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**VILLAGE OF DODSON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
AND ACCOUNTANTS' COMPILATION REPORT
AS OF AND
FOR THE YEAR ENDED JUNE 30, 1999
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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 DEC 15 1999

KENNETH D. FOLDEN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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VILLAGE OF DODSON
Dodson, Louisiana

**General Purpose Financial Statements
and Accountants' Compilation Report
As of and for the Year Ended June 30, 1999
With Supplemental Information Schedules**

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ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor Loyd Vines
And the Board of Aldermen
Village of Dodson
Dodson, Louisiana

We have compiled the accompanying general purpose financial statements of the Village of Dodson, Louisiana, in accordance with standards established by the American Institute of Certified Public Accountants.

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


KENNETH D. FOLDEN & CO.
Certified Public Accountants

Jonesboro, Louisiana
September 8, 1999

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPE	ACCOUNT GROUPS		Total (Memorandum Only)
	General Fund	Debt Service Fund	Enterprise Fund	General Fixed Assets	General Long-term Debt	
ASSETS AND OTHER DEBITS						
Cash and cash equivalents	\$ 62,628	\$ 4,338	\$ 27,511	\$	\$	\$ 94,477
Restricted assets - cash			26,454			26,454
Accounts receivable	473		6,201			6,674
Land				5,500		5,500
Building and equipment				111,977		111,977
Equipment, etc.				38,124		38,124
Water and sewer plant			1,600,069			1,600,069
Available for debt service					4,338	4,338
Amount to be provided for debt service					16,662	16,662
Total assets and other debits	\$ 63,101	\$ 4,338	\$ 1,660,235	\$ 155,601	\$ 21,000	\$ 1,904,275
LIABILITIES, FUND EQUITY AND OTHER CREDITS						
Accounts payable and accrued expenses	\$ 5,407	\$	\$ 10,635	\$	\$	\$ 16,042
Payable from restricted assets:						
Bonds			4,000			4,000
Interest coupons			4,695			4,695
Customers deposits			3,911			3,911
Bond payable			115,000		21,000	136,000
Total liabilities	5,407	NONE	138,241		21,000	164,648
FUND EQUITY AND OTHER CREDITS						
Contributed capital			2,110,899			2,110,899
Investment in general fixed assets				155,601		155,601
RETAINED EARNINGS						
Reserved for bond retirement			5,916			5,916
Reserved for contingency			18,663			18,663
Unreserved			(613,484)			(613,484)
FUND BALANCES						
Designated - Debt Service		4,338				4,338
Undesignated	57,694					57,694
Total fund equity	57,694	4,338	1,521,994	155,601	NONE	1,739,627
Total liabilities, fund equity and other credits	\$ 63,101	\$ 4,338	\$ 1,660,235	\$ 155,601	\$ 21,000	\$ 1,904,275

See Accountants' Compilation Report

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 1999

	General	Debt Service	Totals (Memorandum Only)
REVENUES			
Taxes	\$ 5,163	\$ 4,272	\$ 9,435
Licenses and permits	11,734		11,734
Intergovernmental and franchise taxes	7,108		7,108
Fines and forfeitures	21,286		21,286
Interest	4,045	66	4,111
Maintenance fees	5,661		5,661
Miscellaneous	5,051		5,051
Total revenue	60,048	4,338	64,386
EXPENDITURES			
Current:			
General government	90,029		90,029
Public safety	8,010		8,010
Debt service		2,050	2,050
Capital outlay	6,390		6,390
Total expenditures	104,429	2,050	106,479
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(44,381)	2,288	(42,093)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	14,028		14,028
Operating transfers out		(2,396)	(2,396)
Sale of assets	3,850		3,850
Total other financing sources (uses)	17,878	(2,396)	15,482
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(26,503)	(108)	(26,611)
FUND BALANCE AT BEGINNING OF YEAR	84,197	4,446	88,643
FUND BALANCE AT END OF YEAR	\$ 57,694	\$ 4,338	\$ 62,032

See Accountants' Compilation Report

**COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
For the Year Ended June 30, 1999**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Ad valorem taxes	\$ 5,400	\$ 5,163	\$ (237)
Tobacco tax	1,800	1,419	(381)
Franchise tax	6,500	5,689	(811)
Occupational licenses	8,700	11,734	3,034
Interest	4,500	4,045	(455)
Rents	1,600	1,629	29
Traffic violations	21,000	21,286	286
Maintenance fees		5,661	5,661
Miscellaneous		3,422	3,422
Total revenues	49,500	60,048	10,548
EXPENDITURES			
Current:			
General government	101,140	90,029	11,111
Public health	3,000		3,000
Public safety	5,050	8,010	(2,960)
Capital outlay	17,324	6,390	10,934
Total expenditures	126,514	104,429	22,085
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(77,014)	(44,381)	32,633
OTHER FINANCING SOURCES (USES)			
Transfers in		14,028	14,028
Sale of assets		3,850	3,850
Total other financing sources (uses)		17,878	17,878
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(77,014)	(26,503)	50,511
FUND BALANCE AT BEGINNING OF YEAR	77,014	84,197	7,183
FUND BALANCE AT END OF YEAR	NONE	\$ 57,694	\$ 57,694

See Accountants' Compilation Report

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES -
WATER & SEWER ENTERPRISE FUNDS
For the Year Ended June 30, 1999**

OPERATING REVENUES

Service revenue	\$ 55,777
Total operating revenues	<u>55,777</u>

OPERATING EXPENSES

Utilities	9,499
Personnel	4,018
Supplies	24,172
Depreciation	57,604
Repairs and maintenance	2,038
Miscellaneous expenses	<u>1,274</u>
Total operating expenses	<u>98,605</u>

OPERATING LOSS (42,828)

NON-OPERATING REVENUE (EXPENSES)

Interest income	326
Interest expense	(5,987)
Operating grant - state	<u>15,000</u>
Total non-operating revenue (expenses)	<u>9,339</u>

LOSS BEFORE OPERATING TRANSFERS (33,489)

OPERATING TRANSFERS

Transfer from debt service	2,396
Transfer to general fund	<u>(14,028)</u>
Net transfers	<u>(11,632)</u>

NET LOSS (45,121)

RETAINED EARNINGS AT THE BEGINNING OF YEAR (543,784)

RETAINED EARNINGS AT THE END OF YEAR \$ (588,905)

See Accountants' Compilation Report

Village of Dodson, Louisiana
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
WATER & SEWER ENTERPRISE FUNDS
For the Year Ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income (loss)		\$ (45,121)
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease in accounts receivable	(5,558)	
Depreciation	57,604	
Decrease in accounts payable	10,053	
Decrease in meter deposits	65	
Decrease in interest payable	<u>(163)</u>	
Total adjustments		<u>62,001</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		16,880

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Note payment	<u>(4,000)</u>	
Total adjustments		(4,000)

CASH FLOWS FROM INVESTING ACTIVITIES:

Capital outlay		<u>(6,464)</u>
Net change in cash and cash equivalents		6,416
Cash and cash equivalents at beginning of year		<u>47,551</u>
Cash and cash equivalents at end of year		<u><u>\$ 53,967</u></u>

Supplemental disclosures of cash flow information:

Cash paid during the period for interest expense	<u>\$ 6,150</u>	
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See Accountants' Compilation Report

VILLAGE OF DODSON

Dodson, Louisiana

Notes to the Financial Statements As of and for the Year Ended June 30, 1999

INTRODUCTION

The Village of Dodson, Louisiana, was incorporated under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government. The Board of Aldermen of the Village of Dodson is composed of three Aldermen, elected for four year terms, who are compensated according to the schedule in this report. The Village of Dodson employs a Village Clerk who is appointed to office and a Police Chief, an elected position. The Village of Dodson serves its citizens by providing water/sewer services, police protection, fire protection and various other needs of the citizens of this area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Village of Dodson have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Village of Dodson is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (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 Dodson 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 include:

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

As required by generally accepted accounting principles, these financial statements present the Village of Dodson (the primary government). The Village of Dodson has no component units.

VILLAGE OF DODSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY (Continued)

Considered in the determination of component units of the reporting entity were the Winn Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for Winn Parish. It was determined that these governmental entities are not component units of the Village of Dodson reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Village of Dodson.

C. 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 equities, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Funds of the Village of Dodson are classified into two categories: governmental and proprietary. In turn each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

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.

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

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the government 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 through user charges; or (b) where the governing body has decided that periodic determinations of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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. This means that 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 (revenue 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.

VILLAGE OF DODSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. FUND ACCOUNTING (Continued)

Fixed Assets and Long-Term Liabilities (Continued)

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, are not capitalized along with other general fixed assets which are recorded at historical cost.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

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.

All proprietary funds are accounted for on a cost of service 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 of total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in 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 useful lives using the straight-line method. The estimated useful lives follows:

Sewer system	40 years
Water system	40 years
Furniture and Equipment	5 to 10 years

D. 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.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liabilities are incurred, except that principal and interest on general long-term debt is recognized when due.

All supplies are recognized as expenditures when purchased. Supplies on hand at the balance sheet date are not material in amount.

No allowance for doubtful accounts has been established in any of the funds as the amount, if any, is considered insignificant.

VILLAGE OF DODSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGET AND BUDGETARY ACCOUNTING

The Village of Dodson, Louisiana, prepared its budget on financial activity by fund type. The Village follows these procedures in establishing the budgetary data:

1. The Mayor prepares the budget which is submitted to the Council of Aldermen at the May meeting of the council. The budget is then voted on at the June meeting.
2. The financial budget is published in the Village's journal.
3. The budget can be amended after adoption by the Board.
4. All budgetary appropriations expire at year end.

The Village adopted the 1998-1999 budget in an open regular meeting on June 24, 1998.

F. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting--under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is not utilized by the Village of Dodson.

G. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Under state law, the Village of Dodson may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost. At June 30, 1999, the Village of Dodson had no investments.

H. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, 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 on this data.

VILLAGE OF DODSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. AD VALOREM TAXES

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in August or September and actually billed to the taxpayer in October. Billed taxes become delinquent on January 1 of the following year. Revenues for property taxes are budgeted in the year billed.

The Village bills and collects its own property taxes using assessed values determined by the tax assessor of Winn Parish.

For the year ended June 30, 1999, taxes of 11.59 mills were levied, and dedicated as follows:

General corporate purpose	6.31 mills
Debt service (water bonds)	<u>5.28 mills</u>
	<u>11.59 mills</u>

Income is recognized when levied, on October 15 and taxes become delinquent on January 1 of each year.

3. CASH AND CASH EQUIVALENTS

At June 30, 1999, the Village of Dodson has cash and cash equivalents (book balances) totaling \$120,931 as follows:

	General Fund	Debt Service	Enterprise Fund	Total
Interest-bearing demand deposits	\$ 7,628	\$ 4,338	\$ 25,105	\$ 37,071
Time deposits	55,000		28,860	83,860
Total	<u>\$ 62,628</u>	<u>\$ 4,338</u>	<u>\$ 53,965</u>	<u>\$ 120,931</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1999, the Village of Dodson had \$121,131 in deposits (collected bank balances) in two banks. These deposits are fully secured from risk by \$121,131 of federal deposit insurance.

4. RESTRICTED ASSETS - WATER AND SEWER FUNDS

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

Water bond contingency	\$ 3,472
Water customers' deposits	1,878
Water bond reserve	15,188
Water bond interest and redemption	<u>5,916</u>
Total	<u>\$ 26,454</u>

VILLAGE OF DODSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in fixed assets follows:

	Balance 7/1/98	Additions	Deletions	Balance 6/30/99
Land	\$ 5,500			\$ 5,500
Buildings	111,977			111,977
Furniture and equipment	32,734	6,390	(1,000)	38,124
Total	\$ 150,211	\$ 6,390	\$ (1,000)	\$ 155,601

6. CHANGES IN LONG-TERM DEBT

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

	General Obligation	Revenue	Total
Bonds payable 7/1/98	\$ 21,000	\$ 123,000	\$ 144,000
Less, bonds retired during year	(1,000)	(4,000)	(5,000)
Bonds payable 6/30/99	\$ 20,000	\$ 119,000	\$ 139,000

The individual bond issues that comprise the total bonds payable at June 30, 1999 are shown below:

	Issue Date	Maturity Date	Authorized and Issued	Interest Rate
General obligation	9/8/1977	9/8/2017	166,000	5%
Revenue	9/8/1977	9/8/2015	42,000	5%

VILLAGE OF DODSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. CHANGES IN LONG-TERM DEBT (Continued)

The total requirements to amortize all bonds outstanding at June 30, 1999 including interest payments are below:

Year Ending June 30	Revenue	G.O. Bonds	Total
1999	10,150	2,050	12,200
2000	9,950	2,000	11,950
2001	9,750	1,950	11,700
2002	9,550	1,900	11,450
2003	10,350	1,850	12,200
2004	10,100	1,800	11,900
2005	9,850	1,750	11,600
2006	9,600	1,700	11,300
2007	10,350	1,650	12,000
2008	10,050	1,600	11,650
2009	9,750	1,550	11,300
2010	9,450	1,500	10,950
2011	10,150	1,450	11,600
2012	9,800	2,400	12,200
2013	9,450	2,300	11,750
2014	10,100	2,200	12,300
2015	9,700	2,100	11,800
2016	9,300		9,300
2017	9,900		9,900
2018	9,450		9,450
Total	\$ 196,750	\$ 31,750	\$ 228,500
Total interest requirement			\$ 89,500

7. PROPRIETARY FUND PROPERTY AND EQUIPMENT

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

	Water	Sewer	Total
Water & sewer systems	\$ 762,730	\$ 1,596,933	\$ 2,359,663
Equipment	20,826	48,543	69,369
Total	\$ 783,556	\$ 1,645,476	\$ 2,429,032
Less, allowance for depreciation	(194,772)	(634,191)	(828,963)
Net plant	\$ 588,784	\$ 1,011,285	\$ 1,600,069

VILLAGE OF DODSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. FLOW OF FUNDS, RESTRICTION ON USE-WATER REVENUE

Under the terms of the bond indenture relating to Water Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the water system, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

- (A) Out of revenue to the "operation and maintenance fund," an amount sufficient to provide for expenses of the system.
- (B) Each month, there will be set aside into a fund called the "Bond and Interest Redemption Fund," an amount constituting 1/12 of the next maturing yearly installment of principal and interest payments. These funds may be used only for payment of bond principal and interest.
- (C) There shall also be set aside into a "Bond Reserve Fund," an amount equal to 5% of adjusted income until the sum of \$10,150 is accumulated. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the "Bond and Interest Redemption Fund".
- (D) Funds will also be set aside into a contingency fund at the rate of \$480 per year. Money in this fund may be used for making extraordinary repairs to the system necessary to keep the system in operating condition. Money in this fund may also be used to pay principal or interest on bonds falling due at any time there is not sufficient money for payment in the other bond funds.
- (E) All of the revenue received in any fiscal year not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose of the Village.

9. SEWER AND WATER FUNDS HAVE DEFICITS IN RETAINED EARNINGS

The sewer fund has a retained earnings deficit of \$542,122 and the water system has a retained earning deficit of \$43,783 as of June 30, 1999. These deficits were created by depreciation taken on that portion of the system constructed with grant funds. Also, the beginning retained earnings balances were adjusted for prior period adjustments.

10. OFFICIAL COMPENSATION

Name	Position	Annual Salary
Francis Jones	Alderman	\$ 840
Steve Sharp	Alderman	420
Carolyn Taylor	Alderman	420
Verna Hollingsworth	Alderman	420
Sarah Broomfield	Alderman	420

11. LITIGATION

The Village advises there is no litigation against the Village.

SUPPLEMENTAL INFORMATION SCHEDULES

VILLAGE OF DODSON, LOUISIANA

Schedule 1

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

June 30, 1999

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 11,450	\$ 16,061	\$ 27,511
Accounts receivable	4,786	1,415	6,201
Total current assets	16,236	17,476	33,712
Restricted assets			
Bond contingency cash	3,472		3,472
Customers' deposits cash	1,878		1,878
Bond interest and redemption cash	5,916		5,916
Bond reserve cash	15,188		15,188
Total restricted assets	26,454	NONE	26,454
Plant and equipment			
At cost, net of allowance for depreciation (\$194,772 for water, \$634,191 for sewer)	588,785	1,011,284	1,600,069
Total assets	\$ 631,475	\$ 1,028,760	\$ 1,660,235
LIABILITIES AND FUND EQUITY			
Current liabilities			
Accounts payable	\$ 9,618	\$ 1,017	\$ 10,635
Total current liabilities	9,618	1,017	10,635
Current liabilities (payable from restricted assets)			
Accrued interest revenue bonds	4,695		4,695
Customer deposits	3,911		3,911
Bonds payable	4,000		4,000
Total current liabilities (payable from restricted assets)	12,606	NONE	12,606
Other liabilities			
Revenue bonds payable	115,000		115,000
Total liabilities	137,224	1,017	138,241
Fund equity			
Contributed capital			
Municipality and federal grants	538,034	1,572,865	2,110,899
Retained earnings			
Reserved for revenue bond retirement	5,916		5,916
Reserved for revenue bond contingency	18,663		18,663
Unreserved	(68,362)	(545,122)	(613,484)
Total retained earnings	(43,783)	(545,122)	588,905
Total fund equity	494,251	1,027,743	1,521,994
Total liabilities and fund equity	\$ 631,475	\$ 1,028,760	\$ 1,660,235

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Year Ended June 30, 1999

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Service revenue	\$ 36,790	\$ 18,987	\$ 55,777
Total operating revenues	36,790	18,987	55,777
OPERATING EXPENSES			
Utilities	6,635	2,864	9,499
Personnel	4,018		4,018
Supplies	17,420	6,752	24,172
Depreciation	14,689	42,915	57,604
Repairs and maintenance	334	1,704	2,038
Miscellaneous expenses	1,183	91	1,274
Total operating expenses	44,279	54,326	98,605
INCOME FROM OPERATIONS	(7,489)	(35,339)	(42,828)
NON-OPERATING REVENUE (EXPENSES)			
Interest income	326		326
Interest expense	(5,987)		(5,987)
State grant	15,000		15,000
Total non-operating revenue (expenses)	9,339	NONE	9,339
NET GAIN (LOSS) BEFORE OPERATING TRANSFERS	1,850	(35,339)	(33,489)
OPERATING TRANSFERS IN (OUT)			
Transfer from debt service	2,396		2,396
Transfer to general fund	(9,028)	(5,000)	(14,028)
Total transfers	(6,632)	(5,000)	(11,632)
NET (LOSS)	(4,782)	(40,339)	(45,121)
RETAINED EARNINGS AT THE BEGINNING OF YEAR	(39,001)	(504,783)	(543,784)
RETAINED EARNINGS AT THE END OF YEAR	\$ (43,783)	\$ (545,122)	\$ (588,905)

VILLAGE OF DODSON, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 1999

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (4,782)	\$ (40,339)	\$ (45,121)
Adjustments to reconcile net income to net cash provided by operating activities:			
(Increase) decrease in accounts receivable	(4,230)	(1,328)	(5,558)
Depreciation	14,689	42,915	57,604
Increase (decrease) in accounts payable	9,603	450	10,053
Increase (decrease) in meter deposits	65		65
Increase (decrease) in interest payable	(163)		(163)
Total adjustments	<u>19,964</u>	<u>42,037</u>	<u>62,001</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	15,182	1,698	16,880
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Note payment	<u>(4,000)</u>		<u>(4,000)</u>
Total adjustments	<u>(4,000)</u>		<u>(4,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital outlay	<u>(5,764)</u>	<u>(700)</u>	<u>(6,464)</u>
Net change in cash and cash equivalents	5,418	998	6,416
Cash and cash equivalents at beginning of year	<u>32,488</u>	<u>15,063</u>	<u>47,551</u>
Cash and cash equivalents at end of year	<u>\$ 37,906</u>	<u>\$ 16,061</u>	<u>\$ 53,967</u>

Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Honorable Loyd Vines, Mayor
and Members of the Board of Aldermen
Village of Dodson
Dodson, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Village of Dodson and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating managements' assertions about the Village of Dodson's compliance with certain laws and regulations during the year ended June 30, 1999, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$7,500, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditure was made during the year for materials and supplies exceeding \$7,500 nor any expenditure was made for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

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

Management provided us the required list including the noted information.

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

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

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

We compared the listing obtained from management in agreed-upon procedure (3) to the listing obtained from management in agreed-upon procedure (2) for immediate family members. We discovered where the spouse of one of the alderpersons had been hired in June, 1999, and had earned a total of \$436. In a letter, dated October 9, 1999, management of the Village of Dodson indicated that this employee was hired for the purpose of cutting grass during the summer. Management also stated that when they realized that this employment was in violation of LSA-RS 42:1101-1124, that this employee was terminated.

Budgeting

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

Management provided us with a copy of the original budget. The budget was not amended during the year.

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

We traced the adoption of the original budget to the minutes of a meeting held on June 24, 1998, which indicated that the budget had been approved by all of the aldermen.

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

We compared the revenues and expenditures of the final budgets of the General Fund to actual revenues and expenditures. General Fund's actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:
 - (a) trace payments to supporting documentation as to proper amount and payee;

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

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

The six selected disbursements were properly coded to the correct fund and general ledger account.

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

The six selected disbursements were traced to the district's minute book where they were approved by the aldermen.

Meetings

9. Examine evidence indicating that agendas for meeting recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village of Dodson is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Management has informed us that these documents were properly posted.

Debt

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

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

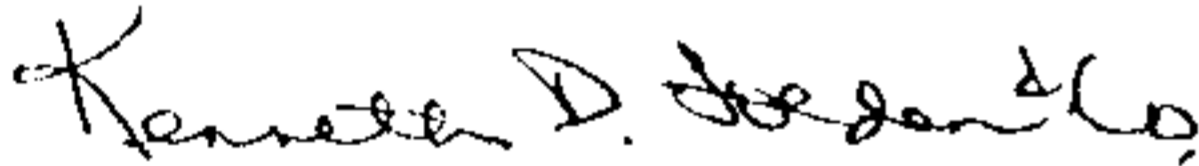
Advances and Bonuses

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

A reading of the minutes of the village for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. According, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Dodson and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



KENNETH D. FOLDEN & CO.
Certified Public Accountants

Jonesboro, Louisiana
September 8, 1999

LOUISIANA ATTESTATION QUESTIONNAIRE

September 2, 1999 Date

KENNETH D. FOLDEN & CO., CPAs
302 Eight Street
Jonesboro, LA 71251

(Auditors)

In connection with your compilation of our financial statements as of June 30, 1999 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of September 2, 1999 (date).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes No []

Code of Ethics for Public Officials and Public Employees

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

Yes No []

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

Yes No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:43.

Yes No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No []

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

Yes No []

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

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.
Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410.60.
Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.
Yes [] No []

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

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

Kenia S. Harden Secretary 9/2/99 Date

Treasurer _____ Date

Loyd W. S. President 9/2/99 Date

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

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Honorable Mayor Loyd Vines
And the Board of Aldermen
Village of Dodson
Dodson, Louisiana

During our compilation of the Village of Dodson, as of and for the year ended June 30, 1999, we became aware of certain matters involving the internal control structure and noncompliance with laws that were opportunities for strengthening internal controls and compliance requirements. The memorandum that accompanies this letter summarizes our comments regarding the current status of those matters.

Sincerely,



Kenneth D. Folden & Co., CPAs
September 8, 1999

Current Year

None.

Prior Year

For the fiscal year ended June 30, 1999, the Village of Dodson failed to transfer required funds into there reserve accounts. Corrective action has been taken; this finding is considered cleared.