

VILLAGE OF DODDSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. 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 Doddson reporting entity because they have separately elected governing bodies, are legally separate, and are totally independent of the Village of Doddson.

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 equity, 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 operating activities are controlled. Funds of the Village of Doddson 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 **Special Revenue Fund** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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 income earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fund Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fund 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

Dodson, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 1997

INTRODUCTION

The Village of Dodson, Louisiana, was incorporated under the provisions of the Lawryson 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 criteria 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 financially 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 Shelton, Louisiana
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
WATER & SEWER ENTERPRISE FUNDS
 For the Year Ended June 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income		\$ (61,321)
Adjustments to reconcile net income to net cash provided by operating activities:		
Increase in accounts receivable	(473)	
Depreciation	57,917	
Increase in accounts payable	558	
Decrease in water deposits	(458)	
Increase in interest payable	<u>89</u>	
Total adjustments		<u>57,608</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		15,715

CASH FLOWS FROM FINANCING ACTIVITIES:

Note payment		(3,608)
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CASH FLOWS FROM INVESTING ACTIVITIES:

Capital outlay		<u>(8,706)</u>
Net change in cash and cash equivalents		(6,591)
Cash and cash equivalents at beginning of year		<u>50,300</u>
Cash and cash equivalents at end of year		\$ 43,709

Supplemental disclosures of cash flow information:

Cash paid during the period of interest expense		<u>\$ 6,528</u>
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VILLAGE OF DODSON, LOUISIANA

Statement D

COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES -
WATER & SEWER ENTERPRISE FUNDS
For the Year Ended June 30, 1997

REVENUES	
Service revenue	\$ 55,631
Miscellaneous revenue	
Total revenue	<u>55,631</u>
EXPENSES	
Utilities	8,853
Personnel	14,661
Supplies	17,029
Depreciation	87,047
Insurance	3,181
Repairs and maintenance	15,334
Miscellaneous expenses	2,183
Total expenses	<u>(130,178)</u>
OPERATING LOSS	(74,547)
NON-OPERATING REVENUE (EXPENSES)	
Interest income	2,699
Interest expense	(6,553)
State Grant	15,882
Total non-operating revenue (expenses)	<u>11,988</u>
LOSS BEFORE OPERATING TRANSFERS	(62,559)
OPERATING TRANSFERS	
Transfer from debt service	2,250
Transfer to general fund	<u>(184,711)</u>
NET LOSS	(64,011)
RETAINED EARNINGS AT THE BEGINNING OF YEAR	<u>102,687</u>
RETAINED EARNINGS AT THE END OF YEAR	\$ 38,676

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**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, 1997**

	General Fund			Civil Control/Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Ad valorem taxes	\$ 4,258	\$ 5,248	\$ 990			
Tobacco tax	2,500	1,892	(608)			
Franchise fee	2,500	2,500	0			
Occupational license	11,200	11,087	(113)			
Interest	2,000	4,081	2,081	20	20	(0)
Rents	1,200	1,850	650	500	504	44
Traffic violations	26,200	23,380	(2,820)			
Miscellaneous		2,792	2,792			
Total revenues	56,258	57,840	1,582	520	524	44
EXPENDITURES						
Current:						
General government	26,746	26,527	219			
Public health				675	688	13
Public safety	2,600	2,600	0			
Capital outlay	11,000	7,472	3,528			
Total expenditures	41,346	37,227	4,119	675	688	13
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,088)	(21,387)	2,299	50	141	31
OTHER FINANCING SOURCES (USES)						
Transfers in		(8,176)	(8,176)			
Transfers out						
Equity transfer in (out)		(1,682)	(1,682)	(200)	(1,682)	(1,482)
Total other financing sources (uses)		(11,838)	(11,838)	(200)	(1,682)	(1,682)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(38,796)	(11,885)	26,911	(250)	(1,541)	(1,691)
FUND BALANCE AT BEGINNING OF YEAR	73,807	73,807		1,244	1,244	
FUND BALANCE AT END OF YEAR	\$ 35,011	\$ 61,922	\$ 26,911	\$ 1,094	\$ 7003	\$ (1,094)

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**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 1997**

	General	Civic Center Special Revenue	Debt Service	Total (Memorandum Only)
REVENUES				
Taxes	\$ 8,640	\$	\$ 3,800	\$ 9,270
Licenses and permits	11,887			11,887
Intergovernmental and franchise taxes	8,441			8,441
Fees and forfeitures	23,380			23,380
Interest	4,881	15	78	4,974
Miscellaneous	4,832	834		5,666
Total revenues	<u>57,961</u>	<u>849</u>	<u>3,978</u>	<u>62,817</u>
EXPENDITURES				
Current:				
General government	50,517			50,517
Public health		408		408
Public safety	3,608			3,608
Debt service			2,158	2,158
Capital outlay	7,175			7,175
Total expenditures	<u>61,308</u>	<u>408</u>	<u>2,158</u>	<u>63,874</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,347)	441	1,767	(11,057)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	88,171			88,171
Operating transfers out			(2,158)	(2,158)
Equity transfer in (out)	1,685	(1,685)		
Total other financing sources (uses)	<u>89,856</u>	<u>(1,685)</u>	<u>(2,158)</u>	<u>85,993</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(12,095)</u>	<u>(1,244)</u>	<u>489</u>	<u>(14,151)</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>78,860</u>	<u>1,594</u>	<u>4,692</u>	<u>85,146</u>
FUND BALANCE AT END OF YEAR	<u>\$ 66,765</u>	<u>\$ 300</u>	<u>\$ 3,969</u>	<u>\$ 71,034</u>

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COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE	ACCOUNT GROUPS		Total Miscellaneous Other
	General Fund	State/County Special Revenue Fund	State/County Bond Fund	Enterprise Fund	Current Fund	Current Long-term Debt	
ASSETS AND OTHER DEBITS							
Cash and cash equivalents	\$ 76,384	\$	\$ 5,000	\$ 35,240	\$	\$	\$ 116,624
Restricted assets - cash				41,443			41,443
Accounts receivable	1,795			4,794			6,589
Land					5,500		5,500
Building and equipment					111,977		111,977
Equipment, net					32,739		32,739
State and other plant available for debt service				1,053,973			1,053,973
Amounts not provided for debt service						3,549	3,549
						35,051	35,051
Total assets and other debits	\$ 78,179	\$ 5,000	\$ 5,000	\$ 1,135,755	\$ 150,211	\$ 38,600	\$ 2,013,745
LIABILITIES, FUND EQUITY AND OTHER CREDITS							
Accounts payable and accrued expenses	\$ 3,073	\$	\$	2,091	\$	\$	\$ 5,164
Payable from restricted assets							
Bonds				4,000			4,000
Interest expense				5,292			5,292
Customer deposits				3,095			3,095
Bond payable				111,000		11,000	122,000
Total liabilities	3,073	\$ 5,000	\$ 5,000	123,388	\$ 11,000	\$ 11,000	\$ 145,461
FUND EQUITY AND OTHER CREDITS							
Contributed capital				2,095,099			2,095,099
Investment in general fund assets					150,211		150,211
RETAINED EARNINGS							
Reserved for bond retirement				5,000			5,000
Reserved for contingency				30,044			30,044
Unreserved				(316,379)			(316,379)
FUND BALANCES							
Designated - Debt Service							
Unassigned	67,794		5,000				72,794
Total fund equity	67,794	5,000	5,000	1,628,720	150,211	30,600	\$ 1,817,321
Total liabilities, fund equity and other credits	\$ 70,867	\$ 10,000	\$ 10,000	\$ 1,760,708	\$ 180,211	\$ 41,600	\$ 2,013,745

See Accountants' Compilation Report

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ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor Loyd White
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 assurance on them.


KENNETH D. FALDEN & CO.
Certified Public Accountants

Jenner, Louisiana
December 30, 1997

VILLAGE OF DOUGSON
Bossier, Louisiana

General Purpose Financial Statements
and Accountants' Compilation Report
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedules

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VILLAGE OF BOBSON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
AND ACCOUNTANTS' COMPILATION REPORT
AS OF AND
FOR THE YEAR ENDED JUNE 30, 1993
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: May 14, 1993

KENNETH D. FOLDEN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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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. 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 Bogalusa 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. FALDEN & CO.
Certified Public Accountants

Jonesboro, Louisiana
December 28, 1997

Budgeting

5. Obtain 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 8, 1996, 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 budget of the General Fund and Civic Center Special Revenue Fund to actual revenues and expenditures. General Fund and Civic Center Special Revenue Fund's actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%. The Civic Center Fund was closed in October, 1996, and the balance was transferred to the General Fund.

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 Bogalusa 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.

Bills

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.

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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 Auditors, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Dodson's compliance with certain laws and regulations during the year-ended June 30, 1997, included in the accompanying Louisiana Auditors 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 to satisfy 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 \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:1211-1214 (the public bid law).

No expenditures were made during the year for material and supplies exceeding \$5,000 nor any expenditure was made for public works exceeding \$50,000.

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 41:1181-1124 (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 needed 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 needed 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.

None of the employees included on the list of employees provided by management for procedure (3) appeared on the list provided by management for procedure (2).

VILLAGE OF DODSON, LOUISIANA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 1997

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ (17,449) \$	44,981 \$	27,532
Adjustments to reconcile net income to net cash provided by operating activities:			
(Decrease) Increase in accounts receivable	294	33	427
Depreciation	15,790	42,157	57,947
Increase (decrease) in accounts payable	(328)	887	559
Decrease in notes receivable	1490		1490
Increase in interest payable	51		51
Total adjustments	14,527	42,677	57,204
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,922)	874	(2,048)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Note payment	(3,000)		(3,000)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital outlay		(8,750)	(8,750)
Net change in cash and cash equivalents	(5,922)	(7,876)	(13,798)
Cash and cash equivalents at beginning of year	58,585	55,745	114,330
Cash and cash equivalents at end of year	\$ 52,663 \$	47,869 \$	100,532

VILLAGE OF BOSSIN, LOUISIANA

Schedule 2

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Year Ended June 30, 1997

	Water Fund	Sewer Fund	Total
REVENUES			
Service revenue	\$ 36,148	\$ 19,488	\$ 55,636
Total revenue	<u>36,148</u>	<u>19,488</u>	<u>55,636</u>
EXPENSES			
Utilities	5,866	2,886	8,752
Personnel	9,538	9,012	18,550
Supplies	6,809	11,314	17,919
Depreciation	15,768	41,057	57,917
Insurance	3,201		3,201
Repairs and maintenance	1,445	13,689	15,134
Miscellaneous expenses	1,952	251	2,203
Total operating expenses	<u>48,780</u>	<u>75,409</u>	<u>120,179</u>
INCOME FROM OPERATIONS	<u>(12,632)</u>	<u>(55,921)</u>	<u>(68,553)</u>
NON-OPERATING REVENUE (EXPENSES)			
Interest income	1,669	1,334	3,003
Interest expense	(6,550)		(6,550)
Sewer grant		15,608	15,608
Total non-operating revenue (expense)	<u>(4,881)</u>	<u>16,942</u>	<u>11,061</u>
NET GAIN (LOSS) BEFORE OPERATING TRANSFERS	<u>(17,513)</u>	<u>(38,979)</u>	<u>(56,492)</u>
OPERATING TRANSFERS IN (OUT)			
Transfer from debt service	2,258		2,258
Transfer to general fund	(5,773)	(6,351)	(12,124)
NET (LOSS)	<u>(15,255)</u>	<u>(45,330)</u>	<u>(60,585)</u>
RETAINED EARNINGS AT THE BEGINNING OF YEAR	<u>11,692</u>	<u>192,129</u>	<u>203,821</u>
RETAINED EARNINGS AT THE END OF YEAR	<u>\$ (3,563)</u>	<u>\$ (93,201)</u>	<u>\$ (96,764)</u>

VILLAGE OF BOSSON, LOUISIANA

Schedule B

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

June 30, 1997

	1996 Fund	1997 Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,788	\$ 23,611	\$ 25,399
Accounts receivable	2,907	16,879	4,986
Total current assets	4,695	40,490	45,185
Restricted assets			
Bond contingency cash	15,143		15,143
Customer deposits cash	3,379		3,379
Bond interest and redemption cash	7,894		7,894
Bond reserve cash	15,388		15,388
Total restricted assets	41,804	70,000	111,804
Plant and equipment			
At cost, net of allowances for depreciation (\$204,487 for water, \$550,000 for sewer)	599,741	1,085,662	1,685,403
Total assets	\$ 646,240	\$ 1,116,052	\$ 1,762,292
LIABILITIES AND FUND EQUITY			
Current liabilities			
Accounts payable	\$ 667	\$ 1,323	\$ 1,990
Total current liabilities	667	1,323	1,990
Current liabilities (payable from restricted assets)			
Accrued interest revenue bonds	6,000		6,000
Customer deposits	3,379		3,379
Bonds payable	5,290		5,290
Total current liabilities (payable from restricted assets)	14,669	70,000	84,669
Other liabilities			
Revenue bonds payable	120,000		120,000
Total liabilities	135,336	71,323	206,659
Fund equity			
Contributed capital			
Philanthropy and federal grants	500,000	1,072,000	1,572,000
Retained earnings			
Reserve for revenue bond retirement	6,000		6,000
Reserve for revenue bond contingency	30,000		30,000
Unreserved	480,000	480,070	960,070
Total retained earnings	516,000	480,070	996,070
Total fund equity	517,000	1,552,070	2,069,070
Total liabilities and fund equity	\$ 652,336	\$ 1,623,393	\$ 2,275,729

SUPPLEMENTAL INFORMATION SCHEDULES

VILLAGE OF BOSSIERE, 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 \$10,250 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 \$450 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 FUND DEFICIT IN RETAINED EARNINGS

The sewer fund has a retained earnings deficit of \$869,279 and the water system has a retained earnings deficit of \$5,648 as of June 30, 1997. These deficits were created by depreciation taken on that portion of the system constructed with grant funds.

10. OFFICIAL COMPENSATION

Name	Position	Annual Salary
Francis Jones	Allderman	840
Tammye Smith	Allderman	840
Steve Sharp	Allderman	840
Verna Hollingsworth	Allderman	620
Candyn Taylor	Allderman	70

11. SPECIAL REVENUE FUND

The special revenue fund type comprised one individual fund used in account for the Civic Center fund. The Village maintains a building which generates rental income primarily from the West Parish Council on Aging. The Village voted to place the special revenue fund into the General Fund in 1997. The Village did a residual equity transfer to the General Fund of \$1,885 to close the Civic Center Fund.

12. LITIGATION

The Village advises there is no litigation against the Village.

VILLAGE OF DORSON, 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, 1997 including interest payments are below:

Year Ending June 30	Revenue	GLS Bonds	Total
1997	9,680	2,180	11,860
1998	10,380	2,180	12,560
1999	10,150	2,050	12,200
2000	9,950	2,080	11,950
2001	9,750	1,950	11,700
2002	9,550	1,980	11,450
2003	10,180	1,080	11,260
2004	10,180	1,080	11,260
2005	9,880	1,750	11,630
2006	9,680	1,780	11,380
2007	10,380	1,650	12,030
2008	10,080	1,680	11,760
2009	9,780	1,080	11,080
2010	9,480	1,080	10,560
2011	10,170	1,420	11,590
2012	9,880	2,480	12,360
2013	9,680	2,480	11,760
2014	10,180	2,180	12,360
2015	9,780	2,180	11,880
2016	9,380		9,380
2017	9,980		9,980
2018	9,450		9,450
Total	\$ 216,600	\$ 26,800	\$ 243,400
Total interest requirement			\$ 123,600

7. PROPRIETARY FUND PROPERTY AND EQUIPMENT

A summary of proprietary fund property and equipment at June 30, 1997, follows:

	Water	Sewer	Total
Water & sewer systems	\$ 744,899	\$ 1,582,441	\$ 2,327,340
Equipment	21,810	54,310	76,120
Total	\$ 766,709	\$ 1,636,751	\$ 2,403,460
Less, allowance for depreciation	166,607	581,313	747,920
Net plant	\$ 599,912	\$ 1,055,438	\$ 1,655,350

VILLAGE OF DORSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in fixed assets follows:

	Balance 5/1/96	Additions	Deletions	Balance 6/30/97
Land	\$ 5,000	\$	\$	\$ 5,000
Buildings	111,977			111,977
Furniture and equipment	18,000	2,175		20,175
Total	\$ 133,000	\$ 2,175	NONE	\$ 135,175

5. CHANGES IN LONG-TERM DEBT

The following is a summary of bond transactions of the Village of Dorson, Louisiana, for the year ended June 30, 1997:

	General Obligation	Revenue	Total
Bonds payable 7/1/96	\$ 13,000	\$ 158,000	\$ 171,000
Less, bonds retired during year	(3,000)	(3,000)	(6,000)
Bonds payable 6/30/97	\$ 10,000	\$ 155,000	\$ 165,000

The individual bond issues that comprise the total bonds payable at June 30, 1997 are shown below:

	Issue Date	Maturity Date	Authorized and Issued	Interest Rate
General obligation	6/30/1977	6/30/2017	155,000	8%
Revenue	6/30/1977	6/30/2015	10,000	8%

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 assessors of West Parish.

For the year ended June 30, 1997, taxes of 11.29 mills were levied, and dedicated as follows:

General corporate purpose	5.28 mills
Debt service (water bonds)	<u>6.01 mills</u>
	<u>11.29 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, 1997, the Village of Dodson has cash and cash equivalents (bank balances) totaling \$149,022 as follows:

	General Fund	Bonds	Reserve Fund	Total
Interest-bearing demand deposits	\$ 3,361	\$ 3,909	\$ 22,300	\$ 29,570
Time deposits	<u>65,000</u>		<u>60,512</u>	<u>125,512</u>
Total	<u>\$ 68,361</u>	<u>\$ 3,909</u>	<u>\$ 82,812</u>	<u>\$ 149,022</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, 1997, the Village of Dodson had \$150,082 in deposits (adjusted bank balances) in three banks. These deposits are fully secured from risk by \$150,082 of federal deposit insurance.

4. RESTRICTED ASSETS - WATER AND SEWER FUNDS

Restricted assets were applicable to the following at June 30, 1997:

Water bond contingency	\$	15,142
Water customers' deposits		3,239
Water bond reserve		15,188
Water bond interest and redemption		<u>7,656</u>
Total	\$	<u>41,225</u>

VILLAGE OF DODDSON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGET AND BUDGETARY ACCOUNTING

The Village of Dodson, Louisiana, prepares 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 1996-1997 budget in an open regular meeting on June 4, 1996.

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, 1997, 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 of this data.

VILLAGE OF DODDSON, 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, canals and canals, 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 basis. 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 to an expense against their operations. Accumulated depreciation is reported on useful lives using the straight-line method. The estimated useful lives follow:

Sanitary 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 refers 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 non-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.