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VILLAGE OF HOSSTON

HOSSTON, LOUISIANA

DECEMBER 31, 1999

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Release Date 08-30-00

VILLAGE OF HOSSTON

HOSSTON, LOUISIANA

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**HEARD
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& VESTAL**
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GILBERT R. SHANLEY, JR., CPA

June 15, 2000

Village of Hosston
Hosston, Louisiana

We have compiled the accompanying general purpose financial statements of the Village of Hosston as of December 31, 1999 and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Heard, McElroy, Vestal, L.L.P.

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • BOSSIER CITY

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VILLAGE OF HOSSTON

COMBINED BALANCE SHEET-GENERAL FUND AND ACCOUNT GROUPS

DECEMBER 31, 1999

<u>A S S E T S</u>	<u>Governmental Fund General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
Cash-Note 2	28,877	-	28,877
Money market account-Note 2	15,664	-	15,664
Certificates of deposit-Note 2	121,531	-	121,531
Accrued interest receivable	3,970	-	3,970
Land, building and equipment-Note 4	<u>-</u>	<u>238,528</u>	<u>238,528</u>
Total assets	<u>170,042</u>	<u>238,528</u>	<u>408,570</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Payroll taxes payable	<u>344</u>	<u>-</u>	<u>344</u>
Total liabilities	344	-	344
<u>Fund equity:</u>			
Investment in general fixed assets	-	238,528	238,528
Fund balance-unreserved:			
Undesignated	<u>169,698</u>	<u>-</u>	<u>169,698</u>
Total liabilities and fund equity	<u>170,042</u>	<u>238,528</u>	<u>408,570</u>

See Accountants' Compilation Report

VILLAGE OF HOSSTON

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE-

GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General Fund</u>
<u>Revenue:</u>	
Occupational license	46,421
Utility franchise tax	12,425
Street light assessment	2,850
Interest income	9,297
Miscellaneous	160
Intergovernmental-Note 3	2,255
Grant income	<u>28,251</u>
Total revenues	101,659
 <u>Expenditures:</u>	
Accounting	1,386
Advertisement and public notices	930
Cleaning	600
Insurance	4,216
Maintenance and repairs	2,931
Miscellaneous	5,574
Office supplies	791
Payroll taxes	1,264
Police retirement-Note 5	792
Salaries - administration	4,705
Salaries - other	11,108
Telephone	1,574
Travel and conventions	1,181
Utilities	7,962
Water department maintenance	18,607
Capital improvements	<u>47,910</u>
Total expenditures	<u>111,531</u>
 <u>Revenues under expenditures</u>	(9,872)
 <u>Fund balance:</u>	
Balance at beginning of year	<u>179,570</u>
 Balance at end of year	<u>169,698</u>

See Accountants' Compilation Report

VILLAGE OF HOSSTON

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE-

BUDGET (GAAP BASIS) AND ACTUAL-GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General Fund</u>		Variance Favorable (Unfavorable)
	<u>Actual</u>	<u>Budget</u>	
<u>Revenue:</u>			
Occupational license	46,421	47,000	(579)
Utility franchise tax	12,425	14,800	(2,375)
Street light assessment	2,850	2,835	15
Interest income	9,297	5,000	4,297
Miscellaneous	160	2,000	(1,840)
Intergovernmental-Note 3	2,255	2,254	1
Grant income	<u>28,251</u>	-	<u>28,251</u>
Total revenue	101,659	73,889	27,770
<u>Fund balance-beginning of year</u>	179,570	179,570	-
<u>Expenditures:</u>			
Accounting	1,386	1,300	(86)
Advertisement and public notices	930	1,500	570
Cleaning	600	1,000	400
Insurance	4,216	4,100	(116)
Maintenance and repairs	2,931	3,000	69
Miscellaneous	5,574	1,000	(4,574)
Office supplies	791	1,000	209
Payroll taxes	1,264	2,000	736
Police retirement	792	792	-
Salaries - administration	4,705	4,900	195
Salaries - other	11,108	10,000	(1,108)
Telephone	1,574	1,000	(574)
Travel and conventions	1,181	1,200	19
Utilities	7,962	9,500	1,538
Water department maintenance	18,607	-	(18,607)
Capital improvements	<u>47,910</u>	-	<u>(47,910)</u>
Total expenditures	111,531	<u>42,292</u>	<u>(69,239)</u>
<u>Revenue under expenditures</u>	(9,872)	31,597	(41,469)
<u>Fund balance-end of year</u>	<u>169,698</u>	<u>211,167</u>	<u>(41,469)</u>

See Accountants' Compilation Report

VILLAGE OF HOSSTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

1. Organization and Significant Accounting Policies

Organization

The Village of Hosston was incorporated February, 1968, under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Village provides the following services to its residents: public safety (police); street lights; and general administrative services. The Village also provides use of a building for a branch of Shreve Memorial Library.

Significant accounting policies

The accounting and reporting of the Village of Hosston conforms to generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

a. Basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

b. Basis of presentation

The accounts of the Village of Hosston are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The following fund types and account groups are used by the Village of Hosston:

GOVERNMENTAL FUNDS

Governmental funds account for all or most of the Village of Hosston's general activities, including the collection and disbursement of specific or legally restricted monies, the

See Accountants' Compilation Report

1. Organization and Significant Accounting Policies (Continued)

acquisition or construction of general fixed assets and the servicing of general long-term obligations. Governmental funds include:

General fund

The general operating fund of the Village of Hosston accounts for all financial resources, except those required to be accounted for in other funds.

ACCOUNT GROUPS

General fixed assets group of accounts

The general fixed assets account group is used to establish accounting control and accountability for all fixed assets of the Village of Hosston. All fixed assets are valued at historical cost. No depreciation is recorded on general fixed assets.

c. Property, plant and equipment

General fixed group of accounts

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation has been provided on general fixed assets. The general fixed assets account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

d. Total columns

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles and this data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Cash

All deposits of the Village of Hosston are held by area financial institutions as permitted under state law. At December 31, 1999 the carrying amount of the Village of Hosston cash demand deposit was \$28,877 and the bank balance was \$28,917. The difference is due to deposits in transit and outstanding checks. In addition, the Village of Hosston had \$15,664 in an interest bearing money market account and owned certificates of deposit of \$121,531 as of December 31, 1999. At year end, all deposits were entirely covered by federal depository insurance.

3. Intergovernmental Revenues

The following governmental entities provided funding for the Village of Hosston during the year ended December 31, 1999:

State of Louisiana-tobacco tax	2,255
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See Accountants' Compilation Report

4. General Fixed Asset Group

A summary of general fixed assets by source follows:

	<u>12-31-98</u> <u>Balance</u>	<u>Additions</u>	<u>12-31-99</u> <u>Balance</u>
Land, buildings and improvements	165,862	45,615	211,477
Equipment	21,556	909	22,465
Furniture and fixtures	<u>3,200</u>	<u>1,386</u>	<u>4,586</u>
Total general fixed assets	<u>190,618</u>	<u>47,910</u>	<u>238,528</u>

5. Pension Plan

In 1999, the village contributed \$792 to the M.P.E.R.S. which is a retirement system for police officers.

See Accountants' Compilation Report

June 15, 2000

Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Management of the Village of Hosston
Village of Hosston
Hosston, Louisiana

We have performed the procedures included in the "Louisiana Government Audit Guide" and enumerated below, which were agreed to by the management of the Village of Hosston and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Hosston's compliance with certain laws and regulations during the year ended December 31, 1999, in the accompanying "Louisiana Attestation Questionnaire". This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

During 1999, there were no expenditures made for materials or supplies exceeding \$15,000. There were no expenditures exceeding \$100,000 for public works.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

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3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in #3 appeared on the list provided by management in agreed-upon procedure #2.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us a list of the original budget and all amendments.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minute book. We also traced the budget amendments to subsequent minutes.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the budget and noted the following budgeted revenue items were 5% more than actual revenues received; and the following actual expenses were more than 5% of budgeted expenses.

	<u>Actual</u>	<u>Budgeted</u>
Utility franchise tax	\$12,425	\$14,800
Miscellaneous income	\$ 160	\$ 2,000
Accounting	\$ 1,386	\$ 1,300
Salaries-other	\$11,708	\$10,000
Miscellaneous expense	\$ 5,582	\$ 1,000
Office supplies	\$ 1,614	\$ 1,000

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

(a) We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount, and made to the correct payee.

8. -continued-

(b) The six payments were properly coded to the correct fund.

(c) Inspection of the six selected transactions indicated approvals from the Mayor, alderman, and each check had 2 signatures.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 (the open meetings law).

The meetings are held on the first Monday of every month at the village town hall and are open to the public. The minutes of meetings are then published in the "Caddo Citizen". We examined the paid invoices to the "Caddo Citizen" and the actual minutes published in the "Caddo Citizen".

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

An inspection of the payroll records for 1999 indicated no instances of payments to employees which would constitute bonuses, advances, or gifts. A reading of the minutes indicated no approval for any such payments to employees.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the use of management of the Village of Hosston and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Henry M. Ezzi, CPA, L.L.P.

MANAGEMENT RECOMMENDATIONS

June 15, 2000

To the Village of Hosston
Hosston, Louisiana

During the compilation of the Village of Hosston's financial statements, the following came to our attention:

Finding #1

The Village of Hosston has failed to reach budgeted utility franchise tax revenue by 16.05% for the year ending December 31, 1999.

Cause:

The Village of Hosston did not receive all of the monies due them for the month of December. It was received and deposited in early January of 2000.

Recommendation:

The Village of Hosston should review prior year receipts to see if the last payment for December has been late in the past. After reviewing these figures, the Village should consider budgeting the revenue in accordance with these findings.

Finding #2

The Village of Hosston has failed to reach budgeted miscellaneous income which would include rental of the town hall, rebates, etc., by 91.99%.

Cause:

The Village of Hosston discontinued the rental of the town hall because it was noted that those people renting the facility were not abiding by the provisions set up by the Board of Alderman in keeping and/or leaving the Village Hall in a clean and orderly manner.

Recommendation:

The Village of Hosston should reduce their budgeted amount of miscellaneous income for the year 2000 in consideration of the discontinuation of the rental income.

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Finding #3

The Village of Hosston had a salary expense for other employees in excess of the 5% limit of actual versus the budgeted amount. Actual salary expense was approximately 11% above the budgeted amount.

Cause:

One of the employees of the Village of Hosston, the yard/maintenance man, had an increased workload. This, in turn, increased his hours which increased his pay by approximately \$1600 for the year ending December 31, 1999.

Recommendation:

The Village of Hosston should take into account the fact that the yard/maintenance man has had an increase in his workload with the addition of the library in late 1997. Also, the Village needs to look at what their actual expense for salaries of other than administrative staff has been for the past two to three years. After they have taken actual figures into consideration, an increase in the budgeted amount would be a likely outcome.

Finding #4

The Village of Hosston has exceeded the 5% limit of actual expenses over budgeted expenses for office supplies.

Cause:

The Village of Hosston has classified some items as office supplies which should have classified as equipment, i.e. a fax machine and a copier.

Recommendation:

The Village of Hosston should look carefully at expenses when classifying as office supplies versus equipment. With reclassification of these expenses to equipment for the year ending December 31, 1999, the actual expenses for office supplies would be in line with the budgeted figure.

Finding #5

The Village of Hosston costs for telephone exceeded budgeted expenses by 57%.

Cause:

The Village of Hosston has had a fax line put in at the town hall which was not considered at the time the budget was adopted.

Recommendation:

The Village of Hosston should look at the actual expenses for the year ending December 31, 1999, and estimate a budgeted amount for 2000 based on this figure. If there have been any other additional phone lines installed, these should also be taken into consideration for the budget.

Finding #6

The Village of Hosston has exceeded its budgeted expense for miscellaneous items by approximately \$4600.

Cause:

The Village of Hosston had the candle poles for their Christmas decorations refurbished at a cost of approximately \$5000. This expense was not considered when the budgeting process was being done in late 1998 for the year of 1999.

Recommendation:

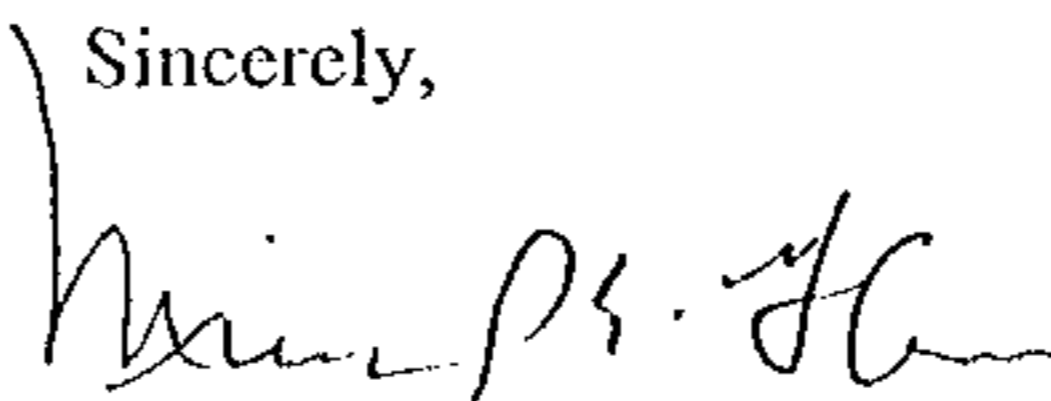
If the Village of Hosston can foresee any other rather large miscellaneous expenses such as the refurbishment of decorations, etc., the approximate amount of these should be considered when coming up with the 2000 budgeted amount for this category.

Corrective Action:

Management has agreed with all the recommendations given with regards to the six findings and will structure future budgets accordingly.

If you need further assistance with the matters noted or would like to discuss them in further detail, please contact me. I would be pleased to assist you in implementing these recommendations.

Sincerely,



Michael E. Gleason, CPA

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**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

June 20, 2000(Date Transmitted)

Heard, McElroy & Vestal, LLP
2285 Benton Road, Suite B-100
Bossier City, LA 71111 (Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..
Yes [x] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.
Yes [x] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.
Yes [x] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.
Yes [x] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.
Yes [x] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.
Yes [x] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes [x] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [X] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [x] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [x] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>Rob F. White</u>	Clerk	<u>6-15-00</u>	Date
<u>Bobby M. Giles</u>	Treasurer	<u>6/15/00</u>	Date
<u>D. Gordon M. Guinney</u>	Mayor	<u>6/15/00</u>	Date