

1999-2000  
990704 11 0-20

**VILLAGE OF DRY PRONG, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 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.

Release Date OCT 06 1999

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1-2
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	3-4
<b>GENERAL PURPOSE FINANCIAL STATEMENTS</b>	
Combined Balance Sheet.....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types .....	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balance -Budget (GAAP Basis) and Actual - General Fund .....	8
Combined Statement of Revenues, Expenditures and Changes in Retained Earnings - Proprietary Fund Type.....	9
Combined Statement of Cash Flows - Proprietary Fund Type .....	10
NOTES TO FINANCIAL STATEMENTS.....	11-19
<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>	
General Fund - Schedule of Expenditures - Budget (GAAP Basis) and Actual .....	21
Capital Projects Funds – Combining Balance Sheet.....	22
Capital Projects Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	23
Enterprise Funds - Combining Balance Sheet .....	24
Enterprise Funds - Combining Statement of Revenues, Expenditures, and Changes in Retained Earnings .....	25
Schedule of Per Diem Paid to Board Members.....	26
<b>SUPPLEMENTAL DATA</b>	
Schedule of Findings and Questioned Cost.....	27
Management's Corrective Action Plan.....	28
Schedule of Prior Year Findings and Questioned Cost .....	29

**ROZIER, HARRINGTON & MCKAY**  
**CERTIFIED PUBLIC ACCOUNTANTS**

1407 PETERMAN DRIVE  
ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, C.P.A.  
M. DALE HARRINGTON, C.P.A.  
MARK S. MCKAY, C.P.A.  
LEE W. WILLIS, C.P.A.  
LAWRENCE E. MAYEAUX, C.P.A.

MAILING ADDRESS  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178  
TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

July 26, 1999

Independent Auditors' Report

To the Mayor and Board of Aldermen  
Village of Dry Prong, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Dry Prong, Louisiana as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's management. 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.

Governmental accounting standards require disclosure of certain matters regarding the year 2000 issue. Due to the unprecedented nature of the year 2000 issue, management believes that its effects and the success of remediation efforts will not be fully determinable before the year 2000. Since the effects of the year 2000 issue and the success of remediation efforts cannot be readily determined at the present time, management has elected to omit the required disclosures from the accompanying financial statements.

In our opinion, except for the omission of disclosures regarding the year 2000 issue as discussed in the previous paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Dry Prong, Louisiana, as of June 30, 1999, and the results of its operations and 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 July 26, 1999, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Dry Prong. Such information 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.

*Rozier, Harrington & McKay*

ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**ROZIER, HARRINGTON & McKAY**  
**CERTIFIED PUBLIC ACCOUNTANTS**

1407 PETERMAN DRIVE  
ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, C.P.A.  
M. DALE HARRINGTON, C.P.A.  
MARK S. MCKAY, C.P.A.  
LEE W. WILLIS, C.P.A.  
LAWRENCE E. MAYEAUX, C.P.A.

**MAILING ADDRESS**  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178  
TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

July 26, 1999

INDEPENDENT AUDITORS' 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  
and the Board of Aldermen  
Village of Dry Prong, Louisiana

We have audited the financial statements of the Village of Dry Prong, as of and for the year ended June 30, 1999, and have issued our report thereon dated July 26, 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 Dry Prong's 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 Dry Prong's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

*Rozier, Harrington & McKay*

ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**VILLAGE OF DRY PRONG, LOUISIANA**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**For the year ended June 30, 1999**

**VILLAGE OF DRY PRONG**  
**COMBINED BALANCE SHEET**  
**All Fund Types and Account Groups**  
 June 30, 1999

Assets	Governmental Funds		Proprietary Funds		Account Groups		Totals (Memorandum Only)
	General	Capital Projects	Enterprise	General Fixed Assets			
Cash and cash equivalents	\$ 73,384	113	\$ 42,611	\$ -	\$ -	\$ 116,108	
Receivables (net of allowance for doubtful accounts)	-	18,678	8,487	-	-	27,165	
Due from other funds	82,145	-	-	-	-	82,145	
Restricted cash and cash equivalents	-	-	30,623	-	-	30,623	
Property and equipment (net of accumulated depreciation)	-	-	1,469,515	205,228	-	1,674,743	
<b>Total assets</b>	<b>\$ 155,529</b>	<b>\$ 18,791</b>	<b>\$ 1,551,236</b>	<b>\$ 205,228</b>	<b>\$ -</b>	<b>\$ 1,930,784</b>	
<b><u>Liabilities and fund equity</u></b>							
<b><u>Liabilities:</u></b>							
Accounts payable	\$ 3,773	\$ 18,678	\$ 301	\$ -	\$ -	\$ 22,752	
Due to other funds	-	-	82,145	-	-	82,145	
Meter deposits	-	-	9,510	-	-	9,510	
Accrued interest	-	-	5,716	-	-	5,716	
Certificate of indebtedness	-	-	4,668	-	-	4,668	
Revenue bonds	-	-	228,627	-	-	228,627	
<b>Total liabilities</b>	<b>3,773</b>	<b>18,678</b>	<b>330,967</b>	<b>-</b>	<b>-</b>	<b>353,418</b>	
<b><u>Fund equity:</u></b>							
Investment in general fixed assets	-	-	-	205,228	-	205,228	
Contributed capital	-	-	1,828,838	-	-	1,828,838	
Retained earnings:							
Reserved per bond agreement	-	-	30,623	-	-	30,623	
Unreserved	-	-	(639,192)	-	-	(639,192)	
Fund balance	151,756	113	-	-	-	151,869	
<b>Total fund equity</b>	<b>151,756</b>	<b>113</b>	<b>1,220,269</b>	<b>205,228</b>	<b>-</b>	<b>1,577,366</b>	
<b>Total liabilities and fund equity</b>	<b>\$ 155,529</b>	<b>\$ 18,791</b>	<b>\$ 1,551,236</b>	<b>\$ 205,228</b>	<b>\$ -</b>	<b>\$ 1,930,784</b>	

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF DRY PRONG**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**All Governmental Fund Types**  
For the year ended June 30, 1999

	General	Capital Projects	Memorandum Totals
<b><u>Revenues:</u></b>			
Taxes:			
Ad valorem	\$ 6,058	-	\$ 6,058
Franchise	13,666	-	13,666
Licenses and permits:			
Occupational licenses	23,974	-	23,974
Intergovernmental:			
Tobacco tax	2,055	-	2,055
Grant proceeds	30,000	189,904	219,904
Fines	82,053	-	82,053
Miscellaneous:			
Fire assessment	2,520	-	2,520
Other	6,390	-	6,390
<b>Total revenues</b>	<b>166,716</b>	<b>189,904</b>	<b>356,620</b>
<b><u>Expenditures:</u></b>			
General government	98,695	199,366	298,061
Public safety:			
Police department	29,789	-	29,789
Fire department	4,413	-	4,413
<b>Total expenditures</b>	<b>132,897</b>	<b>199,366</b>	<b>332,263</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>33,819</b>	<b>(9,462)</b>	<b>24,357</b>
<b>Other sources (uses)</b>			
Operating transfers in (out)	(9,450)	9,475	25
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>24,369</b>	<b>13</b>	<b>24,382</b>
<b>Fund balance - beginning of year</b>	<b>127,387</b>	<b>100</b>	<b>127,487</b>
<b>Fund balance - end of year</b>	<b>\$ 151,756</b>	<b>113</b>	<b>\$ 151,869</b>

**The accompanying notes are an integral part of the financial statements.**

**VILLAGE OF DRY PRONG**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**General Fund**  
For the year ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes:			
Ad valorem	\$ 6,000	\$ 6,058	\$ 58
Franchise	12,000	13,666	1,666
Licenses and permits:			
Occupational licenses	12,000	23,974	11,974
Intergovernmental:			
Tobacco tax	1,600	2,055	455
Grant proceeds	-	30,000	30,000
Fire insurance rebate	4,000	-	(4,000)
Fines	60,550	82,053	21,503
Miscellaneous:			
Fire assessment	2,400	2,520	120
Other	3,500	6,390	2,890
<b>Total revenues</b>	<u>102,050</u>	<u>166,716</u>	<u>64,666</u>
<b>Expenditures:</b>			
General government	97,100	98,695	(1,595)
Public safety:			
Police department	30,500	29,789	711
Fire department	9,000	4,413	4,587
<b>Total expenditures</b>	<u>136,600</u>	<u>132,897</u>	<u>3,703</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(34,550)	33,819	68,369
<b>Other sources (uses)</b>			
Operating transfers in (out)	-	(9,450)	(9,450)
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	(34,550)	24,369	58,919
<b>Fund balance - beginning of year</b>	<u>127,387</u>	<u>127,387</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 92,837</u>	<u>\$ 151,756</u>	<u>\$ 58,919</u>

**The accompanying notes are an integral part of the financial statements.**

**VILLAGE OF DRY PRONG**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN RETAINED EARNINGS**  
**Proprietary Fund Type**  
For the year ended June 30, 1999

<b><u>Operating revenues:</u></b>	
Charges for services	\$ 86,298
Other charges	3,862
	<hr/>
<b>Total operating revenues</b>	<b>90,160</b>
	<hr/>
<b><u>Operating expenses:</u></b>	
Salaries and payroll taxes	25,182
Chemicals and supplies	7,836
Depreciation	51,283
Insurance	2,870
Utilities	5,044
Legal and professional	5,292
Repairs and maintenance	7,172
Miscellaneous	3,796
	<hr/>
<b>Total operating expenses</b>	<b>108,475</b>
	<hr/>
<b>Operating income</b>	<b>(18,315)</b>
	<hr/>
<b><u>Non-operating revenues (expenses):</u></b>	
Operating transfers out	(25)
Interest income	1,273
Interest expense	(11,959)
	<hr/>
<b>Total non-operating revenues (expenses)</b>	<b>(10,711)</b>
	<hr/>
<b>Net income (loss)</b>	<b>(29,026)</b>
	<hr/>
<b>Retained earnings - beginning of year</b>	<b>(579,543)</b>
	<hr/>
<b>Retained earnings - end of year</b>	<b>\$ (608,569)</b>
	<hr/> <hr/>

**The accompanying notes are an integral part of the financial statements**

**VILLAGE OF DRY PRONG**  
**COMBINED STATEMENT OF CASH FLOWS**  
Proprietary Fund Type  
For the year ended June 30, 1999

<b><u>Cash flow from operating activities:</u></b>	
Operating income (loss)	\$ (18,315)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	51,283
(Increase) decrease in accounts receivable	620
(Decrease) increase in accounts and other payables	(74)
(Decrease) increase in meter deposits	1,607
	1,607
<b>Net cash provided (used) by operating activities</b>	<b>\$ 35,121</b>
 <b><u>Cash flows from non-capital financing activities:</u></b>	
Cash advances due to the general fund	16,038
	16,038
<b>Net cash provided (used) by non-capital financing activities</b>	<b>16,038</b>
 <b><u>Cash flows from capital and related financing activities:</u></b>	
Operating transfers out	(25)
Principle paid on certificate of indebtedness	(3,778)
Principle paid on revenue bonds	(4,936)
Interest paid on debt instruments	(12,081)
	(12,081)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(20,820)</b>
 <b><u>Cash flows from investing activities:</u></b>	
Interest and other income	1,273
	1,273
<b>Net cash provided (used) by investing activities</b>	<b>1,273</b>
<b>Net increase (decrease) in cash</b>	<b>31,612</b>
<b>Beginning cash balance</b>	<b>41,622</b>
	<b>73,234</b>
<b>Ending cash balance</b>	<b>73,234</b>
<b>Restricted cash and cash equivalents</b>	<b>30,623</b>
	<b>30,623</b>
<b>Cash and cash equivalents</b>	<b>\$ 42,611</b>

**Supplemental disclosures of cash flow information:**

During the year ended June 30, 1999, the Village began construction on water system improvements. At June 30, 1999, construction expenditures have totaled \$199,366. All of the receipts and disbursements associated with this project were reported in a capital projects fund. As a result, construction of the water system improvements has not affected cash flow reported by the Village's utility funds.

**The accompanying notes are an integral part of the financial statements.**

**VILLAGE OF DRY PRONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Dry Prong (the Village) was incorporated under the provisions of the Lawrason Act. The Village is governed by a Mayor and a Board of Alderman consisting of three (3) members. Services provided by the Village include Police Protection, Fire Protection and street maintenance. The Village also operates a water distribution system and a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

**Financial Reporting Entity**

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

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

1. Appointing a voting majority of an organization's governing body, and
  - a) The ability of the Village to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon application of these criteria, there were no potential component units and all of the Village's activities were included in the primary government reporting entity.

**Fund Accounting**

The accounts of the Village are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set

**VILLAGE OF DRY PRONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1999**

of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Village:

**Governmental Fund Type**

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 Fund - The Capital Projects Fund is used to account all resources received and used for the acquisition, construction or improvement of capital facilities by the Village.

**Proprietary Funds**

Enterprise Funds - Enterprise Funds are used to account for operations 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.

**Account Groups**

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the Village other than those accounted for in the proprietary fund.

General Long-Term Debt Account Group - This group of accounts is used to account for long-term debt of the Village not accounted for in the proprietary fund. For the year ended June 30, 1999, there was no activity in this account group and accordingly the accompanying financial statements do not include such an account group.

**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. Taxpayer-assessed income and gross receipts are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

**VILLAGE OF DRY PRONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1999**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary (enterprise) funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Any material unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncement that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Village only applies those FASB pronouncements that were issued on or before November 30, 1989.

**Use Of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Restricted Assets:**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants.

**Budget Practices:**

The Mayor prepares an annual budget for the Village's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Village's Utility Fund.

**Fixed Assets:**

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Since the Village does not capitalize infrastructures, these items are excluded from the general fixed assets account group. No depreciation has been provided on general fixed assets.

**VILLAGE OF DRY PRONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1999**

General fixed assets are reported at historical cost, including any interest incurred during construction. For items acquired prior to July 1, 1989, there were few records supporting historical cost. Current replacement cost has been used as a basis for estimating historical cost incurred prior to July 1, 1989.

Property and equipment used in the proprietary fund operations are recorded at cost or estimated historical cost including interest incurred during construction. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost were estimated based on information furnished by the Village's consulting engineers.

**Cash And Cash Equivalents:**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

**Encumbrance Accounting:**

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

**Interfund Receivables And Payables:**

All funds paid to vendors are typically disbursed from the General Fund. Amounts paid by the General Fund on behalf of other funds and any reimbursements received by the General Fund are reported as interfund receivables and payables. The interfund receivables and payables are not eliminated in the preparation of combined financial statements.

**Total Columns On Combined Statements:**

Total columns on the combined statements are captioned "Memorandum" 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.

**Statement Of Cash Flows:**

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

**Fund Equity:**

**Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are

**VILLAGE OF DRY PRONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1999**

restricted for the acquisition or construction of capital assets. Contributed capital reported by the Village is not subject to amortization.

**Reserves**

Reserves represent those portions of fund equity legally segregated for a specific future use.

**NOTE 2 - ACCOUNTS RECEIVABLE**

At June 30, 1999, there were no material amounts of uncollectible receivables and there was no provision for bad debts. Accounts receivable are summarized as follows:

	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
State of Louisiana, Community Development Block Grant Program	\$ 18,678	\$ ----	\$ 18,678
Utility Sales	----	8,487	8,487
<b>Total</b>	<b>\$ 18,678</b>	<b>\$ 8,487</b>	<b>\$ 27,165</b>

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At June 30, 1999 the Village's cash balance totaled \$146,731 (book balance) and \$167,392 (bank balance). The composition of these accounts is as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Memorandum Total</u>
Cash – unrestricted	\$ 73,384	\$ 113	\$ 42,611	\$ 116,108
Cash – restricted	----	----	30,623	30,623
<b>Total</b>	<b>\$ 73,384</b>	<b>\$ 113</b>	<b>\$ 73,234</b>	<b>\$ 146,731</b>

At June 30, 1999, the bank balance of \$167,392 was secured by FDIC insurance totaling \$125,551 and pledged investments held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) with a market value at June 30, 1999 of \$99,633.

Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds on demand.

**VILLAGE OF DRY PRONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 4 - LONG-TERM DEBT**

The following is a summary of transactions involving long-term debt for the year ended June 30, 1999:

	<u>Certificate of Indebtedness</u>	<u>Utility Revenue</u>	<u>Total</u>
Bonds payable, June 30, 1998	\$ 8,446	\$ 233,563	\$ 242,009
New issues	----	----	----
Retirements	(3,778)	(4,936)	(8,714)
<u>Bonds payable, June 30, 1999</u>	<u>\$ 4,668</u>	<u>\$ 228,627</u>	<u>\$ 233,295</u>

At June 30, 1999, the following long-term debt was outstanding:

	<u>Outstanding Balance</u>	
	<u>Certificate of Indebtedness</u>	<u>Utility Revenue</u>
\$18,000 Certificate of Indebtedness dated August 3, 1995, due in annual or monthly installments of \$348, including interest at 6%, final installment due August 3, 2000.	\$ 4,668	\$ ----
\$280,200 Sewer Revenue Bonds dated November 1, 1982, due in annual installments of \$16,614, including interest at 5%, final installment due November 1, 2022.	----	228,627
<u>Total</u>	<u>\$ 4,668</u>	<u>\$ 228,627</u>

A schedule of maturities of long-term debt follows for the years ended June 30:

<u>Year Ended June 30th</u>	<u>Certificate of Indebtedness</u>	<u>Utility Revenue</u>	<u>Total</u>
2000	\$ 4,011	\$ 5,183	\$ 9,194
2001	657	5,442	6,099
2002	----	5,714	5,714
2003	----	6,000	6,000
2004	----	6,300	6,300
Thereafter	----	199,988	199,988
<u>Total</u>	<u>\$ 4,668</u>	<u>\$ 228,627</u>	<u>\$ 233,295</u>

**VILLAGE OF DRY PRONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1999**

**NOTE 5 - AD VALOREM TAXES**

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended June 30, 1999, the Village levied 7.38 mills for general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Changes in general fixed assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land	\$ 10,243	\$ ----	\$ ----	\$ 10,243
Buildings Improvements	59,137	----	----	59,137
Furniture, Fixtures and Equipment	132,264	3,584	----	135,848
<b>Total General Fixed Assets</b>	<b>\$ 201,644</b>	<b>\$ 3,584</b>	<b>\$ ----</b>	<b>\$ 205,228</b>

A summary of the property and equipment at June 30, 1999 consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Water Distribution System	\$ 183,125	\$ ----	\$ ----	\$ 183,125
Construction in Progress	72,630	199,366	----	271,996
Wastewater System	1,718,232	----	----	1,718,232
Equipment	23,706	----	----	23,706
Land	41,369	----	----	41,369
<b>Total</b>	<b>2,039,062</b>	<b>199,366</b>	<b>----</b>	<b>2,238,428</b>
<b>Less Accumulated Depreciation</b>	<b>717,631</b>	<b>51,282</b>	<b>----</b>	<b>768,913</b>
<b>Net Property and Equipment</b>	<b>\$ 1,321,431</b>	<b>\$ 148,084</b>	<b>\$ ----</b>	<b>\$ 1,469,515</b>

**NOTE 7- RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**VILLAGE OF DRY PRONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1999**

The Village insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risk have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 8 - RESTRICTED RESOURCES**

Bond covenants require the Village to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants. Amounts on deposit in these accounts are reported as restricted cash.

**NOTE 9 – CONTRIBUTED CAPITAL**

Contributed capital reported by the Proprietary Fund for the year ended June 30, 1999 is summarized as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Balance June 30, 1998	\$ 112,631	\$ 1,516,841	\$ 1,629,472
Current contributions – LCDBG	199,366	----	199,366
<b>Balance June 30, 1999</b>	<b>\$ 311,997</b>	<b>\$ 1,516,841</b>	<b>\$ 1,828,838</b>

**NOTE 10 – FEDERAL FINANCIAL ASSISTANCE**

The Village has received assistance from the Louisiana Community Development Block Grant (LCDBG) Program. The LCDBG grant activity is accounted for in the Village’s capital project fund. A summary of capital project fund activity is provided as follows:

	<u>Current Expenditures</u>	<u>Previous Expenditures</u>	<u>Total Expenditures</u>
<b><u>FY 1997 LCDBG-DN:</u></b>			
Administration	\$ 7,540	\$ 10,800	\$ 18,340
Engineering	9,989	17,070	27,059
Construction	116,800	44,760	161,560
<b>Total FY 1997 LCDBG-DN</b>	<b>134,329</b>	<b>72,630</b>	<b>206,959</b>

**VILLAGE OF DRY PRONG**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 1999**

<b><u>FY 1998 LCDBG:</u></b>			
Property acquisition	10,932	---	10,932
Engineering	44,643	---	44,643
<b>Total FY 1998 LCDBG</b>	<b>55,575</b>	<b>---</b>	<b>55,575</b>
Total LCDBG	189,904	72,630	262,534
Local administrative cost	9,462	---	9,462
<b>Total Capital Project Expenditures</b>	<b>\$ 199,366</b>	<b>\$ 72,630</b>	<b>\$ 271,996</b>

**VILLAGE OF DRY PRONG, LOUISIANA**

**Supplemental Financial Information**

**For the year ended June 30, 1999**

**VILLAGE OF DRY PRONG**  
**GENERAL FUND**  
**Schedule of Expenditures - Budget (GAAP Basis) and Actual**  
**For the Year Ended June 30, 1999**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>General Government:</u></b>			
Salary - mayor and aldermen	\$ 3,000	\$ 3,000	\$ -
Salaries - other	20,350	21,043	(693)
Payroll Taxes	1,500	1,902	(402)
Insurance	6,100	4,574	1,526
Office supplies	1,500	2,222	(722)
Legal and professional	7,500	8,257	(757)
Utilities and telephone	8,400	7,358	1,042
Capital outlay	30,000	30,725	(725)
Repairs and maintenance	1,100	2,206	(1,106)
Streets and parks	5,500	3,004	2,496
Miscellaneous	12,150	14,404	(2,254)
	<hr/>	<hr/>	<hr/>
<b>Total general government</b>	<b>97,100</b>	<b>98,695</b>	<b>(1,595)</b>
<b><u>Public Safety:</u></b>			
Police department			
Salaries and payroll taxes	22,100	22,068	32
Fuel	1,800	1,002	798
Parts and supplies	4,300	1,925	2,375
Miscellaneous	2,300	4,794	(2,494)
	<hr/>	<hr/>	<hr/>
<b>Total police department</b>	<b>30,500</b>	<b>29,789</b>	<b>711</b>
Fire department			
Repairs	1,600	729	871
Insurance	3,500	-	3,500
Equipment	1,000	2,208	(1,208)
Miscellaneous	2,900	1,476	1,424
	<hr/>	<hr/>	<hr/>
<b>Total fire department</b>	<b>9,000</b>	<b>4,413</b>	<b>4,587</b>
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	<b>\$ 136,600</b>	<b>\$ 132,897</b>	<b>\$ 3,703</b>

**VILLAGE OF DRY PRONG**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
For the Year Ended June 30, 1999

	<u>FY 1997</u> <u>LCDBG - DN</u>	<u>FY 1998</u> <u>LCDBG</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 100	\$ 13	\$ 113
Receivables - State of Louisiana	<u>18,678</u>	<u>-</u>	<u>18,678</u>
<b>Total assets</b>	<u>\$ 18,778</u>	<u>\$ 13</u>	<u>\$ 18,791</u>
 <b><u>Liabilities and fund equity</u></b>			
<b><u>Liabilities:</u></b>			
Accounts Payable:			
Administration	\$ 2,454	\$ -	\$ 2,454
Construction	<u>16,224</u>	<u>-</u>	<u>16,224</u>
<b>Total liabilities</b>	<u>18,678</u>	<u>-</u>	<u>18,678</u>
 <b><u>Fund equity:</u></b>			
Fund Balance	<u>100</u>	<u>13</u>	<u>113</u>
<b>Total fund equity</b>	<u>100</u>	<u>13</u>	<u>113</u>
<b>Total liabilities and fund equity</b>	<u>\$ 18,778</u>	<u>\$ 13</u>	<u>\$ 18,791</u>

**VILLAGE OF DRY PRONG**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
For the Year Ended June 30, 1999

	<u>FY 1997</u> <u>LCDBG - DN</u>	<u>FY 1998</u> <u>LCDBG</u>	<u>Total</u>
<b><u>Revenues:</u></b>			
Intergovernmental			
Grant proceeds	\$ 134,329	\$ 55,575	\$ 189,904
<b>Total revenues</b>	<u>134,329</u>	<u>55,575</u>	<u>189,904</u>
<b><u>Expenditures:</u></b>			
General government			
LCDBG cost			
Administration	7,540	-	7,540
Construction	116,800	-	116,800
Engineering	9,989	44,643	54,632
Property acquisition	-	10,932	10,932
<b>Total LCDBG cost</b>	<u>134,329</u>	<u>55,575</u>	<u>189,904</u>
Local administrative cost	<u>-</u>	<u>9,462</u>	<u>9,462</u>
<b>Total expenditures</b>	<u>134,329</u>	<u>65,037</u>	<u>199,366</u>
<b>Excess (deficiency) of revenues over expenditures</b>	-	(9,462)	(9,462)
<b>Other sources (uses)</b>			
Operating transfers in	<u>-</u>	<u>9,475</u>	<u>9,475</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	-	13	13
<b>Fund balance - beginning of year</b>	<u>100</u>	<u>-</u>	<u>100</u>
<b>Fund balance - end of year</b>	<u>\$ 100</u>	<u>\$ 13</u>	<u>\$ 113</u>

# VILLAGE OF DRY PRONG

## ENTERPRISE FUNDS

### Combining Balance Sheet

For the Year Ended June 30, 1999

<u>Assets</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b><u>Current Assets:</u></b>			
Cash and cash equivalents	\$ 42,611	\$ -	\$ 42,611
Receivables, net of allowance for doubtful accounts	8,487	-	8,487
<b>Total current assets</b>	51,098	-	51,098
<b><u>Restricted Cash and Cash Equivalents:</u></b>			
Sinking fund	-	10,718	10,718
Contingency fund	-	11,703	11,703
Reserves	-	8,202	8,202
<b>Total restricted assets</b>	-	30,623	30,623
<b><u>Property and equipment:</u></b>			
Fixed assets (net of accumulated depreciation)	350,123	1,119,392	1,469,515
<b>Total Assets</b>	\$ 401,221	\$ 1,150,015	\$ 1,551,236
<b><u>Liabilities and fund equity</u></b>			
<b><u>Liabilities:</u></b>			
Accounts payable	\$ 301	\$ -	\$ 301
Due to other funds	45,134	37,011	82,145
Meter deposits	9,510	-	9,510
Accrued interest	-	5,716	5,716
Certificate of indebtedness - Colfax Banking Company	4,668	-	4,668
Revenue bonds payable	-	228,627	228,627
<b>Total liabilities</b>	59,613	271,354	330,967
<b><u>Fund equity:</u></b>			
Contributed Capital	311,997	1,516,841	1,828,838
Retained earnings:			
Reserved per bond agreement	-	30,623	30,623
Unreserved	29,611	(668,803)	(639,192)
<b>Total fund equity</b>	341,608	878,661	1,220,269
<b>Total liabilities and fund equity</b>	\$ 401,221	\$ 1,150,015	\$ 1,551,236

**VILLAGE OF DRY PRONG**  
**ENTERPRISE FUNDS**  
**Combining Statement of Revenues , Expenditures, and Changes in Retained Earnings**  
**For the Year Ended June 30, 1999**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<b><u>Operating revenues:</u></b>			
Charges for services	\$ 45,187	\$ 41,111	\$ 86,298
Other charges	3,862	-	3,862
	<hr/>	<hr/>	<hr/>
<b>Total Operating Revenues</b>	<b>49,049</b>	<b>41,111</b>	<b>90,160</b>
	<hr/>	<hr/>	<hr/>
<b><u>Operating expenses:</u></b>			
Salaries and payroll taxes	12,609	12,573	25,182
Chemicals and supplies	4,771	3,065	7,836
Depreciation	7,599	43,684	51,283
Insurance	1,435	1,435	2,870
Utilities	3,743	1,301	5,044
Legal and professional	2,846	2,446	5,292
Repairs and maintenance	4,907	2,265	7,172
Miscellaneous	2,074	1,722	3,796
	<hr/>	<hr/>	<hr/>
<b>Total operating expenses</b>	<b>39,984</b>	<b>68,491</b>	<b>108,475</b>
	<hr/>	<hr/>	<hr/>
<b>Operating income (loss)</b>	<b>9,065</b>	<b>(27,380)</b>	<b>(18,315)</b>
	<hr/>	<hr/>	<hr/>
<b><u>Non-operating revenues (expenses):</u></b>			
Operating transfers out	(25)	-	(25)
Interest income	674	599	1,273
Interest expense	(404)	(11,555)	(11,959)
	<hr/>	<hr/>	<hr/>
<b>Total Non-operating revenues</b>	<b>245</b>	<b>(10,956)</b>	<b>(10,711)</b>
	<hr/>	<hr/>	<hr/>
<b>Net income (loss)</b>	<b>9,310</b>	<b>(38,336)</b>	<b>(29,026)</b>
	<hr/>	<hr/>	<hr/>
<b>Retained earnings, beginning of year</b>	<b>20,301</b>	<b>(599,844)</b>	<b>(579,543)</b>
	<hr/>	<hr/>	<hr/>
<b>Retained earnings, end of year</b>	<b>\$ 29,611</b>	<b>\$ (638,180)</b>	<b>\$ (608,569)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**VILLAGE OF DRY PRONG**  
**SCHEDULE OF PER DEIM PAID TO BOARD MEMBERS**  
For the year ended June 30, 1999

John Landry, Mayor	\$ 1,200
Craig McCain, Alderman	600
William Nettles, Alderman	600
Ida Pace, Alderman	<u>600</u>
Total	<u><u>\$ 3,000</u></u>

**VILLAGE OF DRY PRONG**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**For the Year Ended June 30, 1999**

**PART I - SUMMARY OF AUDITOR'S RESULTS:**

- The Independent Auditors' Report on the general purpose financial statements of the Village of Dry Prong as of June 30, 1999 and for the year then ended expressed a qualified opinion.
- The results of the audit do not disclose any instances of noncompliance that are considered to be material to the general purpose financial statements of the Village of Dry Prong.
- Since federal financial assistance did not meet the threshold of \$300,000, a single audit in accordance with OMB Circular A-133 was not required.
- The audit did not disclose any audit findings which are required to be reported as findings and questioned costs.

**PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- None.

**PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- Not Applicable

**VILLAGE OF DRY PRONG**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**For the Year Ended June 30, 1999**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
No findings that are material to the financial statements were reported.	Response - N/A
<b>SECTION II</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
No findings were reported in the schedule of findings and questions cost.	Response - N/A
<b>SECTION III</b>	
<b>MANAGEMENT LETTER</b>	
No findings were reported in the schedule of findings and questions cost.	Response - N/A

**VILLAGE OF DRY PRONG**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 1999**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
No findings of the nature were reported as a result of the previous audit.	Response -- N/A
<b>SECTION II</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
No findings of the nature were reported as a result of the previous audit.	Response - N/A
<b>SECTION III</b>	
<b>MANAGEMENT LETTER</b>	
No findings of the nature were reported as a result of the previous audit.	Response -- N/A