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VILLAGE OF PROVENCAL, LOUISIANA
ANNUAL FINANCIAL REPORT
JUNE 30, 1999

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Release Date OCT 20 1999

Village of Provencal, Louisiana

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Johnson, Thomas & Cunningham

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ACCOUNTANTS' COMPILATION REPORT ON THE FINANCIAL STATEMENTS

The Honorable Enoch L. Moss, Mayor
and Village Aldermen
Village of Provencal, Louisiana

We have compiled the accompanying general purpose financial statements of the Village of Provencal as of June 30, 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. The financial statements have been prepared on the modified accrual basis of accounting, which is the generally accepted accounting methods established by the Governmental Accounting Standards Board for governmental units.

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.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

September 13, 1999
Natchitoches, Louisiana

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

Village of Provencal, Louisiana

Combined Balance Sheet-All Fund Types and Account Group
June 30, 1999

	<u>Governmental Fund Type</u> <u>General</u>	<u>Proprietary Fund Type</u> <u>Enterprise</u>	<u>Account Group</u> <u>General</u> <u>Fixed Assets</u>	<u>Totals</u> <u>(Memorandum Only)</u> <u>1999</u>
<u>Assets</u>				
Cash	\$10,813	\$ 19,852	\$ 0	\$ 30,665
Receivables	2,895	12,845	0	15,740
Restricted Assets-				
Meter Deposits	0	19,133	0	19,133
Bond Redemption Funds	0	21,881	0	21,881
Contingency Funds	0	6,460	0	6,460
Utility, Plant & Equipment	0	2,400,586	0	2,400,586
Less, Accumulated Depreciation	0	(325,674)	0	(325,674)
Furniture, Equipment & Land	<u>0</u>	<u>0</u>	<u>115,354</u>	<u>115,354</u>
Total Assets	<u>\$13,708</u>	<u>\$2,155,083</u>	<u>\$115,354</u>	<u>\$2,284,145</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,707	\$ 5,018	\$ 0	\$ 6,725
Accrued Liabilities Payable from Restricted Assets-				
Revenue Bonds	0	4,000	0	4,000
Customer's Deposits	0	13,442	0	13,442
Accrued Interest	0	2,575	0	2,575
Revenue Bonds Payable	<u>0</u>	<u>95,000</u>	<u>0</u>	<u>95,000</u>
Total Liabilities	<u>\$ 1,707</u>	<u>\$ 120,035</u>	<u>\$ 0</u>	<u>\$ 121,742</u>
<u>Fund Equity</u>				
Contributed Capital-Federal Grants	\$ 0	\$2,152,560	\$ 0	\$2,152,560
Investment in General Fixed Assets	0	0	115,354	115,354
Retained Earnings-				
Unreserved-(Deficit)	0	(117,512)	0	(117,512)
Fund Balances-				
Unreserved-Undesignated	<u>12,001</u>	<u>0</u>	<u>0</u>	<u>12,001</u>
Total Fund Equity	<u>\$12,001</u>	<u>\$2,035,048</u>	<u>\$115,354</u>	<u>\$2,162,403</u>
Total Liabilities & Fund Equity	<u>\$13,708</u>	<u>\$2,155,083</u>	<u>\$115,354</u>	<u>\$2,284,145</u>

See accountants' compilation report and notes to financial statements.

Village of Provencal, Louisiana

Combined Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget (GAAP Basis) and Actual
General Fund Type
Year Ended June 30, 1999

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Licenses & Permits	\$ 35,500	\$ 38,050	\$ 2,550
Intergovernmental	2,100	2,909	809
Miscellaneous	<u>2,400</u>	<u>1,897</u>	<u>(503)</u>
Total Revenues	<u>\$ 40,000</u>	<u>\$ 42,856</u>	<u>\$ 2,856</u>
Expenditures:			
Current-			
General Government	\$ 85,000	\$ 87,868	\$(2,868)
Public Safety	<u>10,000</u>	<u>9,791</u>	<u>209</u>
Total Expenditures	<u>\$ 95,000</u>	<u>\$ 97,659</u>	<u>\$(2,659)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$(55,000)	\$(54,803)	\$ 197
Other Financing Sources:			
Operating Transfers In	<u>30,000</u>	<u>30,900</u>	<u>900</u>
Excess (Deficiency) of Revenues and Other Sources Over Expen- ditures and Other Uses	\$(25,000)	\$(23,903)	\$ 1,097
Fund Balance-Beginning of Year	<u>35,904</u>	<u>35,904</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 10,904</u>	<u>\$ 12,001</u>	<u>\$ 1,097</u>

See accountants' compilation report and notes to financial statements.

Village of Provencal, Louisiana

Statement of Revenues, Expenses and Changes in Retained Earnings-
Proprietary Fund Type
Enterprise Fund
Year Ended June 30, 1999

	Totals <u>1999</u>
Operating Revenues:	
Utility Sales & Miscellaneous	\$ <u>164,613</u>
Operating Expenses:	
Gas Purchased	\$ 38,431
Maintenance & Labor	45,735
Supplies, etc.	10,176
Electricity	<u>12,837</u>
Total	\$ <u>107,179</u>
Administration:	
Office Expenses	\$ 9,383
Insurance	10,454
Taxes & Licenses	17,795
Professional Fees	5,143
Miscellaneous	<u>60</u>
Total	\$ <u>42,835</u>
Depreciation	\$ <u>42,181</u>
Total Operating Expenses	\$ <u>192,195</u>
Operating Income (Loss)	\$ <u>(27,582)</u>
Non-Operating Revenues (Expenses):	
Interest Income	\$ 1,266
Interest Expense	<u>(5,150)</u>
Total	\$ <u>(3,884)</u>
Other Financing Sources (Uses):	
Transfers (Out)	\$ (30,900)
State of LA-Rural Dev. Grant	<u>15,000</u>
NET INCOME (LOSS)	\$ (47,366)
Retained Earnings (Deficit)-Beginning of Year	<u>(70,146)</u>
Retained Earnings (Deficit)-Ending of Year	\$ <u>(117,512)</u>

See accountants' compilation report and notes to financial statements.

Village of Provencal, Louisiana
Statement of Cash Flows
Proprietary Fund Type-Enterprise Fund
Year Ended June 30, 1999

	<u>1999</u>
Cash Flows from Operating Activities:	
Net Income (Loss) for the Year	\$(47,366)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	42,181
Decrease in Accounts Receivable	3,115
(Increase) in Restricted Assets	(10,271)
(Decrease) in Accounts Payable	(1,335)
Increase in Restricted Assets Payables	<u>1,340</u>
Net Cash Provided by (Used by) Operating Activities	\$(12,336)
Cash Flows from Investing Activities	
(Purchase) of Fixed Assets	\$ <u>(1,919)</u>
Net Cash Used in Investing Activities	\$ <u>(1,919)</u>
Cash Flows from Financing Activities:	
Repayment of Long-term Debt	\$ <u>(4,000)</u>
Net Cash Provided (Used) by Financing Activities	\$ <u>(4,000)</u>
Net Increase (Decrease) in Cash	\$(18,255)
Cash at Beginning of Year	<u>38,107</u>
Cash at End of Year	\$ <u>19,852</u>

See accountants' compilation report and notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Village of Provencal, Louisiana
Notes to Financial Statements
June 30, 1999

1. **Introduction:**

The Village of Provencal, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of three Aldermen.

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

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water, sewer and gas services.

2. **Summary of Significant Accounting Policies:**

A. **Reporting Entity**

As the municipal governing authority, for reporting purposes, the Village of Provencal is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government Village, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Provencal for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

Village of Provencal, Louisiana
Notes to Financial Statements
June 30, 1999

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Village of Provencal as the primary government. The Village does not have any component units.

B. Fund Accounting

The accounts of the Village of Provencal are organized on the basis of funds and an account group, 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, or expenses, as appropriate. Government resources are allocated to and accounted for in 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 two generic funds types and two broad fund categories as follows:

Governmental Fund-

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

Proprietary Fund-

Enterprise Fund-The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (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.

Fixed Assets-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 funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed Assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, and are recorded as expenditures in the governmental fund types when purchased. Assets are valued at historical cost. The Village has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

Village of Provencal, Louisiana
Notes to Financial Statements
June 30, 1999

The account group is not a "fund". It is concerned only with the measurement of financial position, and is not involved with the measurement of results of operations.

The proprietary fund is 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 are included on the balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against the operations. Depreciation has been provided over the estimated useful lives using the straight-line method. Assets are shown at historical cost less an allowance for depreciation. The allowance for depreciation at June 30, 1999 was \$325,674 and \$283,493 at June 30, 1998. The estimated useful lives are as follows:

Water System	40 years
Gas System	40 years
Sewer System	75 years

C. 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 are generally included on the balance sheet. Operating statements of these funds present *increases and decreases in net current assets*. The *modified accrual basis of accounting* is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues are recognized when they become measurable and available as net current assets.

Taxes, charges for services, and investment earnings are recorded as earned since they are measurable and available and are therefore considered to be susceptible to accrual.

Expenditures are recognized when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other *financing sources (uses)*. These are recorded at the time of the transfer.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Village of Provenal, Louisiana
Notes to Financial Statements
June 30, 1999

The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

D. Budgets and Budgetary Accounting

The Village utilizes the following procedures in establishing the budgetary data reflected in the financial statements.

1. The Mayor prepares the budget which is to be submitted to the Board of Aldermen at the May meeting of the Board. The budget is to be voted on at the June meeting.
2. The budget can be amended after adoption by the Mayor submitting an amended budget to the Board, and adoption by the Board.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

E. Inventories

Water, sewer and gas system supplies used in the proprietary fund are expensed when purchased since the amount on hand, if any, is not material in amount.

F. Retirement Commitments

The employees of the Village of Provenal are not covered by any pension system, other than the social security system.

G. Unpaid Accumulated Vacation and Sick Pay

At June 30, 1999 there was no unpaid accumulated vacation or sick pay.

H. Encumbrance Accounting

The Village of Provenal does not employ the use of "encumbrance" accounting methods.

I. Bad Debts

Uncollectible amounts due for customer's 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 particular receivable. Allowance for bad debts at June 30, 1999, was \$400.

Village of Provençal, Louisiana
Notes to Financial Statements
June 30, 1999

J. Total Columns on Combined Statements - Overview

Total columns on the combined statements-overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not 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. Interfund eliminations have not been made in the aggregation of this data.

K. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Village may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 1999, the Village did not have any investments.

L. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. These covenants are more fully described in Note 6.

M. Fund Equity

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Village of Provençal, Louisiana
Notes to Financial Statements
June 30, 1999

3. Restricted Assets - Proprietary Fund Type:

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

	<u>1999</u>
Customer's Deposits	\$19,133
Bond Redemption Funds	21,881
Bond Contingency Fund	<u>6,460</u>
Total	<u>\$47,474</u>

4. Changes in General Fixed Assets:

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>7-1-98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-99</u>
Land & Buildings	\$27,865	\$ 9,127	\$0	\$ 36,992
Equipment	<u>39,350</u>	<u>39,012</u>	<u>0</u>	<u>78,362</u>
	<u>\$67,215</u>	<u>\$48,139</u>	<u>\$0</u>	<u>\$115,354</u>

5. Changes in Long-Term Debt:

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

	<u>Revenue</u> <u>Bonds</u>
Bonds Payable at July 1, 1998	\$103,000
Less, Bonds Retired	<u>(4,000)</u>
Bonds Payable at June 30, 1999	<u>\$ 99,000</u>

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

	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Rate</u>	<u>Total</u>
1975 Water Revenue Bonds	7-20-75	1-1-15	5%	\$99,000

Village of Provencal, Louisiana
Notes to Financial Statements
June 30, 1999

The annual requirements to amortize all debt outstanding as of June 30, 1999 including interest payments of \$46,800 are as follows:

2000	\$ 8,950
2001	9,750
2002	9,500
2003	9,250
2004	9,000
2005 through 2015	<u>99,350</u>
Total	<u>\$145,800</u>

6. Flow of Funds, Restriction on Use - Water Funds:

On May 2, 1975, the Village of Provencal borrowed \$157,000 from the Farmers Home Administration for the development of a water system. The note was secured by a revenue bond in the amount of \$157,000 and pledge of revenues from the sale of water. The establishment of a Reserve Bond Fund was required. The amount required was five percent of the monthly payment of the revenue bond. This amount is to be deposited monthly into the fund until there is accumulated therein an amount equal to the highest annual debt service payable in any future year - \$10,250. General Electric Capital Corporation has purchased the note from the Farmers Home Administration.

The establishment of a depreciation and contingency fund was also required with an initial payment of \$2,000 into the fund. Monthly amounts of \$40 are to be set aside into this fund. The fund can be used for maintenance of the system.

7. Litigation:

At June 30, 1999, the Village was not a party in any outstanding civil suit seeking damages against the Village.

8. Cash and Investments:

The Village's cash is held in separate cash accounts, and accounted for separately in each of the Village's funds. At June 30, 1999, the Village's cash totaled \$78,139. All of this cash is held by banks, and \$78,139 is covered by FDIC insurance.

Village of Provencal, Louisiana
Notes to Financial Statements
June 30, 1999

The Village's cash is categorized below to give an indication of the level of risk assumed by the Village at June 30, 1999. Category 1 includes cash held by the Village which is insured and held in the Village's name. Category 2 would include cash and investments held in the Village's name which is uninsured or unregistered. Category 3 would include the Village's cash held by a trustee or other third party not in the Village's name and uninsured and unregistered.

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Carrying Value
Total Cash & Cash Equivalents	\$78,139	\$0	\$0	\$78,139
FDIC Insurance	<u>78,139</u>	<u>0</u>	<u>0</u>	<u>78,139</u>
Balance Uninsured	\$ <u>0</u>	\$0	\$0	\$ <u>0</u>

9. A summary of proprietary fund property, plant and equipment at June 30, 1999, follows:

Land	\$ 38,250
Gas System	68,746
Water System	846,965
Sewer System	<u>1,446,625</u>
Total	\$2,400,586
Less, Accumulated Depreciation	<u>(325,674)</u>
Net	<u>\$2,074,912</u>

10. Proprietary Funds:

Segment information disclosure for the different types of utility fund services provided is not available since these services are combined by the Village's accounting system.

12. Per Diem Payments:

<u>Name</u>	<u>Amount</u>
Eulanee Parker	\$ 350
Dody Campbell	350
Ruth Kay	350
Sherry Woodel	600
Ray Gandy	350
Joye Lawson	300
E. L. Moss	300
Sharon Thompson	<u>250</u>
Total	<u>\$2,850</u>

Village of Provençal, Louisiana
Notes to Financial Statements
June 30, 1999

11. Year 2000 Issue:

The year 2000 issue is a result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Village of Provençal is aware of the year 2000 issue and is currently assessing all of its systems.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that parties with whom the Village does business will be year 2000 compliant.

Johnson, Thomas & Cunningham

Certified Public Accountants

Exhibit E

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Eddie G. Johnson, C.P.A., A Professional Corporation (1962-1996)

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Enoch L. Moss, Mayor
and Village Aldermen
Village of Provencal, 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 Provencal and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Provencal's compliance with certain laws and regulations during the year ended June 30, 1999 included 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 \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

All applicable expenditures were found to be in compliance.

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.

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 procedures (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

For the year ending June 30, 1999, payments were found to relatives of officials which constituted related party transactions. We have addressed this finding in a separate management letter to the Village's governing body;

Budgeting

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

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption to the minute book.

We traced the adoption of the budget to the minute book.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

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.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All payments examined were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

All payments examined were properly approved by the proper authorities.

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 through 42:12 (the open meetings law).

The Village of Provencal is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building.

Debt

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

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

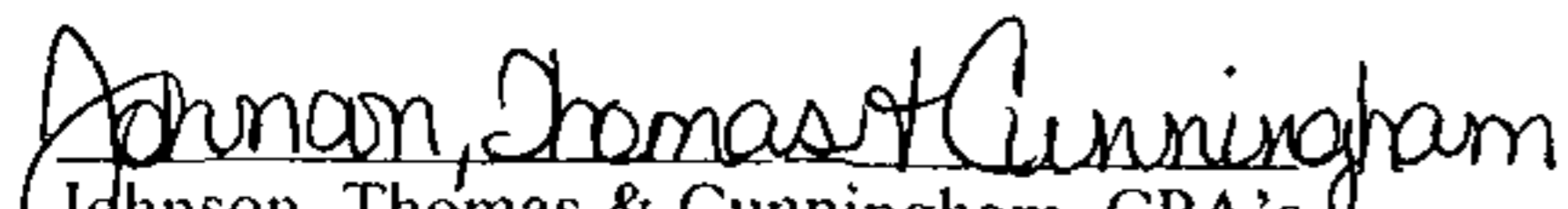
Advances and Bonuses

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.

None found.

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 Provencal 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. However, this report is a matter of public record and its distribution is not limited.


Johnson, Thomas & Cunningham, CPA's

September 13, 1999
Natchitoches, Louisiana

APPENDIX F. LOUISIANA ATTESTATION QUESTIONNAIRE

September 13, 1999 Date

Johnson Thomas & Cunningham, CPAs
321 Bienville St.
Natchitoches, LA 71457
(Auditors)

In connection with your compilation of our financial statements as of June 30, 1999 and for the period 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 September 13, 1999 (date).

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 [] 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 [] 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.

See Management Letter

Yes [] 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 39:43.

Yes [] No []

Accounting and Reporting

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 44:38.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No []

Meetings

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

Yes [] 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 47:1410.60.

Yes [] 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 [] 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.

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
<u>E. L. May</u>	President	<u>9-22-99</u>	Date

Note-Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contract with their public funding agencies. The quasi-public entities should include a representation that they have complied with the contractual provisions under which they have received state and/or local funds.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1982-1995)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

J. Paul Allen, CPA - A Professional Corporation

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11:35

391 Bienville Street

Natchitoches, Louisiana 71457

(318) 352-3652

Fax (318) 352-4447

MANAGEMENT LETTER

To E. L. Moss, Mayor
and Village Aldermen
Village of Provencal
P. O. Box 400
Provencal, LA 71468

We have compiled the general purpose financial statements of the Village of Provencal, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 13, 1999. As part of that compilation, we have the following issue that you should be aware of:

For the year ended June 30, 1999, we noted that the District is in violation of R.S. 42:1119 which states that no member of the immediate family of a member of a governing authority or the chief executive of a governmental entity shall be employed by the governmental entity.

Please be advised that in accordance with state regulations, you are required to direct your response to our firm in writing so it may be included with our report submitted to the State of Louisiana.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA'S

September 13, 1999
Natchitoches, Louisiana

Village of Provencal
P. O. Box 400
Provencal, Louisiana 71468-0400
Phone 4728767

Joye Lawson - Alderman

Sherry Woodel - Alderman



Harry Voight - Marshall

Ray Gandy - Alderman

E. L Moss - Mayor

September 15, 1999

Johnson, Thomas and Cunningham
Certified Public Accountants
321 Bienville Street
Natchitoches, La 71457

Upon receipt of your letter dated September 13, 1999 regarding the Village of Provencal being in violation of R. S. 42:119, I informed the Aldermen and we are all in agreement that this situation will be corrected. I as Mayor will personally insure that this practice will no longer be allowed.

Sincerely,

A handwritten signature in cursive script that reads "E.L. Moss".

E.L. Moss
Mayor, Village of Provencal

EM/st

cc: johnson, thomas cunningham
ray gandy
joye lawson
sherry woodel