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COMMUNITY DEVELOPMENT BLOCK GRANT
A GRANT OF VILLAGE OF SPEARVILLE
SPEARVILLE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 1998

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

Release Date JUL. 26 2000

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

COMMUNITY DEVELOPMENT BLOCK GRANT

A GRANT OF VILLAGE OF SPEARVILLE

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June 30, 1998

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Honorable Joe Futch, Mayor
and Board of Aldermen
Village of Spearsville, Louisiana

I have audited the accompanying grant financial statements of Community Development Block Grant, a grant of Village of Spearsville as of June 30, 1998 and the period February 27, 1997 through June 30, 1998. These grant financial statements are the responsibility of Village of Spearsville, Louisiana, s management. My responsibility is to express an opinion on these grant financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations." Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the program financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the program financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall program financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the grant financial statements referred to above present fairly, in all material respects, the financial position of Community Development Block Grant, a grant of Village of Spearsville, Louisiana as of June 30, 1998 and the results of its operations for the period February 27, 1997 through June 30, 1998 in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated July 15, 2000 on my consideration of Community Development Block Grant's internal control structure and on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The statements and schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the grant financial statements of Community Development Block Grant, a grant of Village of Spearsville, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the Grant financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Marilyn D. McKeen

Certified Public Accountant
July 15, 2000

EXHIBIT A

COMMUNITY DEVELOPMENT BLOCK GRANT

A GRANT OF VILLAGE OF SPEARVILLE, LOUISIANA

Balance Sheet

June 30, 1998

Assets	
Cash	\$ 30
Grant Receivable	<u> 3,150</u>
Total Assets	<u>\$ 3,180</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 3,180
Fund Balance	<u> -</u>
Total Liabilities and Fund Balance	<u>\$ 3,180</u>

See accompanying notes to financial statements.

COMMUNITY DEVELOPMENT BLOCK GRANT

A GRANT OF VILLAGE OF SPEARVILLE, LOUISIANA

Statement of Revenues, Expenditures and Changes
in Fund Balance

Period February 27, 1997 through June 30, 1998

Revenues:

Intergovernmental \$ 442,887

Expenditures:

Capital Projects 442,887

Excess of Revenues
Over Expenditures -

Fund Balance,
Beginning of year -

Fund Balance,
End of year \$ -

See accompanying notes to financial statements.

COMMUNITY DEVELOPMENT BLOCK GRANT

A GRANT OF VILLAGE OF SPEARVILLE, LOUISIANA

Notes to Financial Statements

June 30, 1998

Community Development Block Grant is a grant of Village of Spearsville, Louisiana for the purpose of fire protection improvements.

Summary of Significant Accounting Policies:

The financial statements of Community Development Block Grant have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental grants.

The following is a summary of the more significant accounting policies:

Reporting Entity. These financial statements include only information pertaining to the transactions of Community Development Block Grant. As such, the accompanying financial statements do not represent Village of Spearsville.

Fund Accounting. The Community Development Block Grant is used to account for funds expended in accordance with grants made by the State of Louisiana Division of Administration, Office of Finance and Support Services.

Basis of Accounting. Basis of accounting refers to when revenues and expenditures 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.

The modified accrual basis of accounting is used by Community Development Block Grant. Under the modified accrual basis for accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Grant Receivable. Grant Receivable represents amounts due from the State of Louisiana Office of Community Finance and Support Services and are fully collectible.

COMMUNITY DEVELOPMENT BLOCK GRANT

A GRANT OF VILLAGE OF SPEARVILLE, LOUISIANA

Notes to Financial Statements

June 30, 1998

Fire Protection Grant: The Village was awarded a \$446,000 grant for fire protection improvements on February 27, 1997. Expenditures and grant revenue for this grant totaled \$ 442,887 for the period February 28, 1997 through June 30, 1998.

Year 2000 Issues: The accounting records of the Grant are maintained by an external agency whose internal accounting systems are Year 2000 compliant.

SUPPLEMENTAL INFORMATION

COMMUNITY DEVELOPMENT BLOCK GRANT

A GRANT OF VILLAGE OF SPEARVILLE, LOUISIANA

Schedule of Expenditures of Financial Awards

For the Period February 27, 1997 through June 30, 1998

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Award Amount</u>	<u>Beginning Balance at Feb 27, 1997</u>	<u>Receipts/ Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Ending Balance at June 30, 1998</u>
U.S. Department of HUD						
Community Development Block Grant Passed through Louisiana Division of Administration: Fire Protection		14.219 \$ 446,000	\$ -	\$ 442,887	\$ 442,887	\$ -

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Joe Futch, Mayor
and Board of Aldermen
Village of Spearsville, Louisiana

I have audited the grant financial statements of Community Development Block Grant, a grant of Village of Spearsville, Louisiana as of June 30, 1998 and for the period February 27, 1997 through June 30, 1988 and have issued my report thereon dated July 15, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Compliance

As part of obtaining reasonable assurance about whether Community Development Block Grant, a grant of Village of Spearsville, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as finding #1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Community Development Block Grant, a grant of Village of Spearsville, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted one matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Grant's ability to record, process,

summarize and report financial data consistent with the assertions of management in the grant financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as finding #2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider finding #2 to be a material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties.

Maudie D. McLean

Certified Public Accountant
July 15, 2000

Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

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

Honorable Joe Futch, Mayor
and Board of Aldermen
Village of Spearsville, Louisiana

Compliance

I have audited the compliance of Community Development Block Grant, a Grant of Village of Spearsville with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the period February 27, 1997 through June 30, 1998. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Development Block Grant, a grant of Village of Spearsville, Louisiana's management. My responsibility is to express an opinion on Community Development Block Grant, a grant of Village of Spearsville, Louisiana's compliance based on my audit.

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

As described in item # 2 in the accompanying schedule of findings and questioned costs, Community Development Block Grant, a grant of Village of Spearsville, Louisiana did not comply with requirements regarding timely filing of its June 30, 1998 audit report. Compliance with this requirement is necessary, in my opinion, for the Grant to comply with the requirements applicable to this grant.

In my opinion, except for the noncompliance described in the preceding paragraph, Community Development Block Grant, a grant of Village of Spearsville, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to its major program for the period February 27, 1997 through June 30, 1998.

Internal Control Over Compliance

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

I noted a certain matter involving the internal control over compliance and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the Grant's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the schedule of findings and questioned costs as item #2.

A material weakness is a condition in which the design or operation of one or more on the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I believe reportable condition # 2 as described in the schedule of findings and questioned costs is a material weakness.

This report is intended solely for the information and use of management, the Board of Directors and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties.

Manda D. Millican

Certified Public Accountant
July 15, 2000

COMMUNITY DEVELOPMENT BLOCK GRANT

A GRANT OF VILLAGE OF SPEARVILLE, LOUISIANA

Schedule of Findings and Questioned Costs

For the Year Period February 27, 1997 through June 30, 1998

<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
Finding # 1	
State law requires the Grant to file its audited financial statements with the Legislative Auditor no later six months after its year end. Grant financial statements were not filed within the required time period.	-0-
Cause:	Two village officials resigned after year end resulting in a shortage of personnel to maintain village records. Also, complete village records for the year ended June 30, 1998 could not be located.
Recommendation:	The Village should file its audited grant financial statements within the time frame required by state law.
Management's Response:	We agree with the finding and will comply with state law in the future.

COMMUNITY DEVELOPMENT BLOCK GRANT

A GRANT OF VILLAGE OF SPEARVILLE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)

For the Period February 27, 1997 through June 30, 1998

<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
Finding #2: The segregation of duties is inadequate to provide effective internal control.	-0-
Cause: The condition is due to economic and space limitations.	
Recommendation: No action is recommended.	
Management's Response: We concur with the finding.	