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## VILLAGE OF HESSMER, LOUISIANA

Financial Report

Fiscal Year Ended August 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

MAR 15 2000

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor Mark Jeansonne  
And The Board of Aldermen  
Village of Hessmer, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Hessmer, Louisiana as of August 31, 1999, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Village of Hessmer's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Hessmer, Louisiana, as of August 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 22, 1999 on our consideration of the Village of Hessmer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The year 2000 supplementary information on page 61 is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Village of Hessmer is or will become year 2000 compliant, that the Village's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Village does business are or will be year 2000 compliant.

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Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "supplemental information" in the table of contents is presented on pages 29-61 for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Hessmer, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Marksville, Louisiana  
Decemer 22, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF HESSMER, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups  
August 31, 1999

	Governmental Fund Types			Proprietary Fund Type Enterprise	Account Groups			Totals (Memorandum Only)
	Capital Projects		Debt Service		General Fixed Assets	General Long-Term Debt		
	General Fund	50				1999	1998	
<b>ASSETS AND OTHER DEBITS</b>								
Cash	\$ 90,945	\$ 50	\$ 268	\$ 74,505	\$ -	\$ -	\$ 165,768	\$ 176,026
Investments	15,000	-	\$ 13,176	134,922	-	-	163,098	171,592
Receivables -								
Accounts	466	-	-	21,212	-	-	21,678	21,246
Due from other governmental agencies	-	-	-	-	-	-	-	8,368
Accrued interest receivable	223	-	27	1,117	-	-	1,367	1,467
Due from other funds	8,103	-	12,158	1,745	-	-	22,006	96,903
Prepaid items	8,211	-	-	2,159	-	-	10,370	11,169
Inventory	-	-	-	17,613	-	-	17,613	9,643
Restricted assets:								
Cash	-	-	-	125,293	-	-	125,293	120,422
Investments	-	-	-	77,757	-	-	77,757	74,764
Accrued interest receivable	-	-	-	2,534	-	-	2,534	544
Land	-	-	-	-	39,492	-	39,492	39,492
Buildings	-	-	-	-	89,855	-	89,855	89,855
Equipment	-	-	-	-	42,356	-	42,356	38,273
Vehicles	-	-	-	-	40,568	-	40,568	41,175
Utility property, plant and equipment	-	-	-	1,800,556	-	-	1,800,556	1,800,556
Accumulated depreciation	-	-	-	(679,080)	-	-	(679,080)	(633,755)
Amount available in debt service funds	-	-	-	-	-	25,629	25,629	25,156
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	4,371	4,371	6,844
<b>Total assets and other debits</b>	<b>\$ 122,948</b>	<b>\$ 50</b>	<b>\$ 25,629</b>	<b>\$ 1,580,333</b>	<b>\$ 212,271</b>	<b>\$ 30,000</b>	<b>\$ 1,971,231</b>	<b>\$ 2,099,740</b>

(Continued)



VILLAGE OF HESSMER, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)

August 31, 1999

	Governmental Fund Types			Proprietary Fund Type Enterprise	Account Groups		Totals	
	General Fund	Capital Projects	Debt Service		General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
							1999	1998
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>								
Liabilities:								
Accounts payable	\$ 8,184	\$ 50	\$ -	\$ 9,038	\$ -	\$ -	\$ 17,272	\$ 7,446
Contracts payable	-	-	-	-	-	-	-	56,621
Retainage payable	-	-	-	-	-	-	-	26,759
Due to other funds	1,419	-	-	20,587	-	-	22,006	96,903
Payable from restricted assets -								
Customers' deposits	-	-	-	27,034	-	-	27,034	26,627
Revenue bonds payable	-	-	-	5,000	-	-	5,000	5,000
Accrued Interest	-	-	-	4,128	-	-	4,128	4,295
General obligation bonds payable	-	-	-	-	30,000	-	30,000	32,000
Revenue bonds payable	-	-	-	119,000	-	-	119,000	124,000
Total liabilities	9,603	50	-	184,787	-	30,000	224,440	379,651
Contributed capital (net of accumulated amortization)	-	-	-	682,367	-	-	682,367	710,062
Investment in general fixed assets	-	-	-	-	212,271	-	212,271	208,795
Retained earnings -								
Unreserved	-	-	-	550,499	-	-	550,499	526,800
Reserved	-	-	-	162,680	-	-	162,680	155,116
Total retained earnings	-	-	-	713,179	-	-	713,179	681,916
Fund balances -								
Reserved for debt service	-	-	25,629	-	-	-	25,629	25,156
Designated for subsequent expenditures	15,667	-	-	-	-	-	15,667	27,953
Unreserved -undesignated	97,678	-	-	-	-	-	97,678	66,207
Total fund balances	113,345	-	25,629	-	-	-	138,974	119,316
Total equity and other credits	113,345	-	25,629	1,395,546	212,271	-	1,746,791	1,720,089
Total liabilities, equity and other credits	\$122,948	\$ 50	\$25,629	\$1,580,333	\$ 212,271	\$30,000	\$ 1,971,231	\$ 2,099,740

The accompanying notes are an integral part of this statement.



VILLAGE OF HESSMER, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
All Governmental Fund Types  
Fiscal Year Ended August 31, 1999

	General Fund	Capital Projects	Debt Service	Totals (Memorandum Only)	
				1999	1998
<b>Revenues:</b>					
Taxes	\$ 19,560	\$ -	\$ 3,842	\$ 23,402	\$ 23,584
Licenses and permits	32,241	-	-	32,241	28,655
Intergovernmental	58,205	9,051	-	67,256	252,964
Fines and forfeits	7,112	-	-	7,112	7,042
Miscellaneous	78,047	-	670	78,717	76,902
Total revenues	<u>195,165</u>	<u>9,051</u>	<u>4,512</u>	<u>208,728</u>	<u>389,147</u>
<b>Expenditures:</b>					
Current -					
General government	30,353	-	-	30,353	29,597
Public safety:					
Police	57,916	-	-	57,916	54,014
Fire	27,372	-	-	27,372	23,560
Streets and drainage	17,655	-	-	17,655	34,223
Recreation	16,331	-	-	16,331	33,874
Capital outlay	49,353	9,051	-	58,404	311,126
Debt service	-	-	4,039	4,039	4,329
Total expenditures	<u>198,980</u>	<u>9,051</u>	<u>4,039</u>	<u>212,070</u>	<u>490,723</u>
Excess (deficiency) of revenues over expenditures	(3,815)	-	473	(3,342)	(101,576)
<b>Other financing sources:</b>					
Operating transfers in	43,000	-	-	43,000	109,227
Operating transfers out	(20,000)	-	-	(20,000)	-
Total other financing sources	<u>23,000</u>	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>109,227</u>
Excess of revenues and other sources over expenditures	19,185	-	473	19,658	7,651
Fund balances, beginning	<u>94,160</u>	<u>-</u>	<u>25,156</u>	<u>119,316</u>	<u>111,665</u>
Fund balances, ending	<u>\$ 113,345</u>	<u>\$ -</u>	<u>\$25,629</u>	<u>\$138,974</u>	<u>\$119,316</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Budget (GAAP Basis) and Actual -  
 General and Debt Service Fund  
 Fiscal Year Ended August 31, 1999

	General Fund			Debt Service Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 19,700	\$ 19,560	\$ (140)	\$ 3,500	\$ 3,842	\$ 342
Licenses and permits	28,000	32,241	4,241	-	-	-
Intergovernmental	61,400	58,205	(3,195)	-	-	-
Fines and forfeits	10,000	7,112	(2,888)	-	-	-
Miscellaneous	69,300	78,047	8,747	500	670	170
Total revenues	<u>188,400</u>	<u>195,165</u>	<u>6,765</u>	<u>4,000</u>	<u>4,512</u>	<u>512</u>
Expenditures:						
Current -						
General government	27,550	30,353	(2,803)	-	-	-
Public safety:						
Police	53,850	57,916	(4,066)	-	-	-
Fire	24,800	27,372	(2,572)	-	-	-
Streets and drainage	16,050	17,655	(1,605)	-	-	-
Recreation	19,600	16,331	3,269	-	-	-
Capital outlay	56,000	49,353	6,647	-	-	-
Debt service	-	-	-	4,100	4,039	61
Total expenditures	<u>197,850</u>	<u>198,980</u>	<u>(1,130)</u>	<u>4,100</u>	<u>4,039</u>	<u>61</u>
Excess (deficiency) of revenues over expenditures	<u>(9,450)</u>	<u>(3,815)</u>	<u>5,635</u>	<u>(100)</u>	<u>473</u>	<u>573</u>
Other financing sources:						
Operating transfers in	42,000	43,000	1,000	-	-	-
Operating transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>22,000</u>	<u>23,000</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	12,550	19,185	6,635	(100)	473	573
Fund balances, beginning	<u>94,160</u>	<u>94,160</u>	<u>-</u>	<u>25,156</u>	<u>25,156</u>	<u>-</u>
Fund balances, ending	<u>\$ 106,710</u>	<u>\$113,345</u>	<u>\$ 6,635</u>	<u>\$25,056</u>	<u>\$25,629</u>	<u>\$ 573</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA

Proprietary Fund Type - Enterprise Funds  
 Combined Statement of Revenues, Expenses, and Changes in Retained Earnings  
 Fiscal Years Ended August 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating Revenues		
Charges for services	\$ 173,476	\$ 177,713
Operating Expenses		
Salaries and labor	35,653	34,746
Payroll taxes	2,624	2,658
Depreciation	45,325	45,278
Maintenance and repairs	23,104	26,473
Office supplies	3,457	3,511
Legal and professional	2,631	2,788
Insurance	6,034	5,499
Fuel and oil	1,207	1,868
Chemicals and supplies	20,562	17,304
Utilities	9,845	10,013
Laboratory testing	906	782
Other	4,899	4,410
Total operating expenses	<u>156,247</u>	<u>155,330</u>
Operating Income	<u>17,229</u>	<u>22,383</u>
Nonoperating Revenues (Expenses)		
Interest on investments	17,122	16,056
Proceeds from grant	7,500	-
Interest expense	(6,283)	(6,700)
Miscellaneous	-	525
Total nonoperating revenues	<u>18,339</u>	<u>9,881</u>
Income Before Other Financing Sources (Uses)	35,568	32,264
Other Financing Sources (Uses)		
Operating transfers out	<u>(23,000)</u>	<u>(109,227)</u>
Net Income (Loss)	12,568	(76,963)
Depreciation on Fixed Assets Acquired By Grants, Entitlements, and Shared Revenues Externally Restricted For Capital Acquisition and Construction That Reduces Contributed Capital	18,695	17,539
Retained Earnings, Beginning	<u>681,916</u>	<u>741,340</u>
Retained Earnings, Ending	<u>\$ 713,179</u>	<u>\$ 681,916</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA  
Proprietary Fund Type - Enterprise Funds  
Combined Statement of Cash Flows  
Fiscal Years Ended August 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Operating income	\$ <u>17,229</u>	\$ <u>22,383</u>
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	45,325	45,278
Changes in assets and liabilities :		
Increase in accounts receivable	1,078	(675)
(Increase) decrease in prepaid insurance	192	(828)
Increase in inventory	(7,970)	-
(Decrease) increase in accounts payable	6,175	(2,123)
Increase in customer deposits	<u>407</u>	<u>878</u>
Total adjustments	<u>43,510</u>	<u>42,530</u>
Net cash flows provided by operating activities	<u>60,739</u>	<u>64,913</u>
Cash flows from noncapital financing activities:		
Advances from other funds	(82,823)	-
Other	-	525
Transfers out	<u>(23,000)</u>	<u>(33,913)</u>
Net cash used by noncapital financing activities	<u>(105,823)</u>	<u>(33,388)</u>
Cash flow from capital and related financing activities:		
Grant proceeds	7,500	-
Principal paid on bonds	(5,000)	(5,000)
Interest paid on bonds	(6,450)	(6,700)
Purchase of fixed assets	<u>-</u>	<u>(2,550)</u>
Net cash used by capital and related financing activities	<u>(3,950)</u>	<u>(14,250)</u>
Cash flows from investing activities:		
(Increase) decrease in investments	6,181	(8,100)
Interest earned on investments	<u>15,207</u>	<u>17,013</u>
Net cash provided by investing activities	<u>21,388</u>	<u>8,913</u>
Net increase (decrease) in cash and cash equivalents	(27,646)	26,188
Cash and cash equivalents, beginning of year	<u>227,444</u>	<u>201,256</u>
Cash and cash equivalents, end of year	<u>\$199,798</u>	<u>\$ 227,444</u>

The accompanying notes are an integral part of this statement.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Financial Statements

#### (1) Summary of Significant Accounting Policies

The Village of Hessmer was incorporated in 1955 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the Village of Hessmer 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 and practices:

##### A. Financial Reporting Entity

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

Based on the foregoing criteria, the volunteer fire department, as a governmental organization, is not part of the Village and is thus excluded from the accompanying financial statements. This organization is staffed by volunteers and although the Village does provide some of its financing, no control is exercised over its operations. These financial statements include only expenditures incurred directly by the Village for fire protection and does not include operating expenditures paid with self-generated funds of the volunteer fire department.

##### B. Fund Accounting

The accounts of the Village are organized on the basis of funds and 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, or expenses, as appropriate. Government resources are allocated to and accounted for in individual



## VILLAGE OF HESSMER, LOUISIANA

### Notes to Financial Statements (Continued)

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 generic fund types and broad fund categories as follows:

#### Governmental Funds

**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.

#### Capital Projects Funds

Capital Projects Funds accounts for the financial resources to be used for the improvement of the existing water system.

#### Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

#### Proprietary Funds

**Enterprise Funds.** Enterprise Funds are used to account for operations (1) that 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 (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate accountability, or other purposes. The Water System Fund and the Sewer System Fund are used to account for the operations of the Water and Sewer Utility Enterprise Funds.

#### 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.



## VILLAGE OF HESSMER, LOUISIANA

### Notes to Financial Statements (Continued)

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 balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (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 accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets are normally immovable and of value only to the Village, therefore, the purpose of stewardship for these items is satisfied without recording of these assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two 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.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

	<u>Water System</u>	<u>Sewer System</u>
Pumps, motors, compressors	10 years	10 years
Lines and other systems	30-50 years	30-50 years
Vehicles and movable equipment	5-8 years	5-8 years

Major portions of the sewer system and water system were contributed by federal grants. The cost of these systems donated by the federal grants is included in Property Plant and Equipment. Depreciation on this cost is a reduction of Contributed Capital as amortization and an increase in retained earnings.

C. Basis of Accounting

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements 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. Property Taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Penalties and Interest, Corporation Court Fines and Miscellaneous Revenues are recorded when received in cash because they are generally not measurable until actually received. Franchise taxes, Intergovernmental Revenue, and Interest Income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include 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.

D. Budgets and Budgetary Accounting

1. The Mayor meets with the Council to review the prior year revenue and expenditures as a basis for projecting the current fiscal year budget.
2. Anticipated changes from the prior year are taken into account and reflected in the projections.
3. Once adopted the budget is made available for public inspection and a budget summary is published in the Village's designated official journal.
4. The Village doesn't formally integrate its budget as a management tool.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets are prepared for the general fund and the debt service fund utilizing generally accepted accounting principles.

E. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased. Inventories are stated at cost using the first-in, first-out method of pricing. Inventories are adjusted at year-end.

F. Investments

Investments are stated at cost or amortized cost. Discounts and premiums on the purchase of investments, if any, are amortized over the life of the investment remaining from the date of purchase to the date of maturity. All investments consist of time deposits.

G. Restricted Assets

These assets consist of cash and short term investments restricted for the Sewer System Fund's debt service.

VILLAGE OF HESSMER, LOUISIANA  
Notes to Financial Statements (Continued)

II. Bad Debts

Uncollectible amounts due from customers' utility receivables are recognized as bad debts once management determines that the account will not be collected.

I. Accumulated Unpaid Vacation, Sick-pay, and Other Employee Benefits.

Employees of the Village are not covered under any specific vacation or sick-leave policy. It is the Village's policy that unused compensated absences lapse at the end of the year. Therefore, no accruals for accumulated unused compensated absences have been made in these financial statements.

J. Reserves

The Village records reserves to indicate that a portion of the retained earnings is legally segregated for a specific future use.

K. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, complete comparative data (i.e. presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

L. 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.

(2) Deposits and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments (Certificates of Deposit) with a maturity of three months or less to be cash equivalents. The deposits and investments are in various state banks organized under Louisiana law which is permissible. In compliance with state law, these deposits and investments are fully secured by federal deposit insurance and investments designated by the banks.

VILLAGE OF HESSMER, LOUISIANA  
Notes to Financial Statements (Continued)

Deposits

At year end, the carrying amount of the Village's deposits was \$290,961 and the bank balance was \$294,982. Cash on the Balance Sheet also included \$100 of cash on hand.

Investments

The Villages investments were interest bearing certificates of deposit and savings. The market value approximates the carrying amount which is \$240,855.

(3) Property Taxes

Property taxes attach as an enforceable lien on property as of January 2 of each year. Taxes are levied by the Village in October. Billed taxes become delinquent on January 1 of the following year. Revenues from property taxes are budgeted in the year billed. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish.

For the year ended August 31, 1999, taxes of 3.0 mills were levied on property with assessed valuations totaling \$1,279,920 and were dedicated as follows:

<u>Description</u>	<u>(Mills)</u>	<u>Revenues</u>
Sewerage Dist. #1 Bonds	1.50	\$1,921
Sewerage Public Improvements Bonds	<u>1.50</u>	<u>1,921</u>
	<u>3.00</u>	<u>\$3,842</u>

Total taxes levied were \$3,842 with collections of penalty and interest of \$-0-. All taxes were collected at August 31, 1999.



VILLAGE OF HESSMER, LOUISIANA  
Notes to Financial Statements (Continued)

(4) Accounts Receivable

Receivables consisted of the following:

	General Fund	Water System Fund	Sewer System Fund	Total
Beer taxes	\$366	\$ -	\$ -	\$ 366
Unbilled receivables	-	3,832	1,170	5,002
Utility billings	-	12,599	3,611	16,210
Rent receivable	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total	<u>\$466</u>	<u>\$16,431</u>	<u>\$4,781</u>	<u>\$21,678</u>

(5) Interfund Receivables, Payables

	Interfund Receivables	Interfund Payables
General Fund	\$ 8,103	\$ 1,419
Debt Service Fund	12,158	-
Water System Fund	326	8,103
Sewer System Fund	<u>1,419</u>	<u>12,484</u>
Total	<u>\$22,006</u>	<u>\$22,006</u>



VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

(6) Restricted Assets – Proprietary Fund Types

Restricted assets consisted of cash and short-term investments in the following accounts at August 31, 1999:

	Water System Fund	Sewer System Fund	Total
Customer Deposit Fund -			
Cash	\$13,345	\$ 5,398	\$ 18,743
Investments	12,500	-	12,500
Accrued interest receivable	1,086	-	1,086
	<u>26,931</u>	<u>5,398</u>	<u>32,329</u>
State Grant Funds -			
Investments	-	65,257	65,257
Accrued interest receivable	-	1,448	1,448
	<u>-</u>	<u>66,705</u>	<u>66,705</u>
Bond Debt Service -			
Revenue Bond Fund	-	65,167	65,167
Revenue Bond Reserve Fund	-	31,758	31,758
Replacement and Depreciation Fund	-	9,625	9,625
	<u>-</u>	<u>106,550</u>	<u>106,550</u>
	<u>\$26,931</u>	<u>\$178,653</u>	<u>\$205,584</u>

The cash and investments in the customer deposit funds must at least equal the liability for customer deposits. See note (8) for restrictions on bond accounts.

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

(7) Fixed Assets

A summary of changes in General Fixed Assets follows:

	<u>Balance 09/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 08/31/99</u>
Land	\$ 39,492	\$ -	\$ -	\$ 39,492
Buildings and improvements	89,855	-	-	89,855
Equipment	38,273	4,083	-	42,356
Vehicles	41,175	2,893	3,500	40,568
	<u>\$208,795</u>	<u>\$ 6,976</u>	<u>\$ 3,500</u>	<u>\$212,271</u>

A summary of changes in proprietary fund type property, plant and equipment is as follows:

	<u>Balance 09/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 08/31/99</u>
Water System	\$1,149,739	\$ -	\$ -	\$1,149,739
Sewer System	650,817	-	-	650,817
Total	1,800,556	-	-	1,800,556
Less Accumulated Depreciation	<u>(633,755)</u>	<u>(45,325)</u>	<u>-</u>	<u>(679,080)</u>
	<u>\$1,166,801</u>	<u>\$(45,325)</u>	<u>\$ -</u>	<u>\$1,121,476</u>

VILLAGE OF HESSMER, LOUISIANA  
Notes to Financial Statements (Continued)

(8) Changes in Long-Term Debt

The following is a summary of bond and note transactions of the Village for the year August 31, 1999:

	General Obligation Bonds	Sewer Revenue Bonds	Total
Bonds Payable at 9/01/98	\$32,000	\$129,000	\$161,000
Less: Bonds Retired	(2,000)	(5,000)	(7,000)
Bonds Payable at 8/31/99	\$30,000	\$124,000	\$154,000

Bonds payable at August 31, 1999 are comprised of the following individual issues:

General Obligation Bonds

\$30,000 - 1974 Sewer System Improvement Serial bonds due in annual installments of \$1,000 through January 1, 2014; interest rate at 5%, funded by property taxes.

\$ 15,000

\$30,000 - 1974 Sewer System Improvement serial bonds due in annual installments of \$1,000 through January 1, 2014; interest rate at 5%, funded by property taxes.

15,000  
\$ 30,000

Sewer Revenue Bonds

\$188,000 - 1974 Sewer Revenue serial bonds due in annual installments of \$5,000 to \$11,000 through January 1, 2014; interest rate at 5%.

\$124,000

The above revenue bonds are secured by sewer system revenues.

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

The annual requirements to amortize all bond debt outstanding at August 31, 1999 are as follows:

<u>Year Ending August 31,</u>	General Obligation Bonds			
	Series 1974		Series 1974	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2000	\$ 1,000	\$ 750	\$ 1,000	\$ 750
2001	1,000	700	1,000	700
2002	1,000	650	1,000	650
2003	1,000	600	1,000	600
2004	1,000	550	1,000	550
2005-2009	5,000	2,000	5,000	2,000
2010-2014	<u>5,000</u>	<u>750</u>	<u>5,000</u>	<u>750</u>
Total	<u>\$15,000</u>	<u>\$6,000</u>	<u>\$15,000</u>	<u>\$6,000</u>

<u>Year Ending August 31,</u>	Sewer Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>
2000	\$ 5,000	\$ 6,200
2001	6,000	5,950
2002	6,000	5,650
2003	6,000	5,350
2004	7,000	5,050
2005-2009	41,000	19,650
2010-2014	<u>53,000</u>	<u>8,100</u>
Total	<u>\$124,000</u>	<u>\$55,950</u>

\$25,629 is available in the Debt Service Fund to retire general obligation bonds.

A. Dedication of Water and Sewer Revenues and Sinking Fund Requirements

The 1963 Water Revenue Bonds were paid off during the fiscal year ended August 31, 1987.

VILLAGE OF HESSMER, LOUISIANA  
Notes to Financial Statements (Continued)

B. 1974 Sewer System Revenue Bonds

The revenues of the sewer system are partially pledged to retire the sewer revenue bonds dated September 16, 1974.

The bond resolution of the 1974 Issue of Bonds requires the establishment and maintenance of the following bank accounts:

- A. Sewer Revenue Bond and Interest Sinking Fund
- B. Sewer Reserve Fund
- C. Sewer Depreciation Fund

The Sewer Fund is to transfer to the Sewer Revenue and Interest Sinking Fund on a monthly basis, a sum not less than one-twelfth (1/12th) of the amount of the principal which will become due on the next following payment date and not less than one-sixth (1/6<sup>th</sup>) of the amount of the interest due on the next following payment date. In addition to these transfers the Sewer Fund is to transfer to the Sewer Reserve Fund five percent (5%) of the amount to be paid to the Sinking Fund until a total of \$12,650 is accumulated therein. In addition, the Sewer Fund is to transfer \$40 per month into the Sewer Depreciation Fund.

For the year ended August 31, 1999, all required transfers were adequate.

In regards to compliance with revenue bond resolutions, a summary of the applicable activity in the accounts is as follows:

<u>Bond Account</u>	<u>Transfers (T) or Minimum (M) Balance Required</u>	<u>Transfers During Year</u>	<u>Over (Under) Requirements</u>
Sewer Revenue Bond and Interest Sinking Fund	\$11,367 (T)	\$12,000	\$ 633
Sewer Reserve Fund	12,650 (M)	31,758	19,108
Sewer Depreciation Fund	480 (T)	480	-

VILLAGE OF HESSMER, LOUISIANA  
Notes to Financial Statements (Continued)

(9) Retirement Commitments

As of August 31, 1999 all employees of the Village are members of the Social Security System. All required payments into this fund have been paid for the year ended August 31, 1999. Social security taxes in the amount of \$7,431 was paid on qualified payroll of \$97,138.

(10) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. There were no encumbrances outstanding at year end.

(11) Designation of Fund Balance

In the General Fund, unreserved fund balance has been designated for subsequent year's expenditures in the amount of \$15,667. This designation represents \$8,211 of prepaid insurance at August 31, 1999 for which the Village had already expended funds. Also, unexpended grant funds for a Youth Program were on hand at August 31, 1999 in the amount of \$7,456.

(12) Litigation

The Village is not involved in any litigation as of August 31, 1999.

(13) Grant Proceeds

During the year ended August 31, 1993, the Village received \$50,000 of state grant monies to be used for the upgrading of the sewer system. As of the end of the year the Village had not expended these funds. Therefore, there has been a reservation of retained earnings of \$65,257 at year end which includes interest earned on this money.

(14) Expenditures in Excess of Appropriations

For the year ended August 31, 1999, the following funds had actual expenditures over budgeted appropriations.

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund	\$197,850	\$198,980	\$(1,130)



VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

(15) Segment Information for Enterprise Funds

The Village maintains two Enterprise Funds. Segment information for these funds for the year ended August 31, 1999 follows:

	<u>Water System Fund</u>	<u>Sewer System Fund</u>	<u>Total</u>
Operating revenues	\$ 129,790	\$ 43,686	\$ 173,476
Depreciation	30,445	14,880	45,325
Operating income (loss)	18,479	(1,250)	17,229
Net income (loss)	9,171	3,397	12,568
Current capital contributions	-	-	-
Plant property & equipment net additions	-	-	-
Net working capital	134,673	88,975	223,648
Total assets	952,241	628,092	1,580,333
Long-term liabilities payable from operating revenues	-	119,000	119,000
Total Equity	914,507	481,039	1,395,546

(16) Mayor and Aldermen Compensation

The following is a schedule of the compensation paid to the Mayor and Aldermen for the year ended August 31, 1999.

	<u>Amount</u>	<u>Term Expires</u>
Mayor, Mark Jeansonne	\$1,500	December 31, 2000
Aldermen		
Lynn Bordelon	-	December 31, 2000
Susan Jeansonne	600	December 31, 2000
Scott Kelly	600	December 31, 2000
	<u>\$2,700</u>	

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

(17) LCDBG Grant Information

The Village entered into a 1999 Sewer Renovation LCDBG grant in the amount of \$997,378. Expected construction to begin in May 2000 with expected completion in December 2000. As of August 31, 1999, general administrative expenditures were incurred.

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUP

## **GENERAL FUND**

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

VILLAGE OF HESSMER, LOUISIANA

General Fund  
Comparative Balance Sheet  
August 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
Cash	\$ 90,945	\$ 68,481
Investments	15,000	15,000
Receivables -		
Accounts	466	653
Accrued interest	223	246
Due from other funds	8,103	7,216
Prepaid insurance	<u>8,211</u>	<u>8,818</u>
<b>TOTAL ASSETS</b>	<u><u>\$122,948</u></u>	<u><u>\$100,414</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 8,184	\$ 4,298
Due to other funds	<u>1,419</u>	<u>1,956</u>
Total liabilities	<u>9,603</u>	<u>6,254</u>
<b>Fund Balance</b>		
Designated	15,667	27,953
Unreserved - undesignated	<u>97,678</u>	<u>66,207</u>
Total fund balance	<u>113,345</u>	<u>94,160</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$122,948</u></u>	<u><u>\$100,414</u></u>



VILLAGE OF HESSMER, LOUISIANA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -

Budget (GAAP Basis) and Actual

Fiscal Year Ended August 31, 1999

With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998
	Budget	Actual		Actual
<b>REVENUES</b>				
Taxes	\$ 19,700	\$ 19,560	\$ (140)	\$ 19,790
Licenses and permits	28,000	32,241	4,241	28,655
Intergovernmental	61,400	58,205	(3,195)	63,149
Fines & forfeits	10,000	7,112	(2,888)	7,042
Miscellaneous	69,300	78,047	8,747	76,255
Total Revenue	<u>188,400</u>	<u>195,165</u>	<u>6,765</u>	<u>194,891</u>
<b>EXPENDITURES</b>				
Current -				
General government	27,550	30,353	(2,803)	29,597
Public safety:				
Police	53,850	57,916	(4,066)	54,014
Fire	24,800	27,372	(2,572)	23,560
Streets and sanitation	16,050	17,655	(1,605)	34,223
Recreation	19,600	16,331	3,269	33,874
Capital outlay	56,000	49,353	6,647	26,954
Total Expenditures	<u>197,850</u>	<u>198,980</u>	<u>(1,130)</u>	<u>202,222</u>
Deficiency of Revenues Over Expenditures	<u>(9,450)</u>	<u>(3,815)</u>	<u>5,635</u>	<u>(7,331)</u>
Other Financing Sources (Uses)				
Operating transfers in	42,000	43,000	1,000	16,000
Transfers out	(20,000)	(20,000)	-	-
Total Other Financing Sources (Uses)	<u>22,000</u>	<u>23,000</u>	<u>1,000</u>	<u>16,000</u>
Excess of Revenues and Other Sources Over Expenditures	12,550	19,185	6,635	8,669
Fund Balance, Beginning	<u>94,160</u>	<u>94,160</u>	<u>-</u>	<u>85,491</u>
Fund Balance, Ending	<u>\$ 106,710</u>	<u>\$ 113,345</u>	<u>\$ 6,635</u>	<u>\$ 94,160</u>

VILLAGE OF HESSMER, LOUISIANA

General Fund

Statement of Revenues - Budget (GAAP Basis) and Actual

Fiscal Year Ended August 31, 1999

With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Taxes				
Franchise	\$ 19,700	\$ 19,560	\$ (140)	\$ 19,790
Licenses and Permits				
Occupational	28,000	32,241	4,241	28,655
Intergovernmental				
Tobacco taxes	3,100	3,125	25	3,125
Beer taxes	2,400	2,497	97	2,567
2% Fire insurance	5,900	6,533	633	6,159
Rural fire	1,200	1,200	-	1,200
Mowing-State contracts	2,700	2,671	(29)	2,671
Safe and sober program	1,300	1,300	-	1,400
DOTD grant	40,000	36,551	(3,449)	15,497
Rural development grant	-	-	-	26,000
Video poker	4,800	4,328	(472)	4,530
Total intergovernmental	61,400	58,205	(3,195)	63,149
Fines & Forfeits	10,000	7,112	(2,888)	7,042
Miscellaneous				
Grand Casino funds	55,000	70,713	15,713	61,115
American hometown grant	10,000	-	(10,000)	5,000
Other	1,400	3,117	1,717	6,631
Sale of fixed assets	-	952	-	500
Interest income	1,700	2,065	365	3,009
Rental income	1,200	1,200	-	-
Total miscellaneous	69,300	78,047	8,747	76,255
Total revenues	\$ 188,400	\$ 195,165	\$ 6,765	\$ 194,891

VILLAGE OF HESSMER, LOUISIANA

General Fund  
 Statement of Expenditures - Budget (GAAP Basis) and Actual  
 Fiscal Year Ended August 31, 1999  
 With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1998

	1999		Variance -	1998
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>GENERAL GOVERNMENT -</b>				
Salaries and per diem	\$ 7,600	\$ 5,781	\$ 1,819	\$ 7,697
Per diem - Mayor and Aldermen	2,700	2,700	-	2,700
Legal and professional	3,200	3,025	175	2,925
Repairs & maintenance	-	365	(365)	109
Printing	1,800	1,860	(60)	1,683
Payroll taxes	550	552	(2)	446
Dues & subscriptions	350	379	(29)	305
Insurance	3,500	2,266	1,234	3,398
Office administration	2,500	2,860	(360)	2,858
Utilities & telephone	2,750	2,458	292	2,418
Adopt-A-Flag program	-	1,190	(1,190)	1,043
American Hometown Grant	-	3,005	(3,005)	510
Travel and convention	2,500	3,658	(1,158)	3,504
Miscellaneous	100	254	(154)	1
Total general government	<u>27,550</u>	<u>30,353</u>	<u>(2,803)</u>	<u>29,597</u>
<b>PUBLIC SAFETY -</b>				
Police Department:				
Salaries	29,200	33,590	(4,390)	29,379
Supplies	1,200	665	535	732
Fuel and oil	2,900	2,264	636	2,609
Payroll taxes	2,450	2,845	(395)	2,347
Insurance	6,000	5,122	878	7,870
Prisoner expense	150	6	144	126
Uniforms	500	660	(160)	1,407
Repairs & maintenance	1,500	2,039	(539)	2,236
Miscellaneous	100	30	70	20
Telephone	600	589	11	562
Health insurance	6,800	6,873	(73)	5,619
Safe & sober program	1,300	1,212	88	-
Court costs	1,150	2,021	(871)	1,107
Total police department	<u>53,850</u>	<u>57,916</u>	<u>(4,066)</u>	<u>54,014</u>
Fire Department:				
Supplies	11,200	10,874	326	4,720
Repairs & maintenance	2,100	2,027	73	3,050
Fuel and oil	2,000	1,609	391	2,705
Utilities & telephone	1,100	2,533	(1,433)	2,094
Insurance	8,150	8,445	(295)	7,487
Rural development	-	-	-	1,503
Miscellaneous	250	1,884	(1,634)	2,001
Total fire department	<u>24,800</u>	<u>27,372</u>	<u>(2,572)</u>	<u>23,560</u>

(Continued)

VILLAGE OF HESSMER, LOUISIANA

General Fund  
 Statement of Expenditures - Budget (GAAP Basis) and Actual (Continued)  
 Fiscal Year Ended August 31, 1999  
 With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998
	Budget	Actual		Actual
<b>STREETS &amp; SANITATION -</b>				
Salaries	\$ 300	\$ 3,810	\$ (3,510)	\$ 600
Repairs & maintenance	4,500	2,568	1,932	1,920
Fuel and oil	125	111	14	127
Supplies	1,000	685	315	542
Payroll taxes	25	225	(200)	49
Insurance	500	315	185	798
Utilities	-	101	(101)	89
Street lights	9,600	8,590	1,010	8,879
Sidewalk project	-	-	-	18,561
Street project	-	671	(671)	2,658
	-	579	(579)	-
Total streets & sanitation	<u>16,050</u>	<u>17,655</u>	<u>(1,605)</u>	<u>34,223</u>
<b>RECREATION -</b>				
Youth program	14,000	15,047	(1,047)	31,107
Playground	300	-	300	-
Instructors & DJ services	-	-	-	1,125
Miscellaneous	4,100	107	3,993	504
Utilities-park & court	1,200	1,177	23	1,138
Total recreation	<u>19,600</u>	<u>16,331</u>	<u>3,269</u>	<u>33,874</u>
<b>CAPITAL OUTLAY -</b>				
General government	-	-	-	3,267
Police department	-	2,893	(2,893)	5,438
Fire department	-	1,736	(1,736)	9,770
Street department	6,000	-	6,000	-
Sidewalk project	50,000	44,724	5,276	8,479
Total capital outlay	<u>56,000</u>	<u>49,353</u>	<u>6,647</u>	<u>26,954</u>
<b>TOTAL EXPENDITURES</b>	<u>\$197,850</u>	<u>\$198,980</u>	<u>\$ (1,130)</u>	<u>\$ 202,222</u>

## **CAPITAL PROJECTS FUNDS**

### **1996 LCDBG GRANT - DEMONSTRATED NEEDS WATERWELL**

To account for construction of a new waterwell. Financing is provided by a LCDBG grant and local funds.

### **1999 LCDBG SEWER IMPROVEMENTS**

To account for repairing and renovations to the existing sewer system. Financing is provided by a LCDBG grant and local funds.

VILLAGE OF HESSMER, LOUISIANA

Capital Projects Funds  
Combining Balance Sheet  
August 31, 1999 and 1998

	1996 LCDBG Grant	1999 LCDBG Grant	TOTALS	
			1999	1998
ASSETS				
Cash	\$ -	\$ 50	\$ 50	\$ 50
Receivables -				
Due from other governmental agencies	-	-	-	8,368
Due from Water System Fund	-	-	-	75,247
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ -</u></u>	<u><u>\$ 50</u></u>	<u><u>\$ 50</u></u>	<u><u>\$ 83,665</u></u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ 50	\$ 50	\$ 285
Due to Sewer System Fund	-	-	-	-
Contracts payable	-	-	-	56,621
Retainage payable	-	-	-	26,759
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	-	50	50	83,665
Fund Balance				
Designated for Capital Outlay	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ 50</u></u>	<u><u>\$ 50</u></u>	<u><u>\$ 83,665</u></u>



VILLAGE OF HESSMER, LOUISIANA

Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Fiscal Year Ended August 31, 1999

With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1998

	1996 LCDBG Grant	1999 LCDBG Grant	TOTALS	
			1999	1998
<b>Revenues</b>				
Grant revenues	\$ 9,000	\$ -	\$ 9,000	\$ 189,815
Local funds	-	51	51	-
Total Revenues	<u>9,000</u>	<u>51</u>	<u>9,051</u>	<u>189,815</u>
<b>Expenditures</b>				
Capital outlay -				
Grant administration	-	51	51	-
Legal fees	-	-	-	2,038
Engineering fees	9,000	-	9,000	10,765
Construction costs	-	-	-	267,590
Acquisition costs	-	-	-	3,350
Testing	-	-	-	234
Miscellaneous	-	-	-	195
	<u>9,000</u>	<u>51</u>	<u>9,051</u>	<u>284,172</u>
Deficiency of Revenues Over Expenditures	-	-	-	(94,357)
Other Financing Sources Operating transfer in	-	-	-	<u>93,227</u>
Deficiency of Revenues and Other Sources Over Expenditures	-	-	-	(1,130)
Fund Balance, Beginning	-	-	-	<u>1,130</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **ENTERPRISE FUNDS**

### **WATER SYSTEM FUND**

To account for the provision of water services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

### **SEWER SYSTEM FUND**

To account for the provision of sewer services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

VILLAGE OF HESSMER, LOUISIANA

Enterprise Funds  
Combining Balance Sheet  
August 31, 1999 and 1998

	Water System Fund	Sewer System Fund	Totals	
			1999	1998
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	\$ 9,607	\$ 64,898	\$ 74,505	\$ 107,022
Investments	107,573	27,349	134,922	144,096
Accounts receivable	16,431	4,781	21,212	20,593
Accrued interest receivable	527	590	1,117	1,192
Inventory, at cost	14,684	2,929	17,613	9,643
Due from other funds	326	1,419	1,745	2,282
Prepaid expenses	1,493	666	2,159	2,351
<b>Total current assets</b>	<u>150,641</u>	<u>102,632</u>	<u>253,273</u>	<u>287,179</u>
<b>Restricted Assets</b>				
Cash	13,345	111,948	125,293	120,422
Investments	12,500	65,257	77,757	74,764
Accrued interest receivable	1,086	1,448	2,534	544
<b>Total restricted assets</b>	<u>26,931</u>	<u>178,653</u>	<u>205,584</u>	<u>195,730</u>
<b>Plant and Equipment, at Cost</b>				
Plant and equipment	1,149,739	650,817	1,800,556	1,800,556
Less accumulated depreciation	(375,070)	(304,010)	(679,080)	(633,755)
<b>Total fixed assets</b>	<u>774,669</u>	<u>346,807</u>	<u>1,121,476</u>	<u>1,166,801</u>
<b>TOTAL ASSETS</b>	<u>\$ 952,241</u>	<u>\$ 628,092</u>	<u>\$ 1,580,333</u>	<u>\$1,649,710</u>

	Water System Fund	Sewer System Fund	Totals	
			1999	1998
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Current Liabilities (Payable From Current Assets)</b>				
Sales tax payable	\$ 317	\$ -	\$ 317	\$ -
Accounts payable	7,548	1,173	8,721	2,863
Due to other funds	8,103	12,484	20,587	94,947
Total current liabilities payable from current assets	<u>15,968</u>	<u>13,657</u>	<u>29,625</u>	<u>97,810</u>
<b>Current Liabilities (Payable From Restricted Assets)</b>				
Customer's meter deposits	21,766	5,268	27,034	26,627
Accrued interest payable	-	4,128	4,128	4,295
Bonds payable	-	5,000	5,000	5,000
Total current liabilities payable from restricted assets	<u>21,766</u>	<u>14,396</u>	<u>36,162</u>	<u>35,922</u>
Total current liabilities	<u>37,734</u>	<u>28,053</u>	<u>65,787</u>	<u>133,732</u>
<b>Long-term Liabilities</b>				
Bonds payable (net of current portion)	-	119,000	119,000	124,000
Total liabilities	<u>37,734</u>	<u>147,053</u>	<u>184,787</u>	<u>257,732</u>
<b>Fund Equity</b>				
Contributed capital, net	480,282	202,085	682,367	710,062
<b>Retained earnings -</b>				
Unreserved	434,225	116,274	550,499	526,800
Reserved	-	162,680	162,680	155,116
Total retained earnings	<u>434,225</u>	<u>278,954</u>	<u>713,179</u>	<u>681,916</u>
Total fund equity	<u>914,507</u>	<u>481,039</u>	<u>1,395,546</u>	<u>1,391,978</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 952,241</u>	<u>\$ 628,092</u>	<u>\$ 1,580,333</u>	<u>\$ 1,649,710</u>

VILLAGE OF HESSMER, LOUISIANA

Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

Fiscal Year Ended August 31, 1999

With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1998

	Water	Sewer	Totals	
	System Fund	System Fund	1999	1998
Operating Revenues				
Charges for services	<u>\$ 129,790</u>	<u>\$ 43,686</u>	<u>\$ 173,476</u>	<u>\$ 177,713</u>
Operating Expenses				
Salaries and labor	20,755	14,898	35,653	34,746
Payroll taxes	1,526	1,098	2,624	2,658
Depreciation	30,445	14,880	45,325	45,278
Maintenance and repairs	17,566	5,538	23,104	26,473
Office supplies	2,910	547	3,457	3,511
Legal and professional	1,131	1,500	2,631	2,788
Insurance	3,874	2,160	6,034	5,499
Fuel and oil	1,207	-	1,207	1,868
Chemicals and supplies	19,748	814	20,562	17,304
Utilities	9,845	-	9,845	10,013
Laboratory testing	-	906	906	782
Other	<u>2,304</u>	<u>2,595</u>	<u>4,899</u>	<u>4,410</u>
Total operating expenses	<u>111,311</u>	<u>44,936</u>	<u>156,247</u>	<u>155,330</u>
Operating Income (Loss)	<u>18,479</u>	<u>(1,250)</u>	<u>17,229</u>	<u>22,383</u>
Nonoperating Revenues (Expenses)				
Interest on investments	6,192	10,930	17,122	16,056
Proceeds from grant	7,500	-	7,500	-
Interest expense	-	(6,283)	(6,283)	(6,700)
Miscellaneous	-	-	-	525
Total nonoperating revenues	<u>13,692</u>	<u>4,647</u>	<u>18,339</u>	<u>9,881</u>
Income Before Other Financing Sources (Uses)	32,171	3,397	35,568	32,264
Other Financing Sources (Uses)				
Operating transfers out	<u>(23,000)</u>	<u>-</u>	<u>(23,000)</u>	<u>(109,227)</u>
Net Income (Loss)	9,171	3,397	12,568	(76,963)
Depreciation on Fixed Assets Acquired By Grants, Entitlements, and Shared Revenues Externally Restricted For Capital Acquisition and Construction That Reduces Contributed Capital	10,959	7,736	18,695	17,539
Retained Earnings, Beginning	<u>414,095</u>	<u>267,821</u>	<u>681,916</u>	<u>741,340</u>
Retained Earnings, Ending	<u>\$ 434,225</u>	<u>\$ 278,954</u>	<u>\$ 713,179</u>	<u>\$ 681,916</u>

VILLAGE OF HESSMER, LOUISIANA

Enterprise Funds

Combining Statement of Cash Flows

Fiscal Year Ended August 31, 1999

With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1998

	Water System Fund	Sewer System Fund	Totals	
			1999	1998
<b>Cash flows from operating activities:</b>				
Operating income (loss)	\$ 18,479	\$ (1,250)	\$ 17,229	\$ 22,383
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation	30,445	14,880	45,325	45,278
Changes in assets and liabilities :				
(Increase) decrease in accounts receivable	1,158	(80)	1,078	(675)
(Increase) decrease in prepaid insurance	117	75	192	(828)
Increase in inventory	(6,397)	(1,573)	(7,970)	-
(Decrease) increase in accounts payable	5,017	1,158	6,175	(2,123)
Increase in customer deposits	377	30	407	878
Total adjustments	29,020	14,490	43,510	42,530
Net cash flows provided by operating activities	47,499	13,240	60,739	64,913
<b>Cash flows from noncapital financing activities:</b>				
Advances from (to) other funds	(83,360)	537	(82,823)	-
Other	-	-	-	525
Transfers out	(23,000)	-	(23,000)	(33,913)
Net cash provided (used) by noncapital financing activities	(106,360)	537	(105,823)	(33,388)
<b>Cash flows from capital and related financing activities:</b>				
Grant proceeds	7,500	-	7,500	-
Principal paid on bonds	-	(5,000)	(5,000)	(5,000)
Payment of interest on bonds	-	(6,450)	(6,450)	(6,700)
Purchase of fixed assets	-	-	-	(2,550)
Net cash provided (used) by financing activities	7,500	(11,450)	(3,950)	(14,250)
<b>Cash flows from investing activities:</b>				
(Increase) decrease in investments	9,790	(3,609)	6,181	(8,100)
Interest earned on investments	5,510	9,697	15,207	17,013
Net cash provided by investing activities	15,300	6,088	21,388	8,913
Net increase (decrease) in cash and cash equivalents	(36,061)	8,415	(27,646)	26,188
Cash and cash equivalents, beginning of year	59,013	168,431	227,444	201,256
Cash and cash equivalents, end of year	\$ 22,952	\$ 176,846	\$ 199,798	\$ 227,444



VILLAGE OF HESSMER, LOUISIANA

Water System - Enterprise Fund  
 Comparative Balance Sheet  
 August 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 9,607	\$ 46,105
Investments	107,573	117,363
Accounts receivable	16,431	15,892
Accrued interest receivable	527	565
Inventory, at cost	14,684	8,287
Due from other funds	326	326
Prepaid expenses	1,493	1,610
Total current assets	<u>150,641</u>	<u>190,148</u>
<b>Restricted Assets</b>		
Cash	13,345	12,908
Investments	12,500	12,500
Accrued interest receivable	1,086	366
Total restricted assets	<u>26,931</u>	<u>25,774</u>
<b>Plant and Equipment, at Cost</b>		
Plant and equipment	1,149,739	1,149,739
Less accumulated depreciation	<u>(375,070)</u>	<u>(344,625)</u>
Total plant and equipment	<u>774,669</u>	<u>805,114</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 952,241</u></u>	<u><u>\$ 1,021,036</u></u>

LIABILITIES AND FUND EQUITY	<u>1999</u>	<u>1998</u>
Current Liabilities (Payable From Current Assets):		
Sales tax payable	\$ 317	\$ -
Accounts payable	7,548	2,848
Due to other funds	<u>8,103</u>	<u>82,463</u>
Total current liabilities payable from current assets	15,968	85,311
Current Liabilities (Payable From Restricted Assets):		
Customer's meter deposits	<u>21,766</u>	<u>21,389</u>
Total current liabilities	<u>37,734</u>	<u>106,700</u>
Fund Equity		
Contributed capital, net	480,282	500,241
Retained earnings - Unreserved	<u>434,225</u>	<u>414,095</u>
Total fund equity	<u>914,507</u>	<u>914,336</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 952,241</u></u>	<u><u>\$ 1,021,036</u></u>

VILLAGE OF HESSMER, LOUISIANA

Water System - Enterprise Fund  
 Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings  
 Fiscal Years Ended August 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating Revenues		
Charges for services	\$ 129,790	\$ 133,146
Operating Expenses		
Salaries and casual labor	20,755	20,171
Payroll taxes	1,526	1,543
Depreciation	30,445	30,836
Maintenance and repairs	17,566	13,679
Office supplies	2,910	2,974
Legal and professional	1,131	1,863
Insurance	3,874	3,570
Fuel and oil	1,207	1,868
Chemicals	19,748	15,478
Utilities	9,845	10,013
Other	2,304	1,883
Total operating expenses	<u>111,311</u>	<u>103,878</u>
Operating Income	<u>18,479</u>	<u>29,268</u>
Nonoperating Revenues		
Interest on investments	6,192	7,912
Proceeds from grant	7,500	-
Miscellaneous income	-	525
Total nonoperating revenues	<u>13,692</u>	<u>8,437</u>
Income Before Other Financing Uses	<u>32,171</u>	<u>37,705</u>
Other Financing Sources (Uses)		
Operating transfers out	<u>(23,000)</u>	<u>(109,227)</u>
Total financing uses	<u>(23,000)</u>	<u>(109,227)</u>
Net Income (Loss)	9,171	(71,522)
Depreciation on Fixed Assets Acquired By Grants, Entitlements, and Shared Revenues Externally Restricted For Capital Acquisition and Construction That Reduces Contributed Capital	10,959	10,959
Retained Earnings, Beginning	<u>414,095</u>	<u>474,658</u>
Retained Earnings, Ending	<u>\$ 434,225</u>	<u>\$ 414,095</u>

VILLAGE OF HESSMER, LOUISIANA

Water System - Enterprise Fund  
 Comparative Statement of Cash Flows  
 Fiscal Years Ended August 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Operating income	<u>\$ 18,479</u>	<u>\$ 29,268</u>
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	30,445	30,836
Changes in assets and liabilities :		
Increase in accounts receivable	(539)	(711)
(Increase) decrease in prepaid insurance	117	(501)
Increase in inventory	(6,397)	-
Increase (decrease) in accounts payable	5,017	(1,189)
Increase in customer deposits	<u>377</u>	<u>857</u>
Total adjustments	<u>29,020</u>	<u>29,292</u>
Net cash flows provided by operating activities	<u>47,499</u>	<u>58,560</u>
Cash flows from noncapital financing activities:		
Advances to other funds	(83,360)	-
Other	-	525
Transfers out	<u>(23,000)</u>	<u>(33,913)</u>
Net cash used by noncapital financing activities	<u>(106,360)</u>	<u>(33,388)</u>
Cash flows from capital and related financing activities:		
Grant proceeds	7,500	-
Purchase of fixed assets	<u>-</u>	<u>(2,550)</u>
Net cash flows provided (used) by capital and related financing activities:	<u>7,500</u>	<u>(2,550)</u>
Cash flows from investing activities:		
(Increase) decrease in investments	9,790	(6,037)
Interest earned on investments	<u>5,510</u>	<u>9,067</u>
Net cash provided by investing activities	<u>15,300</u>	<u>3,030</u>
Net increase (decrease) in cash and cash equivalents	(36,061)	25,652
Cash and cash equivalents, beginning of year	<u>59,013</u>	<u>33,361</u>
Cash and cash equivalents, end of year	<u>\$ 22,952</u>	<u>\$ 59,013</u>

VILLAGE OF HESSMER, LOUISIANA

Sewer System - Enterprise Fund  
 Comparative Balance Sheet  
 August 31, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Current Assets		
Cash	\$ 64,898	\$ 60,917
Investments	27,349	26,733
Accounts receivable	4,781	4,701
Accrued interest receivable	590	627
Inventory	2,929	1,356
Due from other funds	1,419	1,956
Prepaid insurance	666	741
Total current assets	<u>102,632</u>	<u>97,031</u>
Restricted Assets		
Cash	111,948	107,514
Investments	65,257	62,264
Accrued interest receivable	1,448	178
Total restricted assets	<u>178,653</u>	<u>169,956</u>
Plant and Equipment, at Cost	650,817	650,817
Less accumulated depreciation	<u>(304,010)</u>	<u>(289,130)</u>
Net plant and equipment	<u>346,807</u>	<u>361,687</u>
 TOTAL ASSETS	 <u>\$ 628,092</u>	 <u>\$ 628,674</u>

	<u>1999</u>	<u>1998</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Current Liabilities (Payable From Current Assets):</b>		
Accounts payable	\$ 1,173	\$ 15
Due to other funds	<u>12,484</u>	<u>12,484</u>
Total current liabilities payable from current assets	<u>13,657</u>	<u>12,499</u>
<b>Current Liabilities (Payable From Restricted Assets):</b>		
Bonds payable	5,000	5,000
Accrued interest	4,128	4,295
Customer deposits	<u>5,268</u>	<u>5,238</u>
Total current liabilities payable from restricted assets	<u>14,396</u>	<u>14,533</u>
Total current liabilities	<u>28,053</u>	<u>27,032</u>
<b>Long-term Liabilities</b>		
Bonds payable (net of current portion)	<u>119,000</u>	<u>124,000</u>
Total liabilities	<u>147,053</u>	<u>151,032</u>
<b>Fund Equity</b>		
Contributed Capital, net	<u>202,085</u>	<u>209,821</u>
Retained earnings -		
Reserved for Grant Expenditures	65,257	62,264
Reserved for Bond Debt Service	87,798	83,986
Reserved for Bond Contingency	9,625	8,866
Unreserved	<u>116,274</u>	<u>112,705</u>
Total retained earnings	<u>278,954</u>	<u>267,821</u>
Total fund equity	<u>481,039</u>	<u>477,642</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 628,092</u></u>	<u><u>\$ 628,674</u></u>



## VILLAGE OF HESSMER, LOUISIANA

## Sewer System - Enterprise Fund

## Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings

Fiscal Years Ended August 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating Revenues		
Charges for services	\$ 43,686	\$ 44,567
Operating Expenses		
Salaries	14,898	14,575
Payroll taxes	1,098	1,115
Depreciation	14,880	14,442
Maintenance and repairs	5,538	12,794
Office	547	537
Legal and professional fees	1,500	925
Insurance	2,160	1,929
Chemicals and supplies	814	1,826
Laboratory testing	906	782
Other	2,595	2,527
Total operating expenses	<u>44,936</u>	<u>51,452</u>
Operating Loss	<u>(1,250)</u>	<u>(6,885)</u>
Nonoperating Revenues (Expenses)		
Interest income	10,930	8,144
Interest expense	<u>(6,283)</u>	<u>(6,700)</u>
Total nonoperating revenues	<u>4,647</u>	<u>1,444</u>
Other Financing Sources (Uses)		
Operating transfers in	<u>-</u>	<u>-</u>
Net Income (loss)	3,397	(5,441)
Depreciation on Fixed Assets Acquired By Grants, Entitlements, and Shared Revenues Externally Restricted For Capital Acquisition and Construction That Reduces Contributed Capital	7,736	6,580
Retained Earnings, Beginning	<u>267,821</u>	<u>266,682</u>
Retained Earnings, Ending	<u>\$ 278,954</u>	<u>\$ 267,821</u>

VILLAGE OF HESSMER, LOUISIANA

Sewer System - Enterprise Fund  
 Comparative Statement of Cash Flows  
 Fiscal Years Ended August 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Operating (loss)	<u>\$ (1,250)</u>	<u>\$ (6,885)</u>
Adjustments to reconcile operating (income) loss to net cash provided by operating activities		
Depreciation	14,880	14,442
Changes in assets and liabilities -		
(Increase) decrease in accounts receivable	(80)	36
(Increase) decrease in prepaid insurance	75	(327)
(Increase) decrease in inventory	(1,573)	-
Increase (decrease) in accounts payable	1,158	(934)
Increase in customer deposits	<u>30</u>	<u>21</u>
Total adjustments	<u>14,490</u>	<u>13,238</u>
Net cash provided by operating activities	<u>13,240</u>	<u>6,353</u>
Cash flows from noncapital financing activities:		
Advances from other funds	<u>537</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Principal paid on bonds	(5,000)	(5,000)
Payment of interest on bonds	<u>(6,450)</u>	<u>(6,700)</u>
Net cash flows used by capital and related financing activities	<u>(11,450)</u>	<u>(11,700)</u>
Cash flows from investing activities:		
Purchase of investments	(3,609)	(2,063)
Interest earned on investments	<u>9,697</u>	<u>7,946</u>
Net cash flows provided by investing activities	<u>6,088</u>	<u>5,883</u>
Net increase in cash	8,415	536
Cash and cash equivalents, beginning of year	<u>168,431</u>	<u>167,895</u>
Cash and cash equivalents, end of year	<u>\$ 176,846</u>	<u>\$ 168,431</u>

## **GENERAL FIXED ASSETS ACCOUNT GROUP**

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

VILLAGE OF HESSMER, LOUISIANA

Comparative Statement of General Fixed Assets  
August 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General fixed assets, at cost:		
Land	\$ 39,492	\$ 39,492
Buildings	89,855	89,855
Equipment	42,356	38,273
Vehicles	<u>40,568</u>	<u>41,175</u>
Total general fixed assets	<u>\$212,271</u>	<u>\$208,795</u>
Investment in general fixed assets		
Property acquired from -		
General fund revenues	140,040	136,564
Revenue sharing	16,485	16,485
Municipality	4,975	4,975
	<u>50,771</u>	<u>50,771</u>
Total investment in general fixed assets	<u>\$212,271</u>	<u>\$208,795</u>

VILLAGE OF HESSMER, LOUISIANA

Statement of Changes in General Fixed Assets  
Fiscal Year Ended August 31, 1999

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
General fixed assets, beginning of year	\$ 39,492	\$ 89,855	\$38,273	\$41,175	\$ 208,795
Additions:	-	-	4,083	2,893	6,976
Deletions:	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>(3,500)</u>
General fixed assets, end of year	<u>\$ 39,492</u>	<u>\$ 89,855</u>	<u>\$42,356</u>	<u>\$40,568</u>	<u>\$ 212,271</u>

INTERNAL CONTROL AND COMPLIANCE

AND

OTHER INFORMATION

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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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 Mayor Mark Jeansonne  
and Members of the Board of Aldermen  
Village of Hessmer, Louisiana

We have audited the general purpose financial statements of the Village of Hessmer, Louisiana, as of and for the year ended August 31, 1999, and have issued our report thereon dated December 22, 1999. We conducted our 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.

### Compliance

As part of obtaining reasonable assurance about whether the Village of Hessmer, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Hessmer, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Hessmer, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 98-1.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe item 98-1 to be a material weakness.

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

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Marksville, Louisiana  
December 22, 1999

OTHER INFORMATION

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Finding, Questioned Cost and Corrective Action  
Fiscal Year Ended August 31, 1999

<u>Fund Involved</u>	<u>Findings</u>	<u>Questioned Cost</u>
All funds	98-1 <u>Inadequate Segregation of Duties</u>  Finding:  Due to the small number of accounting employees, the Village did not have adequate segregation of functions within the accounting system.  Recommendation:  Based upon the size of the accounting operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.  Response and/or Corrective Action:  No response and/or corrective action necessary.	N/A

## VILLAGE OF HESSMER, LOUISIANA

### Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Village's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, or engage in similar normal business activities.

The Village has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and are necessary to conduct Village operations and have identified such systems as being word processing and utility billings.

Both the word processing and utility billing systems have been assessed. The Village has converted both systems to year 2000 compliant software applications. Testing and validation should not be necessary, as the software vendors have assured that the applications are year 2000 compatible.

There are no remaining contracted amounts committed to this project as of August 31, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village is or will be Year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that the parties with whom the Village does business will be Year 2000 ready. The Village is utilizing external resources to identify and test the systems for year 2000 compliance.

VILLAGE OF HESSMER, LOUISIANA

Sewer System - Enterprise Fund  
 Statement of Changes in Assets  
 Restricted For Revenue Bond Debt Service  
 Fiscal Year Ended August 31, 1999

	Bond and Interest Sinking Fund	Sewer Reserve Fund	Sewer Depreciation Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash and investments - beginning of year	<u>\$62,460</u>	<u>\$30,821</u>	<u>\$8,866</u>	<u>\$102,147</u>
Cash receipts -				
Transfers from operating account	12,000	-	480	12,480
Interest on investments	<u>1,945</u>	<u>937</u>	<u>279</u>	<u>3,161</u>
Total cash receipts	<u>13,945</u>	<u>937</u>	<u>759</u>	<u>15,641</u>
Total cash and investments available	<u>76,405</u>	<u>31,758</u>	<u>9,625</u>	<u>117,788</u>
Cash disbursements				
Bond principal payments	5,000	-	-	5,000
Bond interest payments	<u>6,238</u>	<u>-</u>	<u>-</u>	<u>6,238</u>
Total cash disbursements	<u>11,238</u>	<u>-</u>	<u>-</u>	<u>11,238</u>
Cash and investments - end of year	<u><u>\$65,167</u></u>	<u><u>\$31,758</u></u>	<u><u>\$9,625</u></u>	<u><u>\$106,550</u></u>

VILLAGE OF HESSMER  
Enterprise Funds  
Water and Sewer System Funds

Schedule of Number of Utility Customers  
(Unaudited)  
August 31, 1999

Records maintained by the Village indicated the following number of customers were being served during the month of August, 1999:

<u>Department</u>	<u>1999</u>
Water:	
Commercial	15
Residential	<u>857</u>
Total	<u>872</u>
Sewer:	
Commercial	15
Residential	<u>242</u>
Total	<u>257</u>

VILLAGE OF HESSMER

Schedule of Insurance in Force  
(Unaudited)  
August 31, 1999

<u>Description of Coverage</u>	<u>Asset Covered</u>	<u>Ins. Co.</u>	<u>Policy #</u>	<u>Expiration Date</u>
Workmen's Comp	Employees	Risk Management	WC-0210	1/1/00
Fire:	Water Plant	1st Insurance	CFP533298	5/1/00
	Community Center	1st Insurance	CFP537543	5/1/00
	City Hall	1st Insurance	CFP537543	5/1/00
General Liability	n/a	1st Insurance	LMC-272	5/1/00
Physical Damage	Police Car	1st Insurance	APD801716	5/1/00
Blanket Bond	Clerk	Cenla Ins. Exchange	181-984-37	11/17/99