<u>\$598,917</u>

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Comparative Statement Of Cash Flows
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Receipts from customers	\$ 66,707	\$ 63,870
Payments to suppliers	(45,142)	(43,828)
Payments to employees	<u>(17,381)</u>	<u>(19,294)</u>
Net cash provided by operating activities	\$ 4,184	<u>\$ 748</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	\$ 2,724	\$ 3,801
Cash paid to other funds	<u>(12)</u>	<u>(663)</u>
Net cash provided by noncapital financing activities	<u>\$ 2,712</u>	<u>\$ 3,138</u>
Cash flows from capital and related financing activities:		
Note principal payments	\$ (4,584)	\$ (5,416)
Payments for plant and equipment	(127,055)	(39,408)
Increase/(Decrease) in customers' deposits payable	<u>(2,805)</u>	<u>360</u>
Net cash used for capital and related financing activities	<u>\$(134,444)</u>	<u>\$ (44,464)</u>
Cash flows from investing activities:		
Interest received	\$ 6,605	\$ 9,729
Interest paid	<u>(14,222)</u>	<u>(13,390)</u>
Net cash used for investing activities	<u>\$ (7,617)</u>	<u>\$ (3,661)</u>
Net increase in cash and cash equivalents	\$(135,165)	\$ (44,239)
Cash and cash equivalent, beginning of year	<u>461,660</u>	<u>505,899</u>
Cash and cash equivalent, end of year	<u>\$ 326,495</u>	<u>\$ 461,660</u>

(continued)

VILLAGE OF PINE PRAIRIE
Proprietary Fund
Comparative Statement Of Cash Flows (continued)
For The Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (20,868)	\$ (24,357)
Adjustments to reconcile operating loss to net cash provided by/(used for) operating activities:		
Depreciation	22,977	24,072
Changes in current assets and liabilities:		
Increase in accounts receivable	(100)	(230)
Increase in accounts payable	1,503	1,325
Increase/(Decrease) in payroll taxes payable	672	(62)
Net cash provided by operating activities	<u>\$ 4,184</u>	<u>\$ 748</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of year		
Cash—unrestricted	\$ 407,540	\$ 453,070
Cash—restricted	<u>54,120</u>	<u>52,829</u>
Total cash and cash equivalents, beginning of year	<u>\$ 461,660</u>	<u>\$ 505,899</u>
Cash and cash equivalents, end of year		
Cash—unrestricted	\$ 2,452	\$ 407,540
Cash—restricted	<u>324,043</u>	<u>54,120</u>
Total cash and cash equivalents, end of year	<u>\$ 326,495</u>	<u>\$ 461,660</u>
Net Increase (Decrease)	<u>\$(135,165)</u>	<u>\$(44,239)</u>

NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF PINE PRAIRIE, LOUISIANA
Notes To The Financial Statements
December 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Pine Prairie was incorporated in 1959 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

The financial statements of the Village of Pine Prairie, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's policies are described below.

1. Reporting Entity

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of an entity's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of an entity's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

The Village has implemented the general provisions of GASB Statement No. 34 in the current year. The changes made by GASB Statement No. 34 are reflected in the accompanying financial statements (including the notes to the financial statements) with the exception of Management's Discussion and Analysis.

In evaluating how to define the government, 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 GAAP. 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 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

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third 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 government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village of Pine Prairie had no other significant managerial responsibility over any other governmental unit that is not included in the financial statements.

2. Basis of Presentation

Governmental-Wide Financial Statements:

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.

Fund Financial Statements:

Financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The Village's funds are organized into two major categories: governmental and proprietary.

Governmental Funds

The funds of the Village are described below:

General Fund – The General Fund is the primary operating fund of the Village. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific sources that are legally restricted to expenditures for certain purposes.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal and service payments made by the Sewer Utility Fund. Sales taxes are used for the payment of principal and interest on the Village's note.

Proprietary Fund

Utility Fund – Utility Funds are used to account for the proceeds of sewer collection fees from the sewer system completed in 1990. These fees are used to operate and maintain the sewer system and pay the note from USDA.

3. Measurement Focus and 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:

In the government-wide Statement of Net Assets and the Statement of Activities, governmental 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 (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

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 related 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.

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 sixty 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.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expense are recorded when the liability is incurred or economic asset used.

4. Assets, Liabilities, and Equity

Cash and Interest-Bearing Deposits:

Cash and interest-bearing deposits includes all demand, savings accounts, and certificates of deposits of the Village.

Receivables:

In the government-wide statements, receivables consist of all revenue earned at year-end and not yet received. In the fund financial statements, receivables include accruals for revenues which are measurable and available. Major receivable balances for the Villages' governmental activities reported in both the government-wide and the fund financial statements include sales taxes. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Sewer utility accounts receivable compose the majority of proprietary fund receivables.

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

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note H for details of interfund transactions, including receivables and payables at year-end.

Fixed Assets:

The accounting treatment of property, plant, and equipment (fixed assets) 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.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued 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. Estimated historical cost of \$390,957 was used to value the majority of the assets acquired prior to January 1, 1988.

Depreciation of all exhaustible fixed 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:

Equipment	10 years
Improvements	20 years
Buildings	40 years
Sewerage Disposal Plant	40 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets:

Restricted assets include cash and interest-bearing deposits of the debt service and proprietary funds. The primary restricted assets are related to bonds/note repayment, sewer utility meter deposits, and sewer plant remediation monies.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Long-Term Debt:

The accounting treatment of long-term debt depends on whether the assets are reported 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 are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable.

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 are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Equity Classifications:

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 their 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 legislations.
- 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".

Fund Statements

Governmental fund equity is classified as fund balance. Fund Balance is further classified as reserved or unreserved. Proprietary fund equity is classified the same as in the government-wide statements.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

5. Revenues, Expenditures, and Expenses

Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of March 16 of each year. Taxes are levied by the Village in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on March 16 of the following year. Revenues from ad valorem taxes are recorded in the year billed.

The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Evangeline Parish.

Sales Taxes

Proceeds of the two percent (2%) sales and use tax are dedicated to the following purposes:

After paying the necessary cost of collection and administration, for the purpose of construction, maintenance, and repairs of all public streets and roadways within the Village of Pine Prairie.

The two percent (2%) sales tax is in effect for a period of twenty years, beginning January 1, 1998 and ending December 31, 2017.

Operating Revenues and Expenses

Operating revenues and expense for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures:

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:	Current
	Debt Service
	Capital Outlay

Proprietary Fund—By Operating and Nonoperating

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

6. Budget and Budgetary Accounting

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

1. The Village clerk prepares a proposed budget and submits same to the Mayor and Board of Alderman no later than fifteen days prior to the beginning of each fiscal year.
2. The budget is adopted through passage of an ordinance 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 increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

8. Comparative Data

Comparative data for the prior year is presented for the year ended December 31, 2003. All data for the current year is presented for the year ended December 31, 2004.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE B- STATEMENT OF CASH FLOWS

The statement of cash flows included in the accompanying component unit financial statements presents cash and cash equivalents at the beginning and end of the period. Cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

The statement of cash flows focuses on cash receipts and cash payments resulting from operating, non capital financing, capital and related financing, or investing activities.

Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as investing activities. Cash flows from operating activities generally are the cash effects of transactions and other events that enter into the determination of operating income.

Non capital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction or improvement of capital assets, regardless of the form of the borrowing. Also, included are certain other interfund and intergovernmental receipts and payments.

Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit.

Investing activities include making and collecting loans and acquiring and disposing of debt or equity instruments.

NOTE C – PRIOR PERIOD ADJUSTMENTS

As stated in Note A, the Village implemented GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, in the current year. As a result, the Governmental Funds "fund balances" at December 31, 2003, have been converted to "net assets" as follows:

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Governmental funds fund balances as of December 31, 2003		\$ 468,055
Add: Cost of capital assets at December 31, 2003		2,807,571
Less: Accumulated depreciation at December 31, 2003	\$(927,858)	
Bond principal at December 31, 2003	(708,000)	
Accrued interest payable at December 31, 2003	<u>(2,950)</u>	<u>(1,638,808)</u>
Net assets at December 31, 2003		<u>\$1,636,818</u>

NOTE D-AD VALOREM TAXES

For the twelve months ended December 31, 2004, the 2004 tax roll taxes of 21.86 mills were levied on property with assessed valuations totaling \$3,766,880 and were dedicated as follows:

General Corporate Purposes	5.21 Mills
Street Maintenance	6.88 Mills
Street Construction	4.92 Mills
Police Protection	1.97 Mills
Recreation	<u>2.88 Mills</u>
Total	<u>21.86 Mills</u>

Total taxes levied were \$82,343.99.

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004, is as follows:

	<u>Balance 12/31/03</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/04</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,558	\$ 36,174	\$	\$ 83,732
Capital assets being depreciated:				
Machinery and Equipment	350,055	1,395	(12,892)	338,558
Improvements	2,063,416	9,231		2,072,647
Buildings	<u>346,542</u>	<u>9,048</u>		<u>355,590</u>
Total capital assets:	<u>\$2,807,571</u>	<u>\$ 55,848</u>	<u>\$ (12,892)</u>	<u>\$2,850,527</u>

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Less accumulated depreciation:

Machinery and Equipment	\$(152,141)	\$ (29,596)	\$ 11,582	\$(170,155)
Improvements	(693,865)	(87,484)		(781,349)
Buildings	(81,852)	(7,206)		(89,058)
<i>Total accumulated depreciation</i>	<u>\$(927,858)</u>	<u>\$(124,286)</u>	<u>\$ 11,582</u>	<u>\$(1,040,562)</u>
Governmental activities capital assets, net	<u>\$1,879,713</u>	<u>\$(68,438)</u>	<u>\$ (1,310)</u>	<u>\$1,809,965</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 16,941
Public safety (Police)	12,565
Recreation	9,021
Streets	85,759
Total governmental activities	<u>\$124,286</u>
Business-type activities:	
Sewer utility	\$ 22,977
Total business-type activities	<u>\$ 22,977</u>
Total depreciation expense	<u>\$147,263</u>

NOTE F -LONG-TERM LIABILITIES

Long-Term Liability Activity:

Long-term liability activity for the year ended December 31, 2004, was as follows:

	Balance 1/ 1/04	Additions	Retirements	Balance 12/31/04
<u>Governmental Activities:</u>				
Bonds Payable:	<u>\$708,000</u>	<u>\$ 0</u>	<u>\$(161,000)</u>	<u>\$547,000</u>
Total Governmental Activities:	<u>\$708,000</u>	<u>\$ 0</u>	<u>\$(161,000)</u>	<u>\$547,000</u>
<u>Business-Type Activities:</u>				
Notes Payable	<u>\$274,657</u>	<u>\$ 0</u>	<u>\$ (4,585)</u>	<u>\$270,072</u>
Total Business-Type Activities:	<u>\$274,657</u>	<u>\$ 0</u>	<u>\$ (4,585)</u>	<u>\$270,072</u>
Total Government	<u>\$982,657</u>	<u>\$ 0</u>	<u>\$(165,585)</u>	<u>\$817,072</u>

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Description of Debt:

Governmental Activities:

Debt Service Fund – The Village issued \$742,000 Revenue Bonds, Series 2002 in January 2003 for the purpose of constructing and repairing public streets and roadways in the Village. The bonds bear interest at the rate of 5% per annum and mature over a period of fifteen years. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on December 1.

Debt service requirements to maturity are as follows:

<u>Year Ended</u>	<u>Principal Amounts</u>	<u>Interest Amounts</u>
2005	\$ 38,000	\$ 27,192
2006	40,000	25,283
2007	42,000	23,275
2008	44,000	21,167
2009	46,000	18,958
2010-2017	<u>337,000</u>	<u>61,396</u>
Total	<u>\$547,000</u>	<u>\$177,271</u>

The bonds are secured by and payable solely from the pledge and dedication of the excess of annual revenues of the Village and the proceeds of the Village's two percent (2%) sales tax.

Enterprise Fund – The Village borrowed \$320,000 on a USDA Rural Development note for the construction of a sewer system. The note is a forty year, five percent note with annual payments of \$18,806 beginning in 1992.

Debt service requirements maturity are as follows:

<u>Year Ending</u>	<u>Principal Amounts</u>	<u>Interest Amounts</u>
2005	\$ 5,292	\$ 13,515
2006	5,556	13,250
2007	5,834	12,972
2008	6,126	12,680
2009	6,432	12,374
2010-2030	<u>240,832</u>	<u>153,679</u>
Total	<u>\$270,072</u>	<u>\$218,470</u>

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE G -- COLLATERALIZATION OF CASH

Bank Balances at December 31, 2004	\$ 623,462
Less Amount Insured by FDIC	(200,000)
Less Amount Collateralized with Securities Pledged in the Village's Name	<u>423,462</u>
Uninsured/Uncollateralized Bank Balances at December 31, 2004	<u>\$ -0-</u>

The Village's cash was adequately collateralized at December 31, 2004.

NOTE H -- INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>General Fund</u>	\$	\$ 3,544
Due to Street Maintenance		28,197
Due to Sales Tax		2,579
Due to Street Construction		
Due from Sewer Funds	7,658	
<u>Special Revenue Funds</u>		
<u>Street Maintenance Fund</u>		
Due from General Fund	3,544	
Due to Sales Tax Fund		499
Due to Street Construction Fund		2,000
<u>Street Construction Fund</u>		
Due from General Fund	2,579	
Due from Street Maintenance Fund	2,000	
Due to Sales Tax		1,825
<u>Sales Tax Fund</u>		
Due from General Fund	28,197	
Due from Street Maintenance Fund	499	
Due from Sewer Fund	6,257	
Due from Street Construction	1,825	
Due from Debt Service Fund	78,960	
<u>Debt Service Fund</u>		
Due to Sales Tax Fund		78,960
<u>Enterprise Funds</u>		
<u>Sewer Fund</u>		
Due to Sales Tax Fund		6,257
Due to General Fund		<u>7,658</u>
TOTALS	<u>\$131,519</u>	<u>\$131,519</u>

NOTE I -- LITIGATION

In the opinion of the Village attorneys, the potential claims against the Village not covered by insurance would not materially affect the financial statements of the Village.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE J – COMPENSATION OF MAYOR AND BOARD OF ALDERMEN

A schedule of compensation paid to the Mayor and Board of Aldermen is as follows:

Terrel McCauley (Mayor)	\$ 1,030
Terry Savant (Mayor)	5,650
O.L. Fuselier	3,000
Ricky Cole	3,000
Tammy Hammond	<u>2,500</u>
Total	<u>\$15,180</u>

NOTE K—DELINQUENT PAYROLL TAX DEPOSITS

Payroll tax deposits were not made by the applicable due dates.

**NOTE L—MUNICIPAL POLICE EMPLOYEES RETIREMENT
SYSTEM OF LOUISIANA (SYSTEM)**

Plan Description- All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. 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 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 Police Employees Retirement System of Louisiana, (225) 929-7411.

Funding Policy- Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Village is required to contribute at an actuarially determined rate. The current rate is 21.5 % of annual covered payroll. The contribution requirements of plan members and the Town 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 for the year ending December 31, 2004, were \$1,334, equal to the required contributions for that year.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE M-CONTINGENT LIABILITY

The Village received payments from the sales tax commission for sales taxes paid by a local business which is not located within the Village's taxing jurisdiction. The local tax collection commission is requesting a refund from the Village for these tax payments made in error. It is uncertain as to the Village's actual liability at this time.

VILLAGE OF PINE PRAIRIE
General Fund
Budgetary Comparison Schedule
For The Year Ended December 31, 2004

	<u>Budget</u>			Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes: Property	\$ 36,000	\$ 36,000	\$ 37,895	\$ 1,895
Franchise	25,000	34,000	35,473	1,473
Licenses	32,000	27,000	26,716	(284)
Fines and Forfeits	200,000	185,000	190,840	5,840
Prison Fees	110,000	97,000	115,521	18,521
Grants	15,000	15,000		(15,000)
Miscellaneous	1,000	6,000	8,743	2,743
Total Revenues	<u>\$ 419,000</u>	<u>\$ 400,000</u>	<u>\$ 415,188</u>	<u>\$ 15,188</u>
Expenditures:				
Current:				
General Government	\$ 99,850	\$ 157,559	\$ 126,045	\$ 31,514
Public Safety	203,800	238,200	230,067	8,133
Capital Outlay	60,000	54,000	53,253	747
Total Expenditures:	<u>\$ 363,650</u>	<u>\$ 449,759</u>	<u>\$ 409,365</u>	<u>\$ 40,394</u>
Other Financing Sources / (Uses)				
Interest Income	\$ 3,000	\$	\$ 1,357	\$ 1,357
Sale of Assets			2,484	2,484
Operating Transfers In			159	159
Operating Transfers Out	(52,000)	(52,000)	(45,575)	6,425
Total Other Financing Sources/(Uses)	<u>\$ (49,000)</u>	<u>\$ (52,000)</u>	<u>\$ (41,575)</u>	<u>\$ 10,425</u>
Net change in fund balances	\$ 6,350	\$(101,759)	\$(35,752)	\$ 66,007
Fund Balance, Beginning Of Year	<u>43,204</u>	<u>116,886</u>	<u>116,886</u>	<u>_____</u>
Fund Balance, End Of Year	<u>\$ 49,554</u>	<u>\$ 15,127</u>	<u>\$ 81,134</u>	<u>\$ 66,007</u>

VILLAGE OF PINE PRAIRIE
Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended December 31, 2004

	Budget			Variance With Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes: Property	\$ 42,000	\$ 42,000	\$ 44,449	\$ 2,449
Sales	136,000	150,000	176,537	26,537
Miscellaneous		3,500	4,187	687
Total Revenues	<u>\$ 178,000</u>	<u>\$ 195,500</u>	<u>\$ 225,173</u>	<u>\$ 29,673</u>
Expenditures:				
Current:				
Street Department	\$ 133,600	\$ 121,750	\$ 122,506	\$ (756)
Debt Service	100,000	100,000		100,000
Capital Outlay	30,000	31,764	2,595	29,169
Total Expenditures:	<u>\$ 263,600</u>	<u>\$ 253,514</u>	<u>\$ 125,101</u>	<u>\$ 128,413</u>
Other Financing Sources / (Uses)				
Interest Income	\$	\$	\$ 2,527	\$ 2,527
Operating Transfers In	46,600	18,000	13,734	(4,266)
Operating Transfers Out			<u>(100,147)</u>	<u>(100,147)</u>
Total Other Financing Sources/(Uses)	<u>\$ 46,600</u>	<u>\$ 18,000</u>	<u>\$ (83,886)</u>	<u>\$ (101,886)</u>
Net Change in Fund Balances	\$ (39,000)	\$(40,014)	\$ 16,186	\$ 56,200
Fund Balance, Beginning Of Year	<u>192,820</u>	<u>341,394</u>	<u>341,394</u>	<u>_____</u>
Fund Balance, End Of Year	<u>\$ 153,820</u>	<u>\$301,380</u>	<u>\$357,580</u>	<u>\$ 56,200</u>

SPECIAL REVENUE FUNDS

- Street Maintenance Fund:** To account for the receipt and use of proceeds of the Village's 7.00 mill tax on all property subject to state taxation in the Village. The expenditures are for the purpose of maintaining streets in the Village.
- Street Construction Fund:** To account for the receipt and use of proceeds of the Village's 5.00 mill tax on all property subject to state taxation in the Village. The expenditures are for the purpose of constructing streets in the Village.
- Sales Tax Fund:** To account for the receipt and use of the Village's 2% sales and use tax. These taxes are dedicated for, after paying the necessary cost of collection and administration, the hard surfacing and resealing and maintaining of roads in the Village, and for the payment of bonds or other funded indebtedness of said Village incurred for said purposes.
- Trees for the Village Fund:** To account for the receipt and use of proceeds of the Village's grant and donations for a Village Beautification Project.

VILLAGE OF PINE PRAIRIE
Special Revenue Funds
Combining Balance Sheet
December 31, 2004

	<u>Street Maintenance Tax Fund</u>	<u>Street Construction Tax Fund</u>	<u>Sales Tax Fund</u>	<u>Trees for the Village Fund</u>	<u>Totals</u>
ASSETS:					
Cash and Interest-Bearing Deposits	\$ 46,140	\$ 31,399	\$101,471	\$ 314	\$179,324
Ad Valorem Taxes Receivable	22,668	16,105			38,773
Sales Tax Receivable			23,778		23,778
Due from General Fund	3,544	2,579	28,197		34,320
Due from Street Maintenance Fund		2,000	499		2,499
Due from Sewer Fund			6,257		6,257
Due from Street Construction			1,825		1,825
Due from Debt Service Fund			78,960		78,960
Total Assets	<u>\$ 72,352</u>	<u>\$ 52,083</u>	<u>\$240,987</u>	<u>\$ 314</u>	<u>\$365,736</u>
LIABILITIES AND FUND					
BALANCES:					
Liabilities:					
Payroll Taxes Payable	\$ 433	\$	\$ 3,399	\$	\$ 3,832
Due to Sales Tax Fund	499	1,825			2,324
Due to Street Construction Fund	2,000				2,000
Total Liabilities	<u>\$ 2,932</u>	<u>\$ 1,825</u>	<u>\$ 3,399</u>	<u>\$ 0</u>	<u>\$ 8,156</u>
Fund Balances:					
Reserved for:					
Street Projects	\$69,420	\$50,258	\$237,588	\$	\$357,266
Unreserved				314	314
Total Fund Balances	<u>\$69,420</u>	<u>\$50,258</u>	<u>\$237,588</u>	<u>\$ 314</u>	<u>\$357,580</u>
Total Liabilities and Fund Balances	<u>\$72,352</u>	<u>\$52,083</u>	<u>\$240,987</u>	<u>\$ 314</u>	<u>\$365,736</u>

VILLAGE OF PINE PRAIRIE
Special Revenue Funds
Combining Statement Of Revenues, Expenditures,
And Changes In Fund Balances
For The Year Ended December 31, 2004

	<u>Street Maintenance Tax Fund</u>	<u>Street Construction Tax Fund</u>	<u>Sales Tax Fund</u>	<u>Trees for the Village Fund</u>	<u>Totals</u>
Revenue:					
Tax: Sales	\$	\$	\$176,537	\$	\$176,537
Property	25,916	18,533			44,449
Miscellaneous	347		3,790	50	4,187
Total Revenues	<u>\$ 26,263</u>	<u>\$ 18,533</u>	<u>\$180,327</u>	<u>\$ 50</u>	<u>\$225,173</u>
Expenditures:					
Current:					
Street Department	\$ 7,977	\$	\$114,529	\$	\$122,506
Capital Outlays	1,200		1,395		2,595
Total Expenditures	<u>\$ 9,177</u>	<u>\$ 0</u>	<u>\$115,924</u>	<u>\$ 0</u>	<u>\$125,101</u>
<u>Other Financing Sources/(Uses)</u>					
Interest Income	\$	\$ 220	\$ 2,307		\$ 2,527
Operating Transfer In	22		13,712		13,734
Operating Transfer Out			(100,147)		(100,147)
Total Other Financing Sources/(Uses)	<u>\$ 22</u>	<u>\$ 220</u>	<u>\$(84,128)</u>	<u>\$ 0</u>	<u>\$(83,886)</u>
<u>EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</u>					
	\$ 17,108	\$ 18,753	\$(19,725)	\$ 50	\$ 16,186
<u>FUND BALANCE, BEGINNING OF YEAR</u>					
	52,312	31,505	257,313	264	341,394
<u>FUND BALANCE, END OF YEAR</u>					
	<u>\$ 69,420</u>	<u>\$ 50,258</u>	<u>\$237,588</u>	<u>\$ 314</u>	<u>\$357,580</u>

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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 the Board of Aldermen
Village of Pine Prairie, Louisiana

I have audited the basic financial statements of the Village of Pine Prairie, Louisiana, as of and for the year ended December 31, 2004, and have issued my report thereon dated June 27, 2005. 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 the Village of Pine Prairie, Louisiana's basic 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2004-2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Pine Prairie, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting.

However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Village of Pine Prairie, Louisiana's ability to record, process,

summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-1 and 2004-2.

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 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, I consider item 2004-2 of the reportable conditions described above to be a material weakness.

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

Michael W. Johnson

Michael W. Johnson
Certified Public Accountant

Eunice, Louisiana
June 27, 2005

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VILLAGE OF PINE PRAIRIE SCHEDULE OF FINDINGS For the Year Ended December 31, 2004

I have audited the basic financial statements of the Village of Pine Prairie, Louisiana as of and for the year ended December 31, 2004, and have issued my report thereon dated June 27, 2005. 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. My audit of the financial statements as of December 31, 2004, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No

Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II. Financial Statement Findings, Recommendations, and Management's Response

2004-1. Inadequate Segregation of Duties

Finding: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

2004-2. Delinquent Payroll Tax Deposits

Finding: Payroll tax deposits were not made by the applicable due dates.

Cause: Management was not aware of the importance of this matter.

Recommendation: Management should ensure that payroll tax deposits are made by the applicable due dates.

Management's

Response:

Management has taken the necessary steps to correct this and assure that payroll tax deposits are made timely in the future.

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2004**

**SECTION I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

Finding No. 2003 – 2 Audit Engagement Resolved.

Delay:

The audit of the Village's general-purpose financial statements as of and for the year ended December 31, 2003, was not completed and transmitted to the Legislative auditor within six months of the close of the Village's year as required by state law.

Finding No. 2003 – 3 Financial Information: Resolved.

Not Updated In A Timely Manner:

Information was not entered into the Village's bookkeeping system in a timely manner.

Finding No. 2003 – 4 Delinquent Payroll Tax Unresolved.

Deposits:

Payroll tax deposits were not made by the applicable due dates.

Finding No. 2003 – 5 Police Officers Not Resolved.

**Notified Of Option To Participate In
State Retirement System As Required**

By State Law:

The Village did not notify its police officers of their option to participate in Louisiana's Municipal Police Employees' Retirement System.

**VILLAGE OF PINE PRAIRIE
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2004**

**SECTION I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

**Finding No. 2004-2-Delinquent Payroll Tax
Deposits:**

Payroll tax deposits were not made by the
applicable due dates.

Management has implemented the
necessary controls to ensure that
payroll tax deposits are made by
the applicable due dates.

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To the Board of Aldermen
Village of Pine Prairie, Louisiana

The audited financial statements of the Village of Pine Prairie, Louisiana and my report thereon is presented in the preceding section of this report. The financial information presented hereinafter was derived from the accounting records tested by me as part of the auditing procedures followed in my examination of the aforementioned financial statements. However, I did not audit the information and express no opinion on it.

Michael W. Johnson

Michael W. Johnson

Certified Public Accountant

Eunice, Louisiana

June 27, 2005

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To the Board of Aldermen
Village of Pine Prairie, Louisiana

Supplemental Letter

I have audited the financial statements of the Village of Pine Prairie, Louisiana for the year ended December 31, 2004, and have issued my report thereon dated June 27, 2005. As part of my audit I made a study and evaluation of the Village of Pine Prairie, Louisiana's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation was necessary for expressing an opinion on the Village's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Village of Pine Prairie, Louisiana is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates, and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and may not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Village of Pine Prairie, Louisiana taken as a whole. However, my study and evaluation disclosed the following condition that I believe to be a material weakness.

2004 – 2. Delinquent Payroll Tax Deposits

- Finding:** Payroll tax deposits were not made by the applicable due dates.
- Cause:** Management was not aware of the importance of this matter.
- Recommendation:** Management should ensure that payroll tax deposits are made by the applicable due dates.
- Management's Response:** Management has taken the steps necessary to assure that payroll deposits are made in a timely manner.

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.

The Village of Pine Prairie, Louisiana has insurance coverage of the following types, amounts, and expiration dates:

<u>TYPE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Automobile Liability	\$500,000	5/1/05
Commercial General Liability	500,000	5/1/05
Law Enforcement Officer's Comprehensive Liability	500,000	5/1/05
Public Officials' Errors and Omissions Liability	500,000	5/1/05
Worker's Compensation	500,000	1/1/05
Commercial Property Building	591,600	1/14/05
Contents	104,000	1/14/05
Fidelity Bond – Public Employees	75,000	5/16/05
Vehicle Physical Damage	132,896	6/15/05

Accounts Receivables were aged as follows:

0 ~ 30 days	\$4,537
31 ~ 60 days	1,042
61 ~ 90 days	291
90 ~ 120 days	83
Over 120 days	<u>1,764</u>
	<u>\$7712</u>

This report is intended solely for the use of management and United States Department of Agriculture and should not be used for any other purpose.

Michael W. Johnson

Michael W. Johnson
Certified Public Accountant

Eunice, Louisiana
June 27, 2005