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VILLAGE OF HEFLIN, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 1999

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 JUN 21 2000

VILLAGE OF HEFLIN
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WM. PEARCE JAMIESON, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

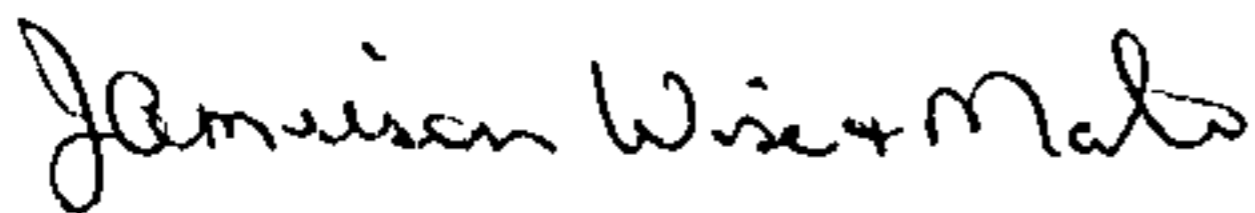
ACCOUNTANTS' COMPILATION REPORT

The Honorable Stewart Beatty, Mayor,
and the Members of the Board of Aldermen
Village of Heflin, Louisiana

We have compiled the accompanying general-purpose financial statements of the Village of Heflin, Louisiana as of December 31, 1999, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated May 30, 2000, on the results of our agreed-upon procedures.



May 30, 2000
Minden, LA

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Honorable Stewart Beatty, Mayor,
and the Members of the Board of Aldermen
Village of Heflin, 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 Heflin, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Heflin's compliance with certain laws and regulations during the year ended December 31, 1999 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

For the year ended December 31, 1999, no expenditures were noted for either materials and supplies exceeding \$15,000 or expenditures 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 42:1101-1224 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

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

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

For the year ended December 31, 1999, no employees were noted.

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.

For the year ended December 31, 1999, the Village of Heflin paid no employees.

Budgeting

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

Management provided us with a copy of the original budget for the General Fund for the year ended December 31, 1999.

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

Although a budget was prepared for the General Fund for the year ending December 31, 1999, the budget was not formally adopted by the Village Board of Aldermen or recorded in the official minutes.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted revenues by 5% or more. Actual expenditures for the year did exceed budgeted amounts by 8%.

Accounting and Reporting

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

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

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

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

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

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

Inspection of documentation supporting each of the six selected disbursements indicated all items selected received proper approval from the Village authorities.

Meetings

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

The Village of Heflin, Louisiana is only required to post a notice of each meeting and the accompanying agenda on the door of the Village town hall. The management of the Village indicated that such documents were properly posted. We could find no evidence supporting such assertion.

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 the underlying bank deposit records 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, advance or gifts.

A reading of the minutes of the Village for the year indicated no approval for the payments noted. We noted no paid employees for the year ended December 31, 1999. We also inspected 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. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Heflin, Louisiana 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.

Jamison Wise & Mats

Minden, Louisiana
May 30, 2000

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

12-21-99 (Date Transmitted)

Jamison, Wise & Martin
P.O. Box 897
Minden, LA 71058

(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year 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 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:22:12, 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 39:34.

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 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

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

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

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
<i>Stewart Beatty</i>	<i>Mayor</i>	<i>12-21-99</i>	Date
	President		

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF HEFLIN, LOUISIANA

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

	Governmental Fund Types		Proprietary Fund	Account Group	Totals (Memorandum Only)
	General	Capital Projects	Enterprise	General Fixed Assets	
Assets					
Cash	\$ 22,363	45	3,436	-	25,844
Receivables:					
Water customers	-	-	2,298	-	2,298
Grants receivable	-	-	-	-	-
Restricted assets - cash	-	-	24,910	-	24,910
Land	-	-	-	6,150	6,150
Buildings	-	-	-	39,426	39,426
Improvements other than buildings	-	-	-	458	458
Equipment	-	-	-	11,746	11,746
Construction in progress	-	-	-	6,300	6,300
Enterprise fund property, plant and equipment	-	-	714,207	-	714,207
Accumulated depreciation	-	-	(107,428)	-	(107,428)
Total assets	\$ 22,363	45	637,423	64,080	723,911
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ -	-	603	-	603
Payable from restricted assets -					
Meter deposits	-	-	4,895	-	4,895
Note payable-current portion	-	-	2,957	-	2,957
Note payable	-	-	12,716	-	12,716
Total liabilities	-	-	21,171	-	21,171
Fund equity:					
Contributed equity	-	-	564,333	-	564,333
Investment in general fixed assets	-	-	-	64,080	64,080
Retained earnings -					
Reserved	-	-	24,909	-	24,909
Unreserved	-	-	27,010	-	27,010
Fund balances - unreserved - undesignated	22,363	45	-	-	22,408
Total fund equity	22,363	45	616,252	64,080	702,740
Total liabilities and fund equity	\$ 22,363	45	637,423	64,080	723,911

The accompanying notes to financial statements are an integral part of this statement.

VILLAGE OF HEFLIN, LOUISIANA

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

	General Fund	Capital Projects	Totals (Memorandum Only)
Revenues:			
Occupational licenses	\$ 13,484	-	13,484
Utility and franchise taxes	5,961	-	5,961
Intergovernmental -			
Tobacco taxes	1,368	-	1,368
State grants	-	-	-
Federal grants	625	6,300	6,925
Miscellaneous-			
Civic center rentals	1,740	-	1,740
Interest income	58	-	58
Total revenues	<u>23,236</u>	<u>6,300</u>	<u>29,536</u>
Expenditures:			
General government			
Board members	320	-	320
Utilities	6,233	-	6,233
Secretarial and bookkeeping	1,800	-	1,800
Office supplies	378	-	378
Advertising	464	-	464
Legal and accounting	375	-	375
Insurance	713	-	713
Supplies	344	-	344
Dues and subscriptions	367	-	367
Repairs and maintenance	7,835	-	7,835
Coroner's expense	-	-	-
Public safety - police	1,022	-	1,022
Capital expenditures	870	6,300	7,170
Total expenditures	<u>20,721</u>	<u>6,300</u>	<u>27,021</u>
Excess of revenues over expenditures	2,515	-	2,515
Fund balance, beginning of year	<u>19,848</u>	<u>45</u>	<u>19,893</u>
Fund balance, end of year	<u><u>\$ 22,363</u></u>	<u><u>45</u></u>	<u><u>22,408</u></u>

The accompanying notes to financial statements are an integral part of this statement.

VILLAGE OF HEFLIN, LOUISIANA

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (GAAP Basis) and Actual -
General Fund
Year Ended December 31, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Occupational licenses	\$ 15,000	13,484	(1,516)
Utility and franchise taxes	5,500	5,961	461
Intergovernmental -			
Tobacco taxes	1,368	1,368	-
State grants	500	-	(500)
Federal grants	-	625	625
Miscellaneous-			
Civic center rentals	1,400	1,740	340
Interest income	192	58	(134)
Total revenues	<u>23,960</u>	<u>23,236</u>	<u>(724)</u>
Expenditures:			
General government			
Board Members	-	320	(320)
Utilities	6,400	6,233	167
Secretarial and bookkeeping	1,800	1,800	-
Office supplies	200	378	(178)
Advertising	200	464	(264)
Legal and accounting	100	375	(275)
Insurance	560	713	(153)
Supplies	350	344	6
Dues and subscriptions	450	367	83
Repairs and maintenance	8,500	7,835	665
Coroner's expense	100	-	100
Public safety - police	500	1,022	(522)
Capital expenditures	-	870	(870)
Total expenditures	<u>19,160</u>	<u>20,721</u>	<u>(1,561)</u>
Excess of revenues over expenditures	4,800	2,515	(2,285)
Fund balance, beginning of year	<u>19,848</u>	<u>19,848</u>	<u>-</u>
Fund balance, end of year	<u>\$ 24,648</u>	<u>22,363</u>	<u>(2,285)</u>

The accompanying notes to financial statements are an integral part of this statement.

VILLAGE OF HEFLIN, LOUISIANA

Statement of Revenues, Expenses and Changes In Retained Earnings
 Proprietary Fund Type - Enterprise Fund - Water System
 Year Ended December 31, 1999

Operating revenues:	
Water	\$ 34,500
Installation fees	-
Total operating revenues	<u>34,500</u>
Operating expenses:	
Meter reading and billing	9,000
Electricity	4,670
Line supplies and repairs	12,163
Office supplies	606
Accounting	975
Insurance	1,123
Depreciation	17,892
Taxes	962
Chemicals	671
Other	385
Total operating expenses	<u>48,447</u>
Operating income (loss)	<u>(13,947)</u>
Non-operating revenues (expenses):	
Refund of grant expenditures	1,625
Interest income	836
Interest expense	(648)
Total non-operating revenues (expenses)	<u>1,813</u>
Net income	(12,134)
Retained earnings at beginning of year	40,270
(Increase) decrease in reserve	<u>(1,126)</u>
Retained earnings at end of year	<u>\$ 27,010</u>

The accompanying notes to financial statements are an integral part of this statement

VILLAGE OF HEFLIN, LOUISIANA

Statement of Cash Flows
 Proprietary Fund Type - Enterprise Fund - Water System
 Year Ended December 31, 1999

Cash flows from operating activities:	
Cash received from customers	\$ 34,962
Cash payments for supplies and services	<u>(30,503)</u>
Net cash used by operating activities	<u>4,459</u>
Cash flows from noncapital financing activities:	
Refund of grant expenditures	1,625
Net decrease in meter deposits	<u>(225)</u>
Net cash provided by noncapital financing activities	<u>1,400</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(2,845)
Interest paid on long-term debt	(648)
Acquisition of property, plant and equipment	<u>(4,400)</u>
Net cash used for capital and related financing activities	<u>(7,893)</u>
Cash flows from investing activities:	
Interest on interest-bearing deposits	<u>836</u>
Net increase in cash and cash equivalents	(1,198)
Cash and cash equivalents at beginning of year	<u>29,544</u>
Cash and cash equivalents at end of year	<u>\$ 28,346</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (13,948)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	17,892
Changes in assets and liabilities -	
(Increase) decrease in accounts receivable	462
Increase (decrease) in accounts payable	<u>53</u>
Net cash used by operating activities	<u>\$ 4,459</u>

The accompanying notes to financial statements are an integral part of this statement.

VILLAGE OF HEFLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 1999

INTRODUCTION

The Village of Heflin, Louisiana (the Village) was incorporated under the provisions of the Lawrason Act. The Village is located in the Parish of Webster, being in the northwest corner of the State. The Village operates under a Mayor-Board of Aldermen form of government.

1. Summary of significant accounting policies

- A. Basis of presentation - The accounting and reporting policies of the Village conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.
- B. Reporting entity - GASB Statement No. 14 established criteria for determining the governmental reporting entity. For financial reporting purposes, in conformance with GASB 14, the Village of Heflin includes all funds, account groups, et cetera, that are within the financial accountability of the Village. Certain units of local government over which the Village exercises no financial accountability are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Village of Heflin.
- C. Fund accounting - The accounts of the Village of Heflin 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 comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two categories which, in turn, are divided into "fund types," as follows:

Governmental Funds

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

VILLAGE OF HEFLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 1999

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.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the Village is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Village has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Enterprise Fund of the Village consists of a water system which provides water services both within and outside the boundaries of the Village.

- 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. Most revenues are recorded when cash is received. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at

VILLAGE OF HEFLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 1999

that time. Federal and state grants are expenditure-driven and revenues are recognized when the grant expenditures are incurred.

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

All proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

- E. Budgets and budgetary accounting - The Village follows these procedures in establishing the budgetary data reflected in these financial statements:
- a) The Village clerk prepares a proposed budget and submits same to the Mayor and the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
 - b) The public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called.
 - c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
 - d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
 - e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Board of Aldermen.
 - f) All budgetary appropriations lapse at the end of each fiscal year.
 - g) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the Board of Aldermen. Such amendments are not material in relation to the original appropriations. Budget comparisons are not presented for the following capital projects funds due to the restriction of these funds for the purposes authorized by the underlying grants:

Louisiana Community Development Block Grant (LCDBG)

- F. Encumbrances - The Village does not employ encumbrance accounting in the governmental funds. Management does not believe that the use of encumbrance accounting would serve any significant benefit for budgetary purposes.

VILLAGE OF HEFLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

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

For purposes of the statements of cash flows, cash and cash equivalents include cash, demand deposits, and certificates of deposit. Cash and cash equivalents are stated at cost

- H. Accounts receivable - The City considers substantially all customers' utility receivables and other receivables to be fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

- I. Fixed assets - Fixed assets used in governmental fund type operations (general fixed assets) are capitalized in the General Fixed Assets Account Group, and recorded as expenditures in the governmental fund types when purchased. The Village has not capitalized all public domain (infrastructure) fixed assets. All fixed assets are valued at historical cost or estimated cost if actual historical cost is not available.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

- J. Fund equity - Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

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

Designated fund balances represent tentative plans for future use of financial resources.

- K. Total columns on combined statements - Total columns on 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 are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

VILLAGE OF HEFLIN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1999

2. Cash and cash equivalents

At December 31, 1999, the Village had cash and cash equivalents with book balances totaling \$50,754 as follows:

Demand deposits	\$	28,682
Interest-bearing deposits		4,264
Certificate of deposit		<u>17,808</u>
Total	\$	<u>50,754</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 at least 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 December 31, 1999, the Village had \$ 50,618 in deposits of collected bank balances. These deposits were secured entirely from risk by federal deposit insurance.

3. Accounts receivable - water customers

Accounts receivable - water customers are analyzed periodically and accounts considered to be uncollectible are charged off. At December 31, 1999, there were 168 metered water customers. Aging of the accounts receivable at December 31, 1999, is as follows:

<u>Days</u>	<u>Amount</u>
0-30	\$1,790
31-60	352
61-90	85
Over 90	<u>71</u>
	<u>\$2,298</u>

VILLAGE OF HEFLIN, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1999

4. Fixed assets

A summary of changes in general fixed assets follows:

	Balance <u>January 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 1999</u>
Land	\$ 6,150	-	-	6,150
Buildings	39,426	-	-	39,426
Equipment	10,877	869	-	11,746
Improvements other than buildings	458	-	-	458
Construction in progress	-	<u>6,300</u>	-	<u>6,300</u>
Total general fixed assets	<u>\$ 56,911</u>	<u>7,169</u>	<u>-</u>	<u>64,080</u>

The following is a summary of property, plant and equipment, with related depreciation, for the year ended December 31, 1999:

<u>Description</u>	<u>Cost</u>		<u>Straight-line Depreciation Rate</u>	<u>Accumulated Depreciation</u>		
	<u>Balance 12-31-98</u>	<u>Balance 12-31-99</u>		<u>Balance 12-31-98</u>	<u>Depreciation This Year</u>	<u>Balance 12-31-99</u>
Water System	\$708,897	3,775	2.5% & 5%	89,176	17,737	106,913
Fence	360	1,175	5%	360	155	515
	<u>\$709,257</u>	<u>4,950</u>		<u>89,536</u>	<u>17,892</u>	<u>107,428</u>

VILLAGE OF HEFLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

5. Note payable - Enterprise Fund - Water System

The following is a summary of changes in the note payable for the year ended December 31, 1999:

Note payable, January 1, 1999	\$ 18,519
Principal payments	\$ <u>(2,846)</u>
Note payable, December 31, 1999	\$ <u>15,673</u>

The note payable of the Water System at December 31, 1999, consisted of:

	<u>Current</u> <u>maturities</u>	<u>Long-</u> <u>term</u>	<u>Total</u>
3-3/4% note payable; due in monthly installments of \$291.17, including interest; secured by a mortgage on the Water System to GMAC Commercial Mortgage	\$ <u>2,957</u>	<u>12,716</u>	<u>15,673</u>

The annual requirements to amortize all debt outstanding as of December 31, 1999, including interest payments of \$1,513, are as follows:

<u>Year Ending</u> <u>December 31</u>	
2000	\$ 3,494
2001	3,494
2002	3,494
2003	3,494
2004	3,494
Thereafter	<u>3,210</u>
	<u>\$17,186</u>

6. Flow of funds, restrictions on use - Enterprise Fund (Water System)

Under the terms of the indenture to GMAC Commercial Mortgage, the Village of Heflin shall set aside into the "Waterworks Revenue Fund" all gross income and revenues. Monies deposited therein shall be expended and used only in the manner and order as follows:

- (a) Each month, there will be set aside into an account called the "Debt Service Account" an amount constituting 1/12 of the annual installments becoming due on the next succeeding January 1. Whenever amounts in excess of the requirements accumulate, they may be used by the Village to make prepayments on the loan.

VILLAGE OF HEFLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

- (b) There shall also be set aside each month a sufficient portion of income and revenue to pay all reasonable and necessary current expenses of operating and maintaining the waterworks for the current month.
- (c) Each month, the sum of \$55 is to be set aside into the "Reserve Account" until there is accumulated \$3,500 in excess of meter deposits, after which no further deposits need to be made except to replace withdrawals. All cash deposits for connections not needed in construction shall be deposited in the Reserve Account and shall be in addition to the sums required by the foregoing sentence. Money in this account shall be used only for paying the cost of repairing or replacing any damage to the System which may be caused by any unforeseen catastrophe, for making extensions or improvements to the System, and when necessary, for the purpose of making payments of principal and interest in the event the amount in the Debt Service Account is insufficient. Any funds may be invested in time deposits, savings accounts or obligations of the U. S. Government which may be readily converted to cash, and income therefrom will always remain a part of the Reserve Fund.
- (d) Subject to the foregoing, which are cumulative, any balance remaining in the Waterworks Revenue Fund shall be used for the purpose of prepaying on said bond and/or note or for any other lawful purpose.

7. Net working capital - Enterprise fund

The following shows the net working capital for the Enterprise Fund - Utilities Fund at December 31, 1999:

Total current assets	\$ 30,644
Total current liabilities	<u>(8,455)</u>
Net working capital	\$ <u>22,189</u>

8. Intergovernmental revenues

The Village periodically receives various grants and entitlements from Federal and State governmental units. These funds are used to finance various activities beneficial to the community. Grants normally specify what the funds may be used for and are audited annually under the Single Audit Approach as provided by Circular A-133 of the Office of Management and Budget.

During the year ended December 31, 1999, the following amount of grants and entitlements are recorded in the accompanying financial statements:

General fund:

Louisiana Commission on Law Enforcement \$ 625

Capital Projects fund:

Louisiana Community Development Block Grant \$ 6,300

SUPPLEMENTAL INFORMATION SCHEDULES

VILLAGE OF HEFLIN, LOUISIANA

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

Year Ended December 31, 1999

Following is a schedule of compensation paid to board members:

Stewart Beatty, Mayor	\$ 80
Billy M. Deville, Former Mayor	80
Todd Leake, Alderman	80
Catherine Lee, Alderman	<u>80</u>
Total	\$ <u>320</u>

VILLAGE OF HEFLIN, LOUISIANA

Summary Schedule of Prior Year Findings
For the year ended December 31, 1999

Findings related to financial statements audit

Finding 98-1: Budget Requirements

Finding - Although a budget was prepared for the General Fund for the year ending December 31, 1998, the budget was not formally adopted by the Village Board of Aldermen or recorded in the official minutes.

Planned Corrective Action - Management intends to review the "Louisiana Local Government Budget Act (LSA-RS 39:1301-14)" and follow the requirements for adoption of the budget.

Present Status - A similar finding is made for the current year since the Board of Aldermen did not formally adopt the budget for the General Fund.

VILLAGE OF HEFLIN, LOUISIANA

CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

December 31, 1999

The Village of Heflin, Louisiana submits the following corrective action plan for the year ended December 31, 1999.

Agreed-Upon Procedures Findings

Finding 99-1 : Budget Adoption

Although a budget was prepared for the General fund for the year ending December 31, 1999, the budget was not formally adopted by the Village Board of Aldermen or recorded in the official minutes.

Planned Corrective Action:

The management of the Village of Heflin, Louisiana will review the "Louisiana Local Government Budget Act." The requirements contained in the Act will be followed and the required budget(s) will be appropriately adopted in December, 2000 for the next year.

Finding 99-2: Budgeted Expenditures

Expenditures exceeded budgeted amounts by more than 5%.

Planned Corrective Action:

Management intends to monitor revenues and expenditures more closely in order to make necessary amendments to the budget for unfavorable variances noted, as required by LSA-RS 39:1310.