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VILLAGE OF COLDONNA, LOUISIANA

FINANCIAL REPORT

JUNE 30, 1997

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OCT 01 1997

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LEGISLATIVE AUDITOR
Baton Rouge, Louisiana

Village of Colborne, Louisiana

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Johnson, Thomas & Cunningham

Chartered Accountants

State of Illinois, C.P.A.'s, of National Reputation (Successors)

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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Margie Stewart
and Village Administration
Village of Goldens, Louisiana

We have compiled the accompanying components unit financial statements of the Village of Goldens as of June 30, 1987 and the year then ended, in accordance with Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants. The financial statements have been prepared on the modified accrual basis of accounting, which is the generally accepted accounting method established by the Governmental Accounting Standards Board for governmental units.

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

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPAs

August 28, 1987
Metairie, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Village of Golden, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1997

	Governmental Fund Type	Proprietary Fund	Account Group	Total	
	General Fund	Enterprise Fund	General Fund/Assets	(Adjustments Only) 6/30/97	6/30/97
Assets					
Cash	\$9,777	\$ 3,340	\$ 0	\$ 15,947	\$ 19,617
Accounts Receivable	0	3,385	0	3,385	3,685
Restricted Assets:					
New Fund	0	18	0	18	18
Sinking Fund	0	3,283	0	3,283	3,475
Depreciation Fund	0	1,751	0	1,751	1,829
Reserve Fund	0	3,864	0	3,864	2,777
Plant and Equipment:					
Less Accumulated Depreciation	0	(160,796)	0	(160,796)	(144,278)
Land, Equipment, and Buildings	0	0	32,793	32,793	32,793
Total Assets	\$9,777	\$128,312	\$32,793	\$161,883	\$161,883
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,777
Payable from Restricted Assets:					
Customer's Meter Deposits	0	3,954	0	3,954	2,417
Vendor's Meter Payable	0	186,547	0	186,547	158,977
Total Liabilities	\$ 0	\$190,501	\$ 0	\$190,501	\$163,111
Fund Equity					
Cost Based Capital	\$ 0	\$ 636,380	\$ 0	\$ 636,380	\$ 541,039
Investment in General Fund Assets	0	0	32,793	32,793	32,793
Reserve Earnings-Deficit	0	(100,369)	0	(100,369)	(97,617)
Fund Balances- Unassigned:					
Unassigned	9,777	0	0	9,777	10,496
Designated	0	0	0	0	0
Total Fund Equity	\$9,777	\$536,011	\$32,793	\$568,581	\$526,615
Total Liabilities & Fund Equity	\$9,777	\$628,512	\$32,793	\$661,083	\$661,083

See notes to financial statements.

Village of Calhoun, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
General Fund Type
Year Ended June 30, 1997

	General Fund			Total (Memorandum Only)
	Budget	Actual	Variance- Favorable (Unfavorable)	
REVENUES:				
Tobacco Taxes	\$ 2,280	\$ 2,255	\$ 25	\$ 2,255
Franchise Fees	16,080	14,079	(1,991)	15,884
Miscellaneous	360	216	(144)	1,512
Total Revenues	\$18,720	\$16,551	\$(-2,169)	\$19,651
Expenditures:				
Current-				
General Government	\$11,368	\$11,371	\$ 723	\$11,236
Public Safety	6,498	3,883	2,615	6,879
Total Expenditures	\$17,866	\$15,254	\$(-2,612)	\$18,115
Excess (Deficiency) of Revenues Over Expenditures	\$ 854	\$ 1,297	\$ (443)	\$ 1,536
Fund Balance-Beginning of Year	18,499	18,826	327	2,151
Fund Balance-End of Year	\$19,353	\$20,123	\$770	\$3,687

See notes to financial statements.

Village of Goldonna, Louisiana

Statement of Revenues, Expenditures and Changes in Retained Earnings-
Budget (GAAP Basis) and Actual
Proprietary Fund Types-Enterprise Fund
Year Ended June 30, 1997

	Total 6-30-97	Total (Miscellaneous Only)
REVENUES:		
Water Sales	\$ 35,078	\$1,374
Interest Income	369	369
Miscellaneous Income	1,322	3,222
Total Revenues	\$ 36,769	\$ 5,027
OPERATING EXPENSES:		
Depreciation	\$ 18,478	\$ 0
General & Administrative	11,267	(1,067)
Utilities	3,748	(780)
Repairs & Maintenance	6,152	5,068
Total Operating Expenses	\$ 39,645	\$ 3,281
Operating Income (Loss)	\$ (2,876)	\$ 1,746
NON-OPERATING EXPENSES:		
Interest on Notes Payable	(8,180)	0
Net Income (Loss)	\$ (11,056)	\$ 1,746
Retained Earnings (Deficit)- Beginning of Year	(82,022)	0
Retained Earnings (Deficit)- End of Year	\$ (93,078)	\$ 1,746

See notes to financial statements.

Village of Goldena, Louisiana

Proprietary Fund Types
Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 1997

Cash Flows from Operating Activities:	
Net Income (Loss) for the Year	\$ (9,684)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	16,478
Decrease in Accounts Receivable	478
(Increase) in Restricted Assets	(2,496)
Decrease in Accounts Payable	(1,325)
Increase in Customer's Deposits	808
Net Cash Provided by (Used by) Operating Activities	\$ 4,258
Cash Flows Used by Investing Activities:	
Cash Flows from Financing Activities:	
Payment of Long-Term Debt	(3,625)
Net Increase (Decrease) in Cash	\$ 636
Cash at Beginning of Year	2,329
Cash at End of Year	\$ 2,965

NOTES TO THE FINANCIAL STATEMENTS

Village of Goldenrod, Louisiana
 Notes to Financial Statements
 June 30, 1997

1. The Reporting Entity:

The Village of Goldenrod, Louisiana, is incorporated under the Louisiana Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of three Aldermen.

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

The Village's operations include public, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water services.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of the Village of Goldenrod conform to generally accepted accounting principles as applicable to governments. Basis accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:217 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, *Audit of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies and practices:

Fund Accounting. The accounts of the Village of Goldenrod are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Governmental 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 three generic fund types and two broad fund categories as follows:

Governmental Funds:

General Fund. The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Village of Colquhoun, Louisiana
Notes to Financial Statements
June 30, 1993

Special Revenue Funds-Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Village did not maintain such funds during the year ended June 30, 1993.

Enterprise Fund-

Enterprise Fund-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 governing body is that the cost (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 governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fixed Assets-The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed Assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, and are recorded as expenditures in the governmental fund types when purchased. Assets are valued at historical cost. The Village has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

The account group is not a "fund". It is concerned only with the measurement of financial position, and is not involved with the measurement of results of operations.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on the balance sheet.

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

Water System - Pre 1996	40 years
Improvements Water System - 1996 Improvements	30 years
Building	18 years

Village of Goldonna, Louisiana
Notes to Financial Statements
June 30, 1997

Basis of Accounting

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 liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

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

Budgetary Accounting

The Village utilizes the following procedures in establishing the budgetary data reflected in the financial statements.

1. The Clerk prepares the budget which is to be submitted to the Board of Aldermen at the May meeting of the Board. The budget is to be voted on at the June meeting.
2. The budget can be amended after adoption, by the Clerk submitting an amended budget to the Board, and adoption by the Board.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. Budgets for the General and Enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Inventory

Water system supplies used in the proprietary fund are expensed when purchased since the amount on hand, if any, is not material in amount.

Retirement Commitments

The employees of the Village of Goldonna are not covered by any pension system, other than the social security system.

Unpaid Accumulated Vacation and Sick Pay

At June 30, 1997 there was no unpaid accumulated vacation or sick pay.

Village of Goldonna, Louisiana
 Notes to Financial Statements
 June 30, 1997

Reserve Accounting

The Village of Goldonna does not employ the use of "reserve" accounting methods.

Bad Debt

Uncollectible amounts due for customer's utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Total Columns on Combined Statements - Overview

Total columns on the combined statements overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. Restricted Assets - Proprietary Fund Type

The following is a schedule of changes in assets restricted for revenue debt service for the year ended June 30, 1997:

	Sinking	Depreciation	Revenue	Total
Cash, 7-1-86	\$ 2,448	\$1,228	\$2,723	\$ 6,399
Interest Earned	138	41	97	276
Transfers from Operating Accounts	12,226	456	1,944	14,626
Disbursements-				
Bond Interest	(8,185)	0	8	(8,185)
Bond Principal	(3,620)	0	8	(3,620)
Supplies	(8)	0	8	(8)
Cash, 6-30-97	\$ 3,229	\$1,725	\$1,884	\$ 6,838

Village of Goldena, Louisiana
Notes to Financial Statements
June 30, 1997

4. **Changes in General Fund Assets:**

A summary of changes in general fund assets follows:

Balance at July 1, 1996	\$12,741
Additions for year ended 6-30-97	_____
Balance at June 30, 1997	\$12,741

5. **Long-Term Liabilities:**

The Village entered into an agreement with the Farmers Home Administration to borrow \$50,000, to construct a waterworks system. As evidence of this loan, the Village issued a revenue promissory note in the amount of \$50,000, bearing interest at the rate 3.35% per annum, which would be payable in monthly amortized installments beginning on January 1, 1968, and on each succeeding month thereafter, until the face amount of the note plus interest thereon is fully paid, except that the final payment of the entire indebtedness if not sooner paid shall be due and payable forty (40) years from the date of the note. So long as such note is held or insured by the United States of America, such principal and interest shall be payable to the office of the Farmers Home Administration, United States Department of Agriculture, Combita, Louisiana, or at such other place as may be designated by the Government.

The note, together with the interest thereon, is to be payable solely from the income and revenues to be derived from the operation of the water system, a sufficient portion of which is pledged in payment of the note and said note shall be additionally secured by a mortgage on the lands, buildings, machinery, and equipment comprising such waterworks system.

The annual requirements to amortize the note payable of the Farmer's Home Administration are as follows:

Year ending June 30	Principal	Interest	Total
1967	\$ 2,133	\$ 767	\$ 2,900
1968	2,206	684	2,890
1969	2,379	601	2,980
2000 - 2007	18,661	1,055	19,716
Total	\$25,381	\$3,642	\$29,023

Village of Oak Hills, Louisiana
Notes to Financial Statements
June 30, 1997

All income and revenues from the operation of the System are to be set aside into a separate and special fund designated as "Waterworks Revenue Fund". Each month there is to be transferred to "Waterworks Operation and Maintenance Fund" sufficient funds to pay current expenses of the system for that month. Additionally, there is to be transferred each month into "Waterworks Revenue Note Fund" a \$245 monthly payment to accumulate funds for the monthly payment of principal and interest to Farmers Home Administration. It has also been agreed by the Village to maintain a reserve of \$1,500.00, in the "Waterworks Revenue Note Fund".

An additional account has been set up by the Village as a sinking fund for the waterworks system which is herein referred to as "Waterworks Depreciation Fund". The Village is required to deposit \$25 per month into this sinking fund for replacements made necessary by the depreciation of the system.

Water Revenue Bonds Payable at June 30, 1997:

The Village entered into a bond agreement with the Farmers Home Administration on March 30, 1988 for \$134,680.00 with repayments due in annual installments of \$8,864.75 for a term of forty (40) years. Interest is to be fixed at a rate of 5.875% per annum, and payment is to be made on March 15 of each year through the year 2028.

Under the terms of the Revenue Bonds, the following monthly payments should be made to the "Waterworks Sinking Fund", "Waterworks Reserve Fund", and the "Waterworks Contingency Fund":

Monthly Payments:

Period (Mo./Yr.)	Sinking Fund	Reserve Fund	Contingency Fund
3/15/87 - 2/28-2028	\$880.00	\$16.94/mo. until \$8,864.75 has Accumulated	\$38.00

The annual requirements to amortize the revenue bonds payable of the Farmers Home Administration are as follows:

Year Ending June 30	Principal	Interest	Total
1997	\$ 1,588	\$ 7,257	\$ 8,845
1998	1,587	7,248	8,835
1999	1,586	7,179	8,765
2000 - 2028	128,525	128,878	248,403
Totals	\$125,116	\$183,958	\$279,074

Village of Houma, Louisiana
Notes to Financial Statements
June 30, 1997

6. **Litigation:**

At June 30, 1997, there was no pending civil suits against the Village.

7. **Cash and Investments:**

The Village's cash is held in separate cash accounts, and accounted for separately in each of the Village's funds. At June 30, 1997, the Village's cash totaled \$13,142. All of this cash is held by banks, and \$13,142 is covered by FDIC insurance.

The Village's cash is categorized below to give an indication of the level of risk assumed by the Village at June 30, 1997. Category 1 includes cash held by the Village which is insured and held in the Village's name. Category 2 would include cash and investments held in the Village's name which is uninsured or unregistered. Category 3 would include the Village's cash held by a trustee or other third party not in the Village's name and uninsured and unregistered.

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Carrying Value
Total Cash & Cash Equivalents	\$13,142	\$0	\$0	\$13,142
FDIC Insurance	13,142	0	0	13,142
Balance Uninsured	\$_____0	\$0	\$0	\$_____0

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (1) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

No violations found.

BUDGETING

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

Management provided us with a copy of the original budget. There were no amendments to the budget 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 the Village. It was adopted by a unanimous decision.

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 2%.

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

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;

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authority;

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by 1.56A-RS 42:1 through 42:12 (the open meetings law).

The Village 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 asserted that such documents were properly posted.

DEBT

18. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or other indebtedness which had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

19. 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.

No violations found.

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 Caldeona and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and takes 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.


Johnson, Thomas & Cunningham, CPAs

August 29, 1997
New Orleans, Louisiana