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**VILLAGE OF HARRISONBURG
LOUISIANA**

***General Purpose Financial Statements
Combining & Individual Fund &
Account Group Statements & Schedules
& Supplemental Data***

JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewed, and is available to all 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 1-26-00

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INDEPENDENT AUDITOR'S REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS

The Honorable Cater Aplin, Mayor
and Members of the Village Council
Harrisonburg, Louisiana

I have audited the general purpose financial statements of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 1999 as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

Except as discussed in the fourth and fifth paragraphs, I conducted my audit in accordance with generally accepted auditing standards and 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 also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The general fixed assets account group does not include real property owned by the Village.

I was unable to determine what effect, if any, the year 2000 will have on the Village's computer system or what effect it will have on the Village's financial condition.

The Village does not have an adequate accounting system of reporting expenditures and expenses in the funds in which expenditures and expenses occurred. Further, I was unable to apply appropriate auditing procedures to the expenditures and expenses of the various funds and it was not practicable to determine what adjustments may be necessary to correct the situation.

As describe in Note 1, records concerning the fixed assets of the water system were not maintained prior to July 1, 1978; therefore, those assets, as well as accumulated depreciation thereon, are not reflected in the financial statements referred to in the first paragraph.

In my opinion, except for the situations described in the third paragraph, and except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the effects of the year 2000 question as discussed in the fourth paragraph, the combined balance sheet presents fairly in all material respects the financial position of the Village of Harrisonburg, Louisiana, as of June 30, 1999, in conformity with generally accepted accounting principles.

Because of the matter discussed in the fifth paragraph, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the combined statement of revenues, expenditures and changes in fund balances, the combined statement of revenues, expenses and changes in retained earnings and the combined statement of cash flow of the Village of Harrisonburg, Louisiana for the year ended June 30, 1999. Also the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the combining and individual fund statements of revenues, expenditures and changes in fund balance, statements of revenues, expenses and changes in retained earnings, and statement of cash flow marked unaudited of the Village of Harrisonburg, Louisiana, for the year ended June 30, 1999.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, individual account group financial statements and schedules, supplemental schedules, schedule of expenditures of federal assistance, and graphs are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Harrisonburg, Louisiana. Such information, except for those items discussed in the preceding paragraph and those marked unaudited, on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in my opinion, the information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

December 10, 1999

Jena, Louisiana

John R. Vercher

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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

The Honorable Cater Aplin, Mayor
and Members of the Village Council
Harrisonburg, Louisiana

I was engaged to audit the general purpose financial statements of the Village of Harrisonburg, Louisiana, for the fiscal year ended June 30, 1999, and have issued my report thereon dated December 10, 1999. Except as noted, I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Because the Village has an inadequate accounting system of reporting expenditures and expenses in the fund in which the expenditures and expenses occurred, I was unable to apply appropriate auditing procedures to those expenditures and expenses. Those statements, schedules and graphs marked "unaudited", on which I express no opinion, have not been subjected to the auditing procedures applied in the audit of the general purpose financial statements.

Compliance

As part of obtaining reasonable assurance about whether Village of Harrisonburg, Louisiana'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, on compliance with which could have a direct and material effect on the determination of financial statements 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 the following instances of noncompliance that are required to be reported under Government Auditing Standards that are discussed in Section II of Schedule of Findings and Questioned Costs.

- 99-C-1 Amended Budgets
- 99-C-2 Fixed Asset Records
- 99-C-3 Maintenance of Bond Reserves
- 99-C-4 Minutes of Meetings

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Village of Harrisonburg, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the 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 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 I consider to be material weaknesses except as follows and as discussed in Section III of the Schedule of Findings and Questioned Costs.

- 99-1-1 Supporting Documentation and Accounting

I have reported to management other matters involving internal control and operations in a separate letter entitled "Management Letter Comments".

This report is intended for the information of the Village of Harrisonburg's management and Legislative Auditor's Office. However, this report is a matter of public record and its distribution is not limited.

John R. Vercher

Jena, Louisiana
December 10, 1999

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

*Village of Harrisonburg, Louisiana
Combined Balance Sheet
All Fund Types and Account Group
June 30, 1999*

	Governmental Fund Types	
	General Fund	Capital Projects
ASSETS		
Cash	\$ 21,702	\$ -0-
Receivables (Net)	10,490	93,509
Restricted Assets:		
Cash	-0-	-0-
Construction in Progress	-0-	-0-
General Fixed Assets	-0-	-0-
Plant & Equipment	-0-	-0-
Accumulated Depreciation	-0-	-0-
Amount to be Provided for Retirement of General Long-Term Debt	-0-	-0-
	\$ 32,192	\$ 93,509
LIABILITIES & FUND EQUITY		
LIABILITIES		
Accounts Payable	\$ 21,775	\$ -0-
Accrued Liabilities	-0-	-0-
Payable from Restricted Assets:		
Accrued Liabilities	-0-	-0-
Current Portion of Notes & Bonds	-0-	-0-
Customer Deposits	-0-	-0-
General Obligation Note Payable	-0-	-0-
Revenue Bonds Payable	-0-	-0-
Revenue Notes Payable	-0-	-0-
Enterprise Notes Payable	-0-	-0-
	\$ 21,775	\$ -0-
Fund Equity		
Contributed Capital	\$ -0-	\$ -0-
Investments in General Fixed Assets	-0-	-0-
Retained Earnings:		
Reserved for Bond Retirement	\$ -0-	\$ -0-
Reserved for Bond Contingency	-0-	-0-
Unreserved (Deficit)	-0-	-0-
Fund Balance Unreserved - Undesignated	10,417	93,509
	\$ 10,417	\$ 93,509
TOTAL RETAINED EARNINGS/FUND BALANCE	\$ 10,417	\$ 93,509
TOTAL FUND EQUITY	\$ 10,417	\$ 93,509
TOTAL LIABILITIES AND FUND EQUITY	\$ 32,192	\$ 93,509

Proprietary Fund Type Enterprise Fund	Account Group		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
\$ 8,595	\$ -0-	\$ -0-	\$ 30,297
23,895	-0-	-0-	127,894
4,080	-0-	-0-	4,080
550,050	-0-	-0-	550,050
-0-	146,077	-0-	146,077
2,541,858	-0-	-0-	2,541,858
(888,436)	-0-	-0-	(888,436)
-0-	-0-	40,239	40,239
<u>\$ 2,240,042</u>	<u>\$ 146,077</u>	<u>\$ 40,239</u>	<u>\$ 2,552,059</u>
\$ 49,570	\$ -0-	\$ -0-	\$ 71,345
383	-0-	-0-	383
7,899	-0-	-0-	7,899
10,275	-0-	-0-	10,275
33,677	-0-	-0-	33,677
-0-	-0-	40,239	40,239
153,087	-0-	-0-	153,087
16,135	-0-	-0-	16,135
14,502	-0-	-0-	14,502
<u>\$ 285,528</u>	<u>\$ -0-</u>	<u>\$ 40,239</u>	<u>\$ 347,542</u>
\$ 2,209,063	\$ -0-	\$ -0-	\$ 2,209,063
-0-	146,077	-0-	146,077
\$ -0-	\$ -0-	\$ -0-	\$ -0-
364	-0-	-0-	364
(254,913)	-0-	-0-	(254,913)
-0-	-0-	-0-	103,926
<u>\$ (254,549)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (150,623)</u>
\$ 1,954,514	\$ 146,077	\$ -0-	\$ 2,204,517
<u>\$ 2,240,042</u>	<u>\$ 146,077</u>	<u>\$ 40,239</u>	<u>\$ 2,552,059</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Unaudited
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Types
Year Ended June 30, 1999

	General Fund	Capital Projects	Totals (Memorandum Only)
Revenues:			
Taxes	\$ 14,856	\$ -0-	\$ 14,856
Licenses & Permits	26,406	-0-	26,406
Intergovernmental	62,267	550,050	612,317
Charges for Services	7,158	-0-	7,158
Fines & Forfeits	16,129	-0-	16,129
Miscellaneous Revenue	6,112	-0-	6,112
Grants	12,835	-0-	12,835
Capital Lease Income	13,134	-0-	13,134
Total Revenues	\$ 158,897	\$ 550,050	\$ 708,947
Expenditures:			
<i>Current -</i>			
General Government	\$ 294,142	\$ -0-	\$ 294,142
Sanitary Landfill	3,636	-0-	3,636
Public Safety	10,786	-0-	10,786
Fire Protection	5,967	-0-	5,967
Beauregard Festival	1,842	-0-	1,842
Capital Outlay	27,732	-0-	27,732
Debt Service	2,541	-0-	2,541
Construction Contracts	-0-	550,050	550,050
Total Expenditures	\$ 346,646	\$ 550,050	\$ 896,696
Excess (Deficit) of Revenues Over Expenditures Before Other Financing Sources (Uses)	\$ (187,749)	\$ -0-	\$ (187,749)
Other Financing Sources (Uses):			
Operating Transfers In	\$ 209,405	\$ -0-	\$ 209,405
Operating Transfers (Out)	(24,000)	-0-	(24,000)
Total Other Financing Sources (Uses)	\$ 185,405	\$ -0-	\$ 185,405
Excess (Deficit) of Revenue & Other Sources Over Expenditures & Other	\$ (2,344)	\$ -0-	\$ (2,344)
Fund Balances Beginning of Year	12,761	-0-	12,761
Fund Balances End of Year	\$ 10,417	\$ -0-	\$ 10,417

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Unaudited
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
Budget and Actual
General and Capital Projects Funds
June 30, 1999

	GENERAL FUND			CAPITAL PROJECTS		
	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 14,037	\$ 14,856	\$ 819	\$ -0-	\$ -0-	\$ -0-
Licenses and Permits	21,782	26,406	4,624	-0-	-0-	-0-
Intergovernmental	51,426	62,267	10,841	550,050	550,050	-0-
Charges for Services	6,320	7,158	838	-0-	-0-	-0-
Miscellaneous Revenues	34,457	16,129	(18,328)	-0-	-0-	-0-
Interest	1,278	5,993	4,715	-0-	-0-	-0-
Fines	15	119	104	-0-	-0-	-0-
Grants	15,500	12,835	(2,665)	-0-	-0-	-0-
Capital Lease Income	-0-	13,134	13,134	-0-	-0-	-0-
Total Revenues	\$ 144,815	\$ 158,897	\$ 14,082	\$ 550,050	\$ 550,050	\$ -0-
Expenditures:						
<i>Current</i>						
General Government	\$ 194,862	\$ 294,142	\$ (99,280)	\$ -0-	\$ -0-	\$ -0-
Sanitary Landfill	18,353	3,636	14,717	-0-	-0-	-0-
Public Safety	29,224	10,786	18,438	-0-	-0-	-0-
Fire Protection	7,909	5,967	1,942	-0-	-0-	-0-
Beauregard Festival	1,222	1,842	(620)	-0-	-0-	-0-
Capital Outlay	33,000	27,732	5,268	-0-	-0-	-0-
Debt Service	3,959	2,541	1,418	-0-	-0-	-0-
Public Works	-0-	-0-	-0-	520,457	520,457	-0-
Administration	-0-	-0-	-0-	29,593	29,593	-0-
Total Expenditures	\$ 288,529	\$ 346,646	\$ (58,117)	\$ 550,050	\$ 550,050	\$ -0-
Excess (Deficit) of Rev. Over (Under) Exp. Before Other Financing Sources (Uses)	\$ (143,714)	\$ (187,749)	\$ (44,035)	\$ -0-	\$ -0-	\$ -0-
Other Financing Sources (Uses)						
Operating Transfers In	\$ 193,005	\$ 209,405	\$ 16,400	\$ -0-	\$ -0-	\$ -0-
Operating Transfers	(56,970)	(24,000)	32,970	-0-	-0-	-0-
Total Other Financing Sources (Uses)	\$ 136,035	\$ 185,405	\$ 49,370	\$ -0-	\$ -0-	\$ -0-
Excess (Deficit) of Rev. Over(Under) Exp. After Other Financing Sources (Uses)	\$ (7,679)	\$ (2,344)	\$ 5,335	\$ -0-	\$ -0-	\$ -0-
Fund Balances, Beginning	1,564	12,761	11,197	-0-	-0-	-0-
Fund Balances, Ending	\$ (6,115)	\$ 10,417	\$ 16,532	\$ -0-	\$ -0-	\$ -0-

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Unaudited
Combined Statement of Revenues, Expenses
and Changes in Retained Earnings

All Proprietary Fund Types
Year Ended June 30, 1999

Operating Revenues:	
Charges for Services	\$ 336,206
Miscellaneous	683

Total Operating Revenues	\$ 336,889
Operating Expenses:	
Personnel Services	\$ 6,112
Natural Gas Purchases	111,606
Supplies	19,235
Repairs and Maintenance	9,002
Utilities	13,992
Other Operating Expenses	5,946
Depreciation	60,873

Total Operating Expenses	\$ 226,766
Operating Income (Loss)	\$ 110,123
Non-Operating Revenue (Expenses):	
Interest Income	\$ 24
Interest Expense and Fiscal Charges	(9,900)

Total Non-Operating Revenues (Expenses)	\$ (9,876)
Income Before Operating Transfers	\$ 100,247
Transfers to Other Funds	\$ (185,405)

Net Income (Loss)	\$ (85,158)
Retained Earnings (Deficit), Beginning	(169,391)

Retained Earnings (Deficit), Ending	\$ (254,549)

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Unaudited
Combined Statement of Cash Flows

All Proprietary Fund Types
Year Ended June 30, 1999

Cash from Operations:	
Income (Loss) Before Operating Transfers	\$ 100,247
Operating Transfers	(185,405)

Net Income (Loss)	\$ (85,158)
Adjustments to Net income (Loss):	
Depreciation	60,873
Allowances for Bad Debts	222
(Increase) Decrease in Accounts Receivable	(4,435)
Increase (Decrease) in Accounts Payable	29,066
Increase (Decrease) in Accrued Interest	(307)

Cash Provided by Operations	\$ 261
Cash from Contributed Capital	550,050
Cash from Restricted Funds	12,114

Total Cash Provided	\$ 562,425
Cash Was Applied To:	
Revenue Bonds	\$ 4,000
Notes Payable	6,275
Customer Deposits	1,229
Construction Activities	550,050

Total Cash Applied	\$ 561,554
Net Increase (Decrease) in Cash	\$ 871
Cash Beginning of Year	7,724

Cash End of Year	\$ 8,595

The accompanying notes are an integral part of this statement.

*Notes
To
Financial Statement*

Village of Harrisonburg, Louisiana
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The accounting and reporting policies of the Village of Harrisonburg conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 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 Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Village's executive and legislative branches (the Mayor and Board of Alderman). Control by or dependence on the Village was determined on the basis of adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

B. Fund Accounting

The accounts of the Village of Harrisonburg are organized on the basis of funds and on account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUND TYPES

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except for those required to be accounted for in another fund.

Capital Projects

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds).

Village of Harrisonburg, Louisiana
Notes to Financial Statements (Cont.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

PROPRIETARY FUND TYPES

Enterprise Fund

Enterprise Funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their statement of assets and liabilities.

This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Fund operating statements present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are recorded as expenditures in the governmental fund types when purchased, and are normally accounted for in the general fixed assets account group. Public domain ("infrastructure") general fixed assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized. The general fixed asset account group is recorded at estimated historical cost and does not contain real property owned by the Village.

Long-term liabilities expected to be financed from governmental funds are accounted for in the general long-term debt account group.

The account groups are not funds. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity is included on their balance sheets.

Village of Harrisonburg, Louisiana
Notes to Financial Statements (Cont.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

C. *Fixed Assets and Long-Term Liabilities - (Cont.)*

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles and Equipment	5-10 years
Gas System	40 years
Water System	40 years
Sewer System	40 years

Records concerning the fixed assets of the water system were not maintained prior to the establishment of this fund as a separate accounting entity during the fiscal year ended June 30, 1979. Therefore, amounts reflected as fixed assets represent only assets acquired after June 30, 1978.

D. *Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statement. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are revenue at that time. Anticipated refunds of such taxes are as liabilities and reductions of revenue when they are measurable and their validity seems certain.

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 general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

E. *Budgetary Accounting*

The Village adopts its budget annually on the modified accrual (GAAP) basis of accounting. Budgetary comparisons are included in the accompanying financial statements. All budgetary appropriations lapse at the end of each fiscal year and the budget can be amended from time to time during the year with approval from the council. Budgetary control is exercised at the fund level rather than individual budgetary line item or functional area. The general fund budget was amended for the year ended June 30, 1999. Budgets were prepared for the Capital Projects Funds. The budget is prepared on a "project wide" basis which may consist of several years. The budget comparison includes the remaining budgeted amounts in the project.

Village of Harrisonburg, Louisiana
Notes to Financial Statements (Cont.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

F. Investments and Cash

Investments (CD's over 90 days) are stated at cost, which approximate market. All cash and investments are on deposit at an FDIC insured bank. Cash and investments on deposit (bank balances) at June 30, 1999 amounts to \$34,494.

Southern Heritage Bank (Category 1)	\$	16,730	
Catahoula LaSalle Bank (Category 2)		21,599	
Total	\$	38,329	

G. Inventories

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

II. Accounts Receivable and Allowances for Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

	General Fund	Gas Fund	Water Fund	Sewer Fund
Accounts Receivable - Trade	\$ 602	\$ 15,597	\$ 7,871	\$ 1,684
Intergovernmental	9,155	-0-	-0-	-0-
Franchise	733	-0-	-0-	-0-
Allowances for Bad Debt	-0-	(780)	(393)	(84)
Total	\$ 10,490	\$ 14,817	\$ 7,478	\$ 1,600

1. RESERVES

The Village records reserves to indicate that a portion of its retained earnings/fund balances are legally restricted for a specific future use. The following is a list of such reserves and a description of each:

Reserved for Depreciation and Contingencies

This amount represents monies reserved to make emergency repairs to the water and sewer system.

Reserved - Revenue Bonds

This amount represents monies reserved as required by the revenue bond indentures.

Reserved for Debt Service

Certain assets have been reserved in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

Village of Harrisonburg, Louisiana
Notes to Financial Statements (Cont.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

J. Total Columns on Combined Statements - Overview

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they do present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation since interfund eliminations have not been made in the aggregation of this data.

2. AD VALOREM TAXES

For the year ended June 30, 1999, taxes of 7.18 mills were levied on property with assessed valuations totaling \$512,420 and were dedicated as follows:

General Corporate Purposes 7.18 mills

Total taxes levied were \$ 3,679. Taxes are due October 15 of each year and become delinquent January 1.

3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets were applicable to the following at June 30, 1999:

Bond Interest and Redemption Account	\$	373
Bond Reserve Account		22
Maintenance Sewer Tax Account		1,243
Note Reserve Account		41
Depreciation Reserve Account		363
Customers' Deposit		2,038
		2,038
Total	\$	<u>4,080</u>

4. CHANGES IN FIXED ASSETS

A summary of enterprise fund plant and equipment at June 30, 1999 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 484	\$ -0-	\$ -0-	\$ 484
Vehicles & Equipment	43,349	-0-	-0-	43,349
Office Equipment	3,154	-0-	-0-	3,154
Gas System	1,270,425	-0-	-0-	1,270,425
Water System	547,694	48,913	-0-	596,607
Sewer System	577,522	-0-	-0-	577,522
Oxidation Pond	50,317	-0-	-0-	50,317
Total	\$ 2,492,945	\$ 48,913	\$ -0-	\$ 2,541,858
Construction in Progress	-0-	550,050	-0-	550,050
Less: Accumulated Depreciation	(827,563)	(60,873)	-0-	(888,436)
	\$ 1,714,295	\$ 538,090	\$ -0-	\$ 2,203,472

The sewer system is pledged as security on a \$110,000 revenue promissory note which is held by the General Electric Credit Corporation.

Village of Harrisonburg, Louisiana
Notes to Financial Statements (Cont.)

4. CHANGES IN FIXED ASSETS - (CONT.)

A portion of water system, known as Bird's Creek, is pledged as security on a \$30,000 promissory note which is held by the General Electric Credit Corporation.

5. CHANGES IN GENERAL FIXED ASSETS

	Balance 6-30-98	Additions	Deletions	Balance 6-30-99
Fixed Assets	\$ 118,345	\$ 27,732	\$ -0-	\$ 146,077

6. CHANGES IN LONG-TERM DEBT

The following is a summary of revenue bond transactions of the Village of Harrisonburg for the year ended June 30, 1999.

Bonds Payable - Beginning	\$ 161,088
Principal Retirements	(4,000)
Total	\$ 157,088

Bonds payable at June 30, 1999 are comprised of the following issues:

Revenue Bonds

\$ 202,600 1980 Water Revenue Bonds due annually in installments of \$1,000 to \$10,600 through July 22, 2020; interest at 5 percent due annually	157,088
---	---------

The following is a summary of note transactions of the Village of Harrisonburg for the year ended June 30, 1999:

General Obligation Note

\$30,000 notes payable with Catahoula/LaSalle Bank beginning 6-05-98 at \$345 per month for 11 months with 1 final payment consisting of the full amount due 6-05-98 at 6.8% interest	\$ 27,105
---	-----------

\$13,134 capital lease payable with Government Capital Corporation for the purchase of a police car beginning 5/16/1999 with 3 annual installments of \$5,209.05 commencing 06/10/2000 through 06/10/2000; interest varies from 9.9% to 8.0%.	13,134
---	--------

Revenue Note

\$110,000 1969 Sewer Revenue Promissory Note due in annual installments at \$6,720 (includes principal and interest) through May 5, 2009; interest 4.375%	21,485
---	--------

Enterprise Note

\$30,000 1973 Water Revenue Fund note due in annual installments of \$1,763 (includes principal and interest) through August 3, 2010; interest 5%	15,427
---	--------

Total	\$ 77,151
--------------	------------------

Village of Harrisonburg, Louisiana
Notes to Financial Statements (cont.)

6. CHANGES IN LONG-TERM DEBT - (CONT.)

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$145,866 are as follows:

Year Ending June 30,	General Obligation	Revenue	Enterprise	Total
2000	\$ 35,204	\$ 19,346	\$ 1,763	\$ 56,313
2001-2005	10,418	94,930	8,815	114,163
2006-2010	-0-	86,014	8,815	94,829
2011-2015	-0-	58,600	-0-	58,600
2016-2020	-0-	56,200	-0-	56,200
Total	\$ 45,622	\$ 315,090	\$ 19,393	\$ 380,105

7. FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUND REVENUE

The Village of Harrisonburg has two issues of revenue bonds and one revenue note outstanding. The flow of funds and restrictions on use are governed by the bond indentures and the note resolution, the terms of which are summarized as follows:

- (a) For the payment of all expenses of operation and maintenance of each system.
- (b) For the maintenance of a bond or note redemption account, by transferring sufficient amounts to pay all principal and interest falling due in the ensuing twelve months.
- (c) For the maintenance of a reserve account, by making designated payments as follows:

Water Fund - There should be deposited five percent (5%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$12,930.

Sewer Fund - There should be deposited twenty-five dollars (\$25.00) per month until the note has been fully retired.

- (d) For the maintenance of a contingency and depreciation account, by making designated payments as follows:

Water Fund - There should be deposited fifty dollars (\$50.00) per month commencing with the month following completion of the improvements to the system.

Sewer Fund - There should be deposited twenty dollars (\$20.00) per month until the balance therein has reached \$3,000.

8. DEFICIT RETAINED EARNINGS

The Village water fund and sewer fund have a deficit retained earnings balance of \$(132,063) and \$(165,426) respectively. The deficits are chiefly caused by depreciation expense taken on that portion of the plant and equipment funded by state and federal grants.

Village of Harrisonburg, Louisiana
Notes to Financial Statements (cont.)

9. EXCESS EXPENDITURES OVER APPROPRIATIONS

The general fund overspent its budget by \$58,117 or 20.14% during the year.

10. ELECTED OFFICIAL'S SALARIES

<u>Name</u>	<u>Title</u>	<u>Term Served</u>	<u>Annualized Salary</u>
Cater Aplin	Mayor	07/01/1998 - 06/30/1999	\$ 1,620
Ikie Henderson	Alderman	07/01/1998 - 06/30/1999	1,350
Charlie Watson	Alderman	07/01/1998 - 06/30/1999	1,350
Mark Cotten	Alderman	01/01/1999 - 06/30/1999	675
Joe Cook	Police Chief	01/01/1999 - 06/30/1999	17,280

*FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS*

GENERAL FUND

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

Village of Harrisonburg, Louisiana
General Fund

Balance Sheet
June 30, 1999

ASSETS

Cash	\$ 21,702
Receivables (Net)	
Accounts	<u>10,490</u>
TOTAL ASSETS	<u>\$ 32,192</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	<u>\$ 21,775</u>
Total Liabilities	<u>\$ 21,775</u>
Fund Balance	
Unreserved - Undesignated	<u>\$ 10,417</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 32,192</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
General Fund
Unaudited
Statement of Revenues and Expenditures
and Changes in Fund Balances
Budget (GAAP Basis) vs Actual
Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 14,037	\$ 14,856	\$ 819
Licenses & Permits	21,782	26,406	4,624
Intergovernmental	51,426	62,267	10,841
Charges for Services	6,320	7,158	838
Fines & Forfeits	34,457	16,129	(18,328)
Miscellaneous Revenue	1,278	5,993	4,715
Interest	15	119	104
Grants	15,500	12,835	(2,665)
Capital Lease Income	-0-	13,134	13,134
Total Revenues	\$ 144,815	\$ 158,897	\$ 14,082
Expenditures:			
<i>Current -</i>			
General Government	\$ 194,862	\$ 294,142	\$ (99,280)
Sanitary Landfill	18,353	3,636	14,717
Public Safety	29,224	10,786	18,438
Fire Protection	7,909	5,967	1,942
Beauregard Festival	1,222	1,842	(620)
Capital Outlay	33,000	27,732	5,268
Debt Service	3,959	2,541	1,418
Total Expenditures	\$ 288,529	\$ 346,646	\$ (58,117)
Excess (Deficit) of Revenues Over Expenditures Before Other Financing Sources (Uses)	\$ (143,714)	\$ (187,749)	\$ (44,035)
Other Financing Sources (Uses):			
Operating Transfers In	\$ 193,005	\$ 209,405	\$ 16,400
Operating Transfers (Out)	(56,970)	(24,000)	32,970
Total Other Financing Sources (Uses)	\$ 136,035	\$ 185,405	\$ 49,370
Excess (Deficit) of Revenue & Other Sources Over Expenditures & Other	\$ (7,679)	\$ (2,344)	\$ 5,335
Fund Balances Beginning of Year	1,564	12,761	11,197
Fund Balances End of Year	\$ (6,115)	\$ 10,417	\$ 16,532

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
General Fund
Unaudited
Schedule of Revenues
Year Ended June 30, 1999

Revenues:	
Taxes -	
Sales Tax	\$ 8,491
Ad Valorem	6,365

Total	\$ 14,856
Licenses & Permits -	
Occupational License	\$ 18,065
Franchise Fees	8,341

Total	\$ 26,406
Intergovernmental -	
Tobacco Tax	\$ 2,449
Fire Rebates	2,702
Other	57,116

Total	\$ 62,267
Charges for Services -	
Garbage	\$ 7,158

Fines & Forfeits -	
Traffic Citations	\$ 16,129

Miscellaneous -	
Interest	\$ 119
Miscellaneous	5,993

Total	\$ 6,112
Grants	\$ 12,835

Capital Lease Income	13,134

Total Revenues	\$ 158,897

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
General Fund
Unaudited
Schedule of Expenditures
Year Ended June 30, 1999

Expenditures:

General Government -

Personnel Services	\$ 204,126
Insurance	23,372
Professional Fees	7,952
Repairs and Maintenance	1,769
Supplies and Other	11,989
Utilities	12,792
Miscellaneous	6,334
NSU Expense	13,238
Interest	1,602
Sales Tax	9,204
Official Journal	1,764

Total	\$ 294,142

Sanitary Landfill

Repairs and Maintenance	\$ 1,990
Supplies and Other	1,155
Utilities	449
Miscellaneous	42

Total	\$ 3,636

Public Safety

Personnel Services	\$ 1,644
Repairs and Maintenance	2,013
Supplies and Other	6,400
Miscellaneous	729

Total	\$ 10,786

Fire Protection

Personnel Services	\$ 684
Repairs and Maintenance	3,159
Supplies and Other	1,649
Miscellaneous	145
Utilities	330

Total	\$ 5,967

Beauregard Festival	\$ 1,842

Capital Outlay	\$ 27,732

Debt Service	\$ 2,541

Total Expenditures	\$ 346,646

The accompanying notes are an integral part of this statement.

CAPITAL PROJECTS FUNDS

To account for the purchase or construction of major capital facilities which are not financed by proprietary funds, special assessment funds or trust funds.

LCDBG Project # 107-700105

LCDBG Project # 107-900348

*Village of Harrisonburg, Louisiana
Capital Projects Funds*

*Combining Balance Sheet
June 30, 1999*

	<u>LCDBG # 107-900348 Project</u>	<u>LCDBG # 107-700105 Project</u>	<u>Total</u>
ASSETS			
Cash	\$ -0-	\$ -0-	\$ -0-
Receivables	93,509	-0-	93,509
TOTAL ASSETS	<u>\$ 93,509</u>	<u>\$ -0-</u>	<u>\$ 93,509</u>
LIABILITIES AND FUND BALANCE			
Contracts Payables	\$ 93,509	\$ -0-	\$ 93,509
Fund Balance	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 93,509</u>	<u>\$ -0-</u>	<u>\$ 93,509</u>

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, Louisiana
Capital Projects Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance*

For The Year Ended June 30, 1999

	LCDBG # 107-900348 Bayou	LCDBG # 107-700105 Project	Total
REVENUES			
Intergovernmental	\$ 149,253	\$ 400,797	\$ 550,050
EXPENDITURES			
Public Works	\$ 130,048	\$ 390,409	\$ 520,457
Administration	19,205	10,388	29,593
TOTAL EXPENDITURES	\$ 149,253	\$ 400,797	\$ 550,050
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE – BEGINNING	-0-	-0-	-0-
FUND BALANCE - ENDING	\$ -0-	\$ -0-	\$ -0-

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, Louisiana
Capital Projects Funds*

*Statement of Revenues, Expenditures
and Changes in Fund Balance
Budget (GAAP Basis) vs Actual*

For The Year Ended June 30, 1999

	LCDBG # 107-900348		Variance
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 149,253	\$ 149,253	\$ -0-
EXPENDITURES			
Public Works	\$ 130,048	\$ 130,048	\$ -0-
Administration	19,205	19,205	-0-
TOTAL EXPENDITURES	\$ 149,253	\$ 149,253	\$ -0-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -0-	\$ -0-	\$ -0-
FUND BALANCE – BEGINNING	-0-	-0-	-0-
FUND BALANCE - ENDING	\$ -0-	\$ -0-	\$ -0-

LCDBG # 107-700105					
Budget	Actual	Variance	Budget	Total Actual	Variance
\$ 400,797	\$ 400,797	\$ -0-	\$ 550,050	\$ 550,050	\$ -0-
\$ 390,409	\$ 390,409	\$ -0-	\$ 520,457	\$ 520,457	\$ -0-
10,388	10,388	-0-	29,593	29,593	-0-
\$ 400,797	\$ 400,797	\$ -0-	\$ 550,050	\$ 550,050	\$ -0-
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
-0-	-0-	-0-	-0-	-0-	-0-
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

The accompanying notes are an integral part of this statement.

ENTERPRISE FUNDS

To account for the provisions of gas, water, and sewer systems to the residents of the Village. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operation, maintenance, financing, related debt service, billing, and collection.

Village of Harrisonburg, Louisiana
Enterprise Fund - Combining Balance Sheet
June 30, 1999

	Gas Revenue Fund	Water Revenue Fund	Sewer Revenue Fund	Total
ASSETS				
<i>Current Assets:</i>				
Cash	\$ 4,995	\$ 2,352	\$ 1,248	\$ 8,595
Receivables (Net)	14,817	7,478	1,600	23,895
Total Current Assets	\$ 19,812	\$ 9,830	\$ 2,848	\$ 32,490
<i>Restricted Assets:</i>				
Bond Sinking Fund	\$ -0-	\$ 299	\$ 74	\$ 373
Bond Reserve				
Cash	-0-	22	-0-	22
Maintenance Sewer Tax	-0-	-0-	1,243	1,243
Note Reserve Account	-0-	-0-	41	41
Depreciation Reserve Account	-0-	24	339	363
Customers' Deposit				
Cash	2,038	-0-	-0-	2,038
Total Restricted Assets	\$ 2,038	\$ 345	\$ 1,697	\$ 4,080
Construction in Progress	\$ 25,970	\$ 456,573	\$ 67,507	\$ 550,050
Property, Plant and Equipment	1,303,237	608,293	630,328	2,541,858
Less Accumulated Depreciation	(431,382)	(182,717)	(274,337)	(888,436)
Net Plant & Equipment	\$ 897,825	\$ 882,149	\$ 423,498	\$ 2,203,472
TOTAL ASSETS	\$ 919,675	\$ 892,324	\$ 428,043	\$ 2,240,042
LIABILITIES & FUND EQUITY				
<i>Liabilities</i>				
<i>Current Liabilities (Payable from Current Assets):</i>				
Accounts Payable	\$ 49,209	\$ 353	\$ 8	\$ 49,570
Accrued Interest Payable	-0-	383	-0-	383
Total Current Liabilities (Payable from Current Assets)	\$ 49,209	\$ 736	\$ 8	\$ 49,953
<i>Current Liabilities (Payable from Restricted Assets):</i>				
Accrued Interest Payable	\$ -0-	\$ 7,381	\$ 518	\$ 7,899
Current Portion of Notes & Bonds	-0-	4,925	5,350	10,275
Customers' Deposits	29,902	3,775	-0-	33,677
Total Current Liabilities (Payable from Restricted Assets)	\$ 29,902	\$ 16,081	\$ 5,868	\$ 51,851
<i>Long-Term Liabilities:</i>				
Notes Payable - Water System Additions	\$ -0-	\$ 14,502	\$ -0-	\$ 14,502
Revenue Bonds Payable	-0-	153,087	-0-	153,087
Revenue Notes Payable	-0-	-0-	16,135	16,135
Total Long-Term Liabilities	\$ -0-	\$ 167,589	\$ 16,135	\$ 183,724
TOTAL LIABILITIES	\$ 79,111	\$ 184,406	\$ 22,011	\$ 285,528
FUND EQUITY:				
<i>Contributed Capital</i>				
Municipality	\$ 2,546	\$ 2,546	\$ 68,914	\$ 74,006
State	795,078	456,573	105,560	1,357,211
Federal	-0-	380,862	396,984	777,846
Total Contributed Capital	\$ 797,624	\$ 839,981	\$ 571,458	\$ 2,209,063
<i>Retained Earnings</i>				
Reserved for Bond Retirement	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Reserved for Bond Contingency	-0-	25	339	364
Unreserved (Deficit)	42,940	(132,088)	(165,765)	(254,913)
Total Retained Earnings	\$ 42,940	\$ (132,063)	\$ (165,426)	\$ (254,549)
Total Fund Equity	\$ 840,564	\$ 707,918	\$ 406,032	\$ 1,954,514
TOTAL LIABILITIES & FUND EQUITY	\$ 919,675	\$ 892,324	\$ 428,043	\$ 2,240,042

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Enterprise Funds
Unaudited
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings
Year Ended June 30, 1999

	Gas Revenue Fund	Water Revenue Fund	Sewer Revenue Fund	Total
Operating Revenue:				
Charges for Service	\$ 239,566	\$ 77,297	\$ 19,343	\$ 336,206
Miscellaneous	288	395	-0-	683
Total Operating Revenues	\$ 239,854	\$ 77,692	\$ 19,343	\$ 336,889
Operating Expenses:				
Insurance	\$ 2,125	\$ 3,987	\$ -0-	\$ 6,112
Natural Gas Purchases	111,606	-0-	-0-	111,606
Supplies	12,980	5,390	865	19,235
Repairs and Maintenance	6,318	2,684	-0-	9,002
Utilities	4,163	6,649	3,180	13,992
Other Operating Expenses	2,991	1,069	1,886	5,946
Depreciation	30,854	14,323	15,696	60,873
Total Operating Expenses	\$ 171,037	\$ 34,102	\$ 21,627	\$ 226,766
Operating Income (Loss)	\$ 68,817	\$ 43,590	\$ (2,284)	\$ 110,123
Non-Operating Revenues (Expenses):				
Interest Income	\$ -0-	\$ 24	\$ -0-	\$ 24
Interest Expense and Fiscal Charges	-0-	(8,681)	(1,219)	(9,900)
Total Non-Operating Revenues (Expenses)	\$ -0-	\$ (8,657)	\$ (1,219)	\$ (9,876)
Income (Loss) Before Operating Transfers	\$ 68,817	\$ 34,933	\$ (3,503)	\$ 100,247
Transfer To Other Funds	\$ (131,455)	\$ (50,900)	\$ (14,300)	\$ (196,655)
Trans From Other Funds	6,000	-0-	5,250	11,250
Total Transfers	\$ (125,455)	\$ (50,900)	\$ (9,050)	\$ (185,405)
Net Income (Loss)	\$ (56,638)	\$ (15,967)	\$ (12,553)	\$ (85,158)
Retained Earnings (Deficit) - Beginning	99,578	(116,096)	(152,873)	(169,391)
Retained Earnings (Deficit) - Ending	\$ 42,940	\$ (132,063)	\$ (165,426)	\$ (254,549)

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Enterprise Fund
Unaudited
Combining Statement of Cash Flows

Year Ended June 30, 1999

	Gas Revenue Fund	Water Revenue Fund	Sewer Revenue Fund	Total
Cash from Operations:				
Income (Loss) Before Operating Transfers	\$ 68,817	\$ 34,933	\$ (3,503)	\$ 100,247
Operating Transfers	(125,455)	(50,900)	(9,050)	(185,405)
Net Income (Loss)	\$ (56,638)	\$ (15,967)	\$ (12,553)	\$ (85,158)
Adjustments To Net Income (Loss)				
Add – Depreciation	\$ 30,854	\$ 14,323	\$ 15,696	\$ 60,873
Allowances For Bad Debt	129	87	6	222
Decrease (Increase) In Accounts Receivable	(2,569)	(1,748)	(118)	(4,435)
Increase (Decrease) In Accounts Payable	29,722	(467)	(189)	29,066
Increase (Decrease) In Accrued Interest	-0-	(210)	(97)	(307)
Cash Provided By Operations	\$ 1,498	\$ (3,982)	\$ 2,745	\$ 261
Cash From Contributed Capital	25,970	456,573	67,507	550,050
Cash From Restricted Funds	1,888	7,926	2,300	12,114
Total Cash Provided	\$ 29,356	\$ 460,517	\$ 72,552	\$ 562,425
Cash Was Applied To:				
Revenue Bonds	\$ -0-	\$ 4,000	\$ -0-	\$ 4,000
Notes Payable	-0-	925	5,350	6,275
Construction Activities	25,970	456,573	67,507	550,050
Customer Deposits	1,229	-0-	-0-	1,229
Total Cash Applied	\$ 27,199	\$ 461,498	\$ 72,857	\$ 561,554
Net Increase (Decrease) In Cash Flow	\$ 2,157	\$ (981)	\$ (305)	\$ 871
Cash Beginning Of Year	2,838	3,333	1,553	7,724
Cash Ending Of Year	\$ 4,995	\$ 2,352	\$ 1,248	\$ 8,595

The accompanying notes are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

Village of Harrisonburg, Louisiana

*Statement of General Fixed Assets
June 30, 1999*

General Fixed Assets 6-30-98	\$ 118,345
Additions	27,732
Deletions	<u>-0-</u>
General Fixed Assets 6-30-99	<u>\$ 146,077</u>
Total Investments in General Fixed Assets	<u>\$ 146,077</u>

The accompanying notes are an integral part of this statement.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To Account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the Debt Service Fund.

Village of Harrisonburg, Louisiana
Statement of General Long-Term Debt
June 30, 1999

Amount Available and to be Provided for the Retirement of General Long-Term Debt

Amount to be Provided

From -

Ad Valorem Taxes

\$ -0-

General Revenues

40,239

Total Available and to be Provided

\$ 40,239

General Long-Term Debt Payable

Notes Payable

\$ 40,239

Total General Long-Term Debt Payable

\$ 40,239

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

JOHN R. VERCHER PC

Certified Public Accountant

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Cater Aplin, Mayor
And Members of the Village Council
P.O. Drawer 320
Harrisonburg, Louisiana

COMPLIANCE

I have audited the compliance of Village of Harrisonburg, Louisiana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Village of Harrisonburg, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Village of Harrisonburg, Louisiana's management. My responsibility is to express an opinion on Village of Harrisonburg, Louisiana's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Harrisonburg, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Village of Harrisonburg, Louisiana's compliance with those requirements.

In my opinion, Village of Harrisonburg, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Village of Harrisonburg, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Village of Harrisonburg, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

John R. Vercher

Jena, Louisiana

December 10, 1999

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA**

**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 1999**

<u>Federal Grantor/Pass-Through Grantor/Programs Title</u>	<u>Federal CFDA Number</u>	<u>Agency Or Pass-Through Number</u>	<u>Federal Expenditures</u>
US Department of Housing and Urban Development/Louisiana Division of Administration			
Louisiana Community Development Block Grant # 107-700105	14.228	107-700105	\$ 400,797
Louisiana Community Development Block Grant # 107-900348	14.228	107-900348	149,253
			<u>\$ 550,050</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A – Single Audit Requirements –

In July 1996, the Single Act Amendments of 1996 (1996 Act) were enacted and superseded the Single Audit Act of 1984. In June 1997 OMB issued a revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, to implement the changes from the 1996 Act and to rescind Circular A-128. These requirements provide that entities expending \$300,000 or more of federal funds be subject to a single audit. Therefore, The Village of Harrisonburg, Louisiana is subject to Single Audit requirements for the fiscal year ended June 30, 1999.

Note B – Significant Accounting Policies –

The schedule of expenditures of federal awards utilized the modified accrual basis of accounting where expenditures are recognized when the goods and services are rendered and the resulting liability is incurred.

Supplementary schedule. Presented for purposes of additional analysis only.

VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 1999

I was engaged to audit the general purpose financial statement of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 1999 and have issued my report thereon dated December 10, 1999. Except as noted, I conducted my audit in accordance with generally accepted auditing 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, 1999 resulted in a qualified opinion and disclaimer of 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

b. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)
14.228	U.S. Department of Housing and Urban Development

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 1999**

Section II - Financial Statement Findings Required To Be Reported In Accordance With GAGAS

Reference	Description of Finding	Recommendation
99-C-1	<p><u>Actual expenditures in the general fund exceed budgeted expenditures by more than 5%. LRS 39:1310.</u></p> <p>General fund overspent its budget by \$58,117 or 20.14% during the year. Revised Statute 39:1310 requires the budget to be amended whenever expenditures exceed budgeted amounts by more than 5%.</p>	<p>Prepare amended budget whenever there is a 5% variance between actual and budgeted revenues or expenditures.</p>
Reference	Description of Finding	Recommendation
99-C-2	<p><u>The Village Does Not Maintain A Complete Inventory Of Its Movable Fixed Assets LRS 24:515(B)</u></p> <p>The Louisiana revised statute 24:515(B) requires that the Village maintain current itemized records of all land, buildings, equipment, and other fixed assets purchased or other wise acquired. In addition, itemized records of fixed assets are necessary for management control and accountability. The Village maintains a list of some office furniture and equipment; however, this list is not reconciled with the books and is incomplete.</p>	<p>Inventory all land, buildings, equipment and other fixed assets owned by the Village and assign actual cost if those records exist or apply an estimated cost to each asset.</p>
Reference	Description of Finding	Recommendation
99-C-3	<p><u>Bond Covenants; Bond Reserves</u></p> <p>The Village is not maintaining its bond reserves as required by the Village's bond covenants. The Village does not adequately maintain its reserve fund or its depreciation reserve fund.</p>	<p>The Village is required by its bond covenants to establish a depreciation fund for its water fund and sewer fund and is to maintain them as follows:</p> <p style="margin-left: 40px;"><u>Water Fund</u> - There should be deposited fifty dollars (\$50.00) per month commencing with the month following completion of the improvements to the system.</p> <p style="margin-left: 40px;"><u>Sewer Fund</u> - There should be deposited twenty dollars (\$20.00) per month until the balance therein has reached \$3,000.</p>

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 1999**

Section II - Financial Statement Findings Required To Be Reported In Accordance With GAGAS – (cont.)

Reference	Description of Finding	Recommendation
99-C-3 (cont.)		<p>The bond covenant also requires that the water and sewer fund establish a reserve fund to be maintained. The bond covenant also requires that the water and sewer fund establish a reserve fund to be maintained as follows:</p> <p><u>Water Fund</u> - There should be deposited 5% of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$12,930..</p> <p><u>Sewer Fund</u> - There should be deposited twenty-five dollars (\$25.00) per month until the note has been fully retired.</p>
Reference	Description of Finding	Recommendation
99-C-4	<p><u>Minutes of Meetings. LSA-RS 42:7.1</u></p> <p>(Act 665 of 1976) Requires that minutes be taken of all meetings of the Village council. Although it was determined through inquiry that minutes were taken of all meetings, some of those minutes could not be located.</p>	<p>Minutes should be taken of all meetings of the Village council and stored in a secure place for future reference.</p>

Section III - Internal Control

Reference	Description of Finding	Recommendation
99-1-1	<p><u>Supporting Documentation and Accounting</u></p> <p>The Village does not maintain adequate supporting documentation (i.e.: invoices, remittance advices, etc) to support entries into its accounting system. This weakness makes corrections and vouching of the accounting system difficult or impossible. Further, the Village pays and charges all payroll to the Village's general fund. This results in an overstatement of general fund expenditures and an understatement of wages in the sewer, gas, and water funds.</p>	<p>I recommend that the Village establish invoice and remittance advice files to support transactions to the Village's accounting system. The Village should also establish a payroll account and charge payroll to the funds that the receive the services of those employees.</p>

JOHN R. VERCHER PC

Certified Public Accountant

P.O.Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

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MANAGEMENT LETTER COMMENTS

Honorable Cater Aplin, Mayor
Village of Harrisonburg
P. O. Drawer 320
Harrisonburg, Louisiana 71340

I have audited the general purpose financial statements of the Village of Harrisonburg, Louisiana and the combining individual fund and account group of the Village of Harrisonburg as of and for the year ended June 30, 1999, and have issued my report thereon dated December 10, 1999.

In planning and performing my audit, I considered the Village of Harrisonburg's compliance with laws and regulations and internal control over financial reporting in order to determine my procedures for the purpose of expressing an opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting or compliance with laws and regulations.

During performance of my audit procedures, I observed conditions and circumstances that may be improved. Below are situations that may be improved (if any), recommendations for improvements and my recommendations for improvement

99-M-1 Finding: Past Due Accounts

A review of the Village's accounts receivable revealed several accounts over 90 days with a substantial amount overdue. Statistics show that accounts receivable over 90 days become increasingly difficult to collect.

Recommendation: The Village should institute a "cutoff" policy for customers paying late and require strict adherence to the policy. Deviations from the policy should only be made by the mayor or by the mayor and council. The Village should contact those customers currently in arrears and work out payment arrangements to clear the past due amounts. Payments arrangements should be documented and if not adhered to cutoff measures should be implemented.

VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 1999

MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR AUDIT FINDINGS

REFERENCE	DESCRIPTION OF FINDING	CORRECTIVE ACTION PLANNED	CONTACT PERSON	ANTICIPATED COMPLETION DATE
99-C-1	Amended Budget	The Village will begin amending its budget when actual revenue fails to meet budgeted revenue by 5% or more or when actual expenditures exceed budgeted expenditures by 5% or more.	Cater Aplin	June 30, 2000
99-C-2	Maintenance of Fixed Asset Records	The Village will begin updating and maintaining its fixed asset inventory that it currently has.	Cater Aplin	June 30, 2000
99-C-3	Bond Covenants - Bond Reserves	As soon as financial conditions allow, the Village will begin maintaining its reserve fund and its depreciation and contingency fund as required by its bond covenants.	Cater Aplin	June 30, 2000
99-C-4	Minutes of Meetings	The Village will begin storing its minutes, resolutions, ordinances, and other official business taken by the council in locked files.	Cater Aplin	June 30, 2000
99-I-1	Supporting Documentation and Accounting	The Village has hired a new clerk and is in the process of training personnel to provide accurate accounting records and financial statements to the Village. The Village will establish invoice and remittance advice files that will support accounting transaction in the Village's books. The Village will also begin allocating payroll to the funds that receive the services of those employees.	Cater Aplin	June 30, 2000
99-M-1	Past Due Accounts	The Village has instituted a cutoff policy and will have all employees strictly adhere to that policy.	Cater Aplin	December 31, 1999

**VILLAGE OF HARRISONBURG
STATE OF LOUISIANA
CATAHOULA PARISH**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

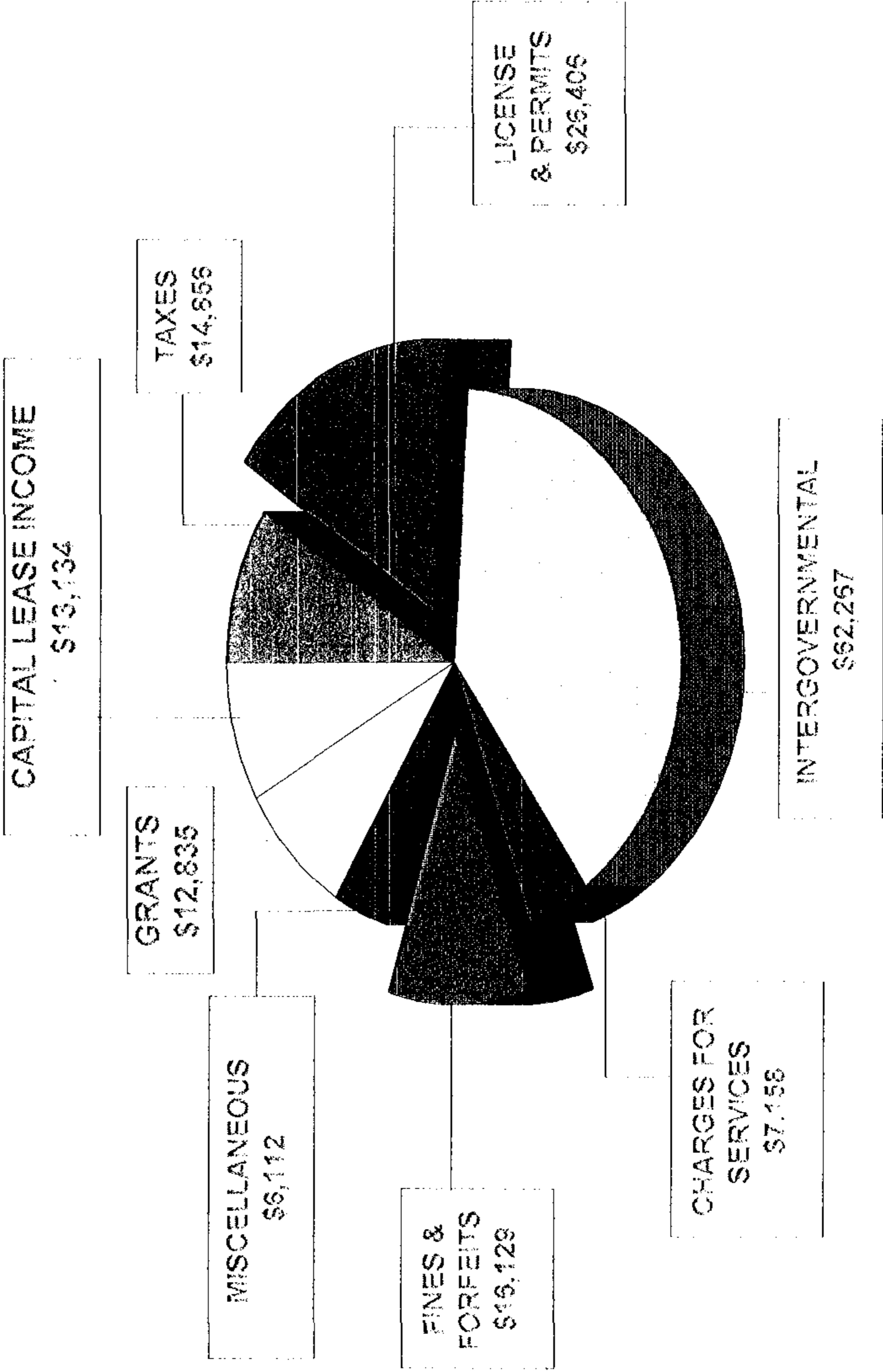
The management of the Village of Harrisonburg, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 1998.

1998-C-1) Maintenance Of Bond Reserve Accounts (Not Resolved)

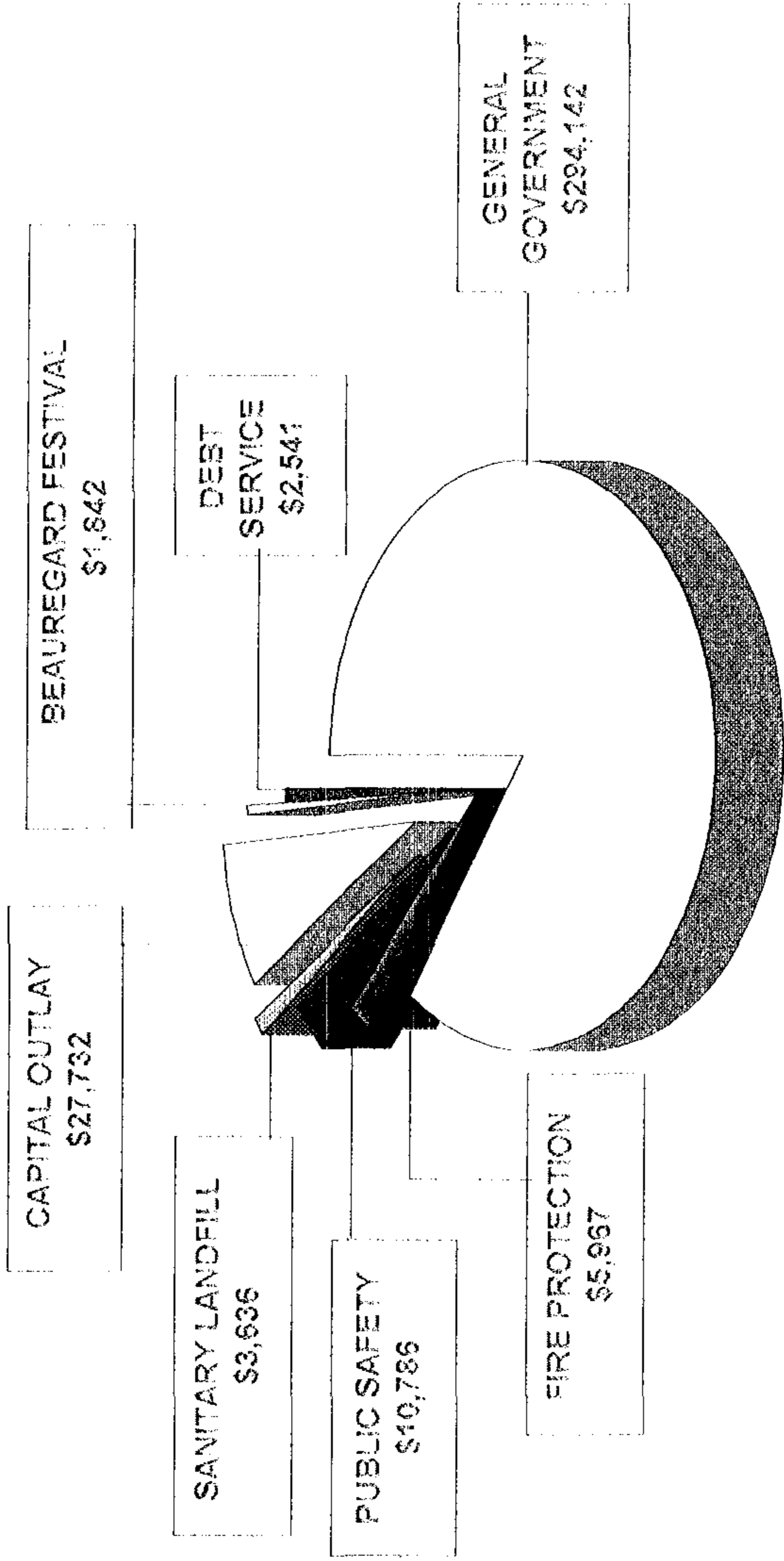
During the year, the Village did not maintain its bond depreciation and contingency reserve and its bond reserve accounts for both the sewer and water funds as required by the Village's bond covenants. The bond sinking funds for both the water and sewer funds were maintained.

GRAPHS

VILLAGE OF HARRISONBURG, LA. GENERAL FUND REVENUES 1999

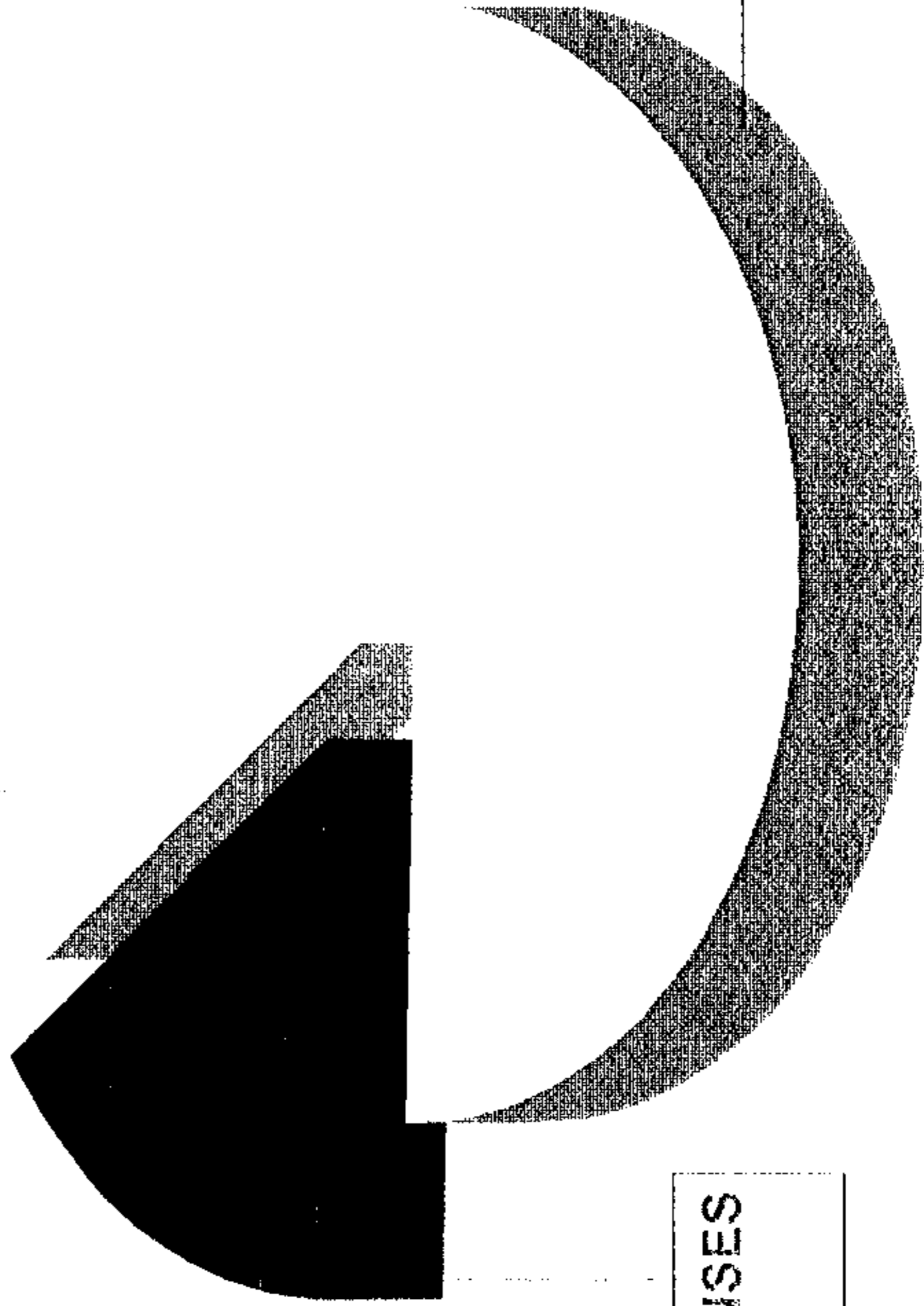


VILLAGE OF HARRISONBURG, LA. GENERAL FUND EXPENDITURES 1999



VILLAGE OF HARRISONBURG, LA. ENTERPRISE FUND EXPENSES 1999

SEWER EXPENSES
\$21,627



WATER EXPENSES
\$34,102

GAS EXPENSE
\$171,037