

171
517 710 10-65

98702671
2428
47

Village of Port Vincent, Louisiana

Financial Report

June 30, 1968

**ORIGINAL
FILE COPY**
DO NOT REMOVE
Check necessary
copies from this
copy and file
back in file

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or comptroller, and other appropriate public officials. The report is available for public inspection at the Dignity House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 9 1968

TABLE OF CONTENTS

Financial Report

Village of Fort Vincent, Louisiana
Fort Vincent, Louisiana

June 30, 1999

INDEPENDENT AUDITOR'S REPORT	1
REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	2
GENERAL PURPOSE FINANCIAL STATEMENTS:	
• Combined Balance Sheet - All Fund Types and Account Group	4
• Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	7
• Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GNAP basis) and Actual - General Fund	9
• Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type - Enterprise	11
• Combined Statement of Cash Flows - Proprietary Fund Type - Enterprise	12
• Notes to Financial Statements	13
SUPPLEMENTARY FINANCIAL INFORMATION:	
• Schedule 1 - Combining Balance Sheet - Enterprise Fund	10
• Schedule 2 - Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - Enterprise Fund	12
• Schedule 3 - Combining Statement of Cash Flows - Enterprise Fund	13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS	34
SCHEDULE OF PRIOR YEAR FINDINGS	37
MANAGEMENT LETTER	41
MANAGEMENT'S CORRECTIVE ACTION PLAN	43

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT
140891 OLD-HAMPSHIRE ROAD (NEW) SUITE 5
BATON ROUGE, LOUISIANA 70810

MEMBER OF THE
BOARD OF THE AMERICAN INSTITUTE OF CPAs

MEMBER OF THE
AMERICAN INSTITUTE OF CPAs

PHONE (504) 878-1177

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen
Village of Port Vincent, Louisiana

I have audited the accompanying general purpose financial statements of the Village of Port Vincent, Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Port Vincent, Louisiana, as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report (see page 3) dated July 28, 1998, on my consideration of the Village of Port Vincent, Louisiana's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts, and grants.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the Village of Port Vincent, Louisiana, taken as a whole. The accompanying financial information listed as "schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Port Vincent, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Neil B. Ferrari, CPA

Baton Rouge, Louisiana,
July 16, 1998.

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

14487 1/2 D. HARRISON (HARRISON) BLVD #
BOSTON PLACE, LOUISIANA 70118

MEMBER OF THE
SOCIETY OF LOUISIANA CPAs

MEMBER OF THE
AMERICAN INSTITUTE OF CPAs

Phone (504) 878-1177

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Board of Aldermen
Village of Port Vincent, Louisiana

I have audited the general purpose financial statements of the Village of Port Vincent, Louisiana, as of and for the year ended June 30, 1998, and have issued my report thereon dated July 16, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Port Vincent, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance that I have reported to the Mayor and Board of Aldermen of the Village of Port Vincent, Louisiana in a separate letter dated July 16, 1998.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Port Vincent, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters

involving internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Village of Port Vincent, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 98-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider reportable condition 98-1 referred to above to be a material weakness.

I also noted other matters involving the internal control over financial reporting that I have reported to the Mayor and Board of Aldermen of the Village of Port Vincent, Louisiana in a separate letter dated July 16, 1998.

This report is intended for the information of the Village's Mayor, Board of Aldermen, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Neil B. Farnam, CPA

Baton Rouge, Louisiana,
July 16, 1998.

GENERAL PURPOSE FINANCIAL STATEMENTS

STATEMENT OF FORT VINCENT, LIMITED

CONDENSED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

With Comparative Totals for the Year Ended June 30, 1997

	Governmental Fund Types		Proprietary Fund Type	Account Group	Totals	
	General Fund	Capital Projects Fund	Restoration	General Fixed Assets	1999	1997
ASSETS						
Cash and cash equivalents	\$ 12,488	\$ -	\$115,518	\$ -	\$128,006	\$128,006
Investments, at cost	-	-	-	-	-	51,847
Grants receivable	18,928	-	-	-	18,928	-
Accounts receivable	-	-	1,174	-	1,174	4,773
Allowance for doubtful accounts	-	-	(6,501)	-	(4,327)	-
Other receivables	188	-	-	-	188	-
Overpayment to IRS	-	-	-	-	-	1,247
Deposit - Grant Match	-	-	-	-	-	288
Equipment	-	-	-	32,831	32,831	21,858
Vehicles	-	-	-	48,888	48,888	22,893
Land	-	-	-	188	188	188
Buildings	-	-	-	87,227	87,227	87,228
Fixed assets, net of depreciation	-	-	168,818	-	168,818	157,184
TOTAL ASSETS	\$ 31,704	\$ -	\$284,336	\$176,716	\$592,824	\$324,136
LIABILITIES						
Accounts payable	\$ 1,218	\$ -	\$ 2,813	\$ -	\$ 4,031	\$ 2,817
Sales tax payable	-	-	85	-	85	-
Payroll taxes withheld	207	-	-	-	207	534
Unearned grant revenue	-	-	-	-	-	250
Revenues collected in advance	-	-	872	-	872	382
Total liabilities	\$ 1,425	\$ -	\$3,670	\$ -	\$5,280	\$3,983
EQUITY AND OTHER CREDITS						
Contributed capital	-	-	574,288	-	574,288	413,349
Investment in general fixed assets	-	-	-	176,716	176,716	148,803
Retained earnings - unreserved	-	-	168,160	-	168,160	113,779
Fund balances: Unassigned	82,322	-	-	-	82,322	82,632
Total fund equity and other credits	\$82,322	\$ -	\$742,448	\$176,716	\$999,816	\$754,663
Total liabilities, fund equity and other credits	\$ 1,425	\$ -	\$746,118	\$176,716	\$995,800	\$758,146

The accompanying notes are an integral part of this statement.

VILLAGE OF FORT VINCENT, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
For the year ended June 30, 1987

With Comparative Totals for the Year Ended June 30, 1987

	General Fund	Capital Projects Fund	Totals (Comprehension Only)	
			1986	1987
REVENUES				
Funds	\$ 68,638	\$ -	\$ 68,638	\$ 85,514
Intergovernmental:				
Grants:				
IA - Community Development				
Block Grant	-	188,380	188,380	232,848
Dept. of Justice - CORE FOST	6,130	-	6,130	11,870
Dept. of Justice - CORE NCRK	6,275	-	6,275	-
Livingston Parish Council Law Enforcement Block Grant	2,500	-	2,500	-
IA - Commission on Law Enforcement and Administration of Criminal Justice - P.D.S.T. STAFF	-	-	-	1,500
Capital District Law Enforcement Department of Justice	1,000	-	1,000	383
Church Arson Protection	400	-	400	-
Revenue sharing video pilot law	35,971	-	35,971	88,201
Tobacco tax	2,422	-	2,422	2,412
Beer tax	2,884	-	2,884	1,732
Franchise taxes and permits	38,457	-	38,457	18,141
Insurance premium tax	12,000	-	12,000	8,387
Occupational licenses	8,541	-	8,541	8,801
Interest income	4,326	-	4,326	3,819
Other:				
Bell South Tower Rental	1,000	-	1,000	8,800
Miscellaneous	2,328	-	2,328	1,828
Total revenues	148,383	188,380	336,763	529,254
EXPENDITURES				
Current:				
General government:				
Compensation:				
Mayor and aldermen per diem	7,913	-	7,913	6,480
Clerk salary	4,728	-	4,728	3,860
Accounting and legal fees	3,238	-	3,238	3,880
Insurance	3,882	-	3,882	4,180
Miscellaneous	2,964	-	2,964	3,888
Office expense and advertising	2,752	-	2,752	1,650
Qualification of ordinances	2,000	-	2,000	-
Other	1,968	-	1,968	814
Telephone	2,000	-	2,000	1,687
Printing and connections	2,387	-	2,387	1,537
Loan cancellations	2,188	-	2,188	1,860
Payroll taxes	1,128	-	1,128	820
Missage reimbursement	873	-	873	724
Maintenance and repairs	319	-	319	1,188

(Exhibit B continued on next page)

The accompanying notes are an integral part of this statement.

VILLAGE OF FORT VINCENY, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUNDS TYPES
for the year ended June 30, 1997

With Comparative Totals for One Year Ended June 30, 1997

	General Fund	Capital Projects Fund	Totals	
			1996	1997
EXPENDITURES - (continued)				
Community center expenses	735	-	735	451
Disc and subscriptions	380	-	380	390
Remodeling exp	354	-	354	-
Exp control	180	-	180	94
Electricity expenses	-	-	-	140
Public safety:				
Policeman's salary & payroll taxes	28,331	-	28,331	26,316
Insurance	18,080	-	18,080	8,307
Vehicle fund/maintenance/rental	8,557	-	8,557	12,324
Telephone and pager	4,381	-	4,381	2,945
Printing expenses	2,488	-	2,488	2,107
Police department supplies	2,004	-	2,004	1,107
Office equipment	2,282	-	2,282	987
Communication/Post/Insp/Training	988	-	988	2,804
Insurance - Health & Dental	488	-	488	660
Prisoner housing	240	-	240	186
Miscellaneous	217	-	217	-
Donor/Announc	118	-	118	288
Highway and electric:				
Street maintenance and repairs	7,188	-	7,188	8,177
Street lighting	2,718	-	2,718	2,184
Capital outlay	<u>38,852</u>	<u>388,292</u>	<u>427,144</u>	<u>383,852</u>
Total expenditures	<u>158,688</u>	<u>388,292</u>	<u>546,980</u>	<u>501,888</u>
Excess of revenues over (under) expenditures	64,491	-	64,491	17,186
OTHER FINANCIAL SOURCES (USES)				
Operating transfers to (from) Service Fund	<u>1821</u>	<u>-</u>	<u>1821</u>	<u>6880</u>
Excess of revenues and other sources over fundal expenditures and other uses	66,312	-	66,312	24,076
FUND BALANCE				
Beginning of year	<u>82,652</u>	<u>-</u>	<u>82,652</u>	<u>78,812</u>
End of year	<u>\$ 148,964</u>	<u>\$ -</u>	<u>\$ 148,964</u>	<u>\$ 102,888</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FORT WINCHEST, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND

For the year ended June 30, 2008

	Budget	Actual	Variance Favorable (Disadvantage)
REVENUES			
Fees	\$ 25,000	\$ 25,000	\$ 0,000
Intergovernmental:			
Grants	14,000	14,000	000
Revenue sharing-video poker tax	15,500	15,074	426
Tobacco tax	3,000	3,000	00
Beer tax	3,000	3,000	00
Franchise taxes and permits	17,000	18,453	(143)
INDEMNITY premium tax	12,000	12,000	00
Comptroller's license	9,500	9,543	43
Interest income	4,000	4,216	216
Other:			
Well Health Tower Rental	0,000	0,000	-
Miscellaneous	100	2,028	1,928
Total revenues	180,350	180,301	49
EXPENDITURES			
General:			
General governmental:			
Compensation	14,500	14,041	(459)
Accounting and legal fees	9,200	9,200	-
Insurance	28,500	3,000	25,500
Utilities	3,000	3,000	000
Office expense and advertising	3,000	3,000	000
Confidentiality of ordinances	3,000	3,000	000
Other	1,000	1,000	000
Telephone	1,000	1,000	000
Meeting and conventions	9,000	1,000	8,000
Loan care/administrative	1,200	1,200	000
Payroll taxes	1,200	1,200	000
Mileage reimbursement	8,000	800	7,200
Maintenance and repairs	100	000	100
Community Center expenses	700	700	000
Books and subscriptions	300	300	000
Amusement map	300	300	000
Post general	100	100	000

(Exhibit C continued on next page)

The accompanying notes are an integral part of this statement.

VILLAGE OF FORT WICKER, LOUISIANA.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGETARY BASIS AND ACTUAL
 GENERAL FUND

For the year ended June 30, 1999

	Budget	Actual	Variances Favorable Unfavorable
Public safety:			
Policeman's salary & payroll items	38,420	38,211	214
Insurance	350	38,898	(18,798)
Vehicle fuel/maintenance/travel	8,180	8,159	(19)
Telephone and papers	4,200	4,281	(259)
Police expenses	2,451	2,188	271
Police department supplies	4,888	2,694	(2,194)
Office expenses	3,258	1,240	(2,018)
Conventions/Classes/Training	3,280	888	(2,392)
Insurance - Health & Dental	522	480	50
Prisoner housing	-	385	(385)
Miscellaneous	480	227	(253)
Reconciliation	122	122	0
Highways and streets:			
Street maintenance and repairs	1,400	1,188	210
Street lighting	2,788	2,728	60
Capital outlay	<u>14,268</u>	<u>13,882</u>	<u>387</u>
Total expenditures	<u>132,888</u>	<u>132,882</u>	<u>6</u>
Excess of revenues over (under) expenditures	<u>(12,281)</u>	<u>14,429</u>	<u>8,148</u>
OTHER FINANCING SOURCES - INDEBT			
Operating limitations to Mortgage Service Fund	<u>38821</u>	<u>38821</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(14,189)</u>	<u>15,341</u>	<u>\$ 8,152</u>
			<u>(22,222)</u>
FUND BALANCE			
Beginning of year	<u>81,652</u>	<u>81,652</u>	
End of year	<u>\$ 73,862</u>	<u>\$ 82,294</u>	

The accompanying notes are an integral part of this statement.

VILLAGE OF FORT VERDUN, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
SUCCESSION FUND 1998 - 1999
For the Year Ended June 30, 1999With Comparative Totals for
The Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES		
Charges for services	\$ 14,147	\$ 13,800
Connection fees	1,800	400
Penalty income	<u>1,378</u>	<u>1,318</u>
Total operating revenues	<u>17,325</u>	<u>15,518</u>
OPERATING EXPENSES		
Garbage collection	11,335	11,840
Depreciation	18,347	1,700
Administration	10,370	8,840
Maintenance	7,600	1,811
Utilities	3,890	1,893
Uncollectible accounts	<u>2,701</u>	<u>282</u>
Total operating expenses	<u>54,943</u>	<u>27,773</u>
Operating income/(loss)	121,041	9,400
NON-OPERATING REVENUE INCREASES		
Interest income	<u>1,061</u>	<u>1,511</u>
Income/(loss) before operating transfers	117,020	10,020
OTHER FINANCING SOURCES/USES		
Operating transfers in	800	800
Operating transfers out	<u>-</u>	<u>-</u>
Net income/(loss) before cumulative effect of change in accounting principle	117,820	10,820
Cumulative effect of change in accounting for bad debts	<u>13,860</u>	<u>-</u>
Net income/(loss)	128,680	10,820
Add Depreciation on fixed assets acquired by capital grants that reduces contributed capital from municipality	<u>25,100</u>	<u>-</u>
Net increase/(decrease) in retained earnings	15,370	10,820
RETAINED EARNINGS		
beginning of year	<u>111,370</u>	<u>101,870</u>
End of year	\$126,740	\$111,770

The accompanying notes are an integral part of this statement.

VILLAGE OF FORT VINCENT, LOUISIANA

COMBINED STATEMENT OF CASH FLOW - INVESTMENT FUND TYPE - BUDGETARY
For the Year Ended June 30, 1999With Comparative Data for
the Year Ended June 30, 1998

	1999	1998
CASH FLOW FROM OPERATING ACTIVITIES		
Operating revenues	\$ (20,647)	\$ 4,488
Adjustments to reconcile operating supplemental to cash provided by (used for) operating activities:		
Cumulative effect of change in accounting for bad debts	(1,061)	-
Depreciation	19,247	1,788
Transfers from general fund for elderly residents' garbage fees	893	888
Changes in assets and liabilities:		
Increase/ decrease in:		
Accounts receivable	3,936	(2,191)
Accounts payable	249	1,768
Sales tax payable	88	-
Revenues collected in advance	82	282
Net cash provided by operating activities	\$ (1,801)	\$ 7,788
CASH FLOW FROM INVESTING ACTIVITIES		
Interest earned	4,583	4,583
Purchase of equipment	(8,800)	(1,794)
Purchase of investments	(55,895)	(286,374)
Redemption of investments	(18,882)	(24,248)
Net cash used for investing activities	\$ (78,994)	\$ (308,833)
NET INCREASE/ INCREASE IN CASH AND CASH EQUIVALENTS	\$ (80,795)	\$ (291,045)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	\$ 24,722	\$ 1,807
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ (56,073)	\$ (289,238)

Noncash capital activities - The Village contributed water well distribution system additions of \$480,290 to the Waterworks Enterprise Fund.

The accompanying notes are an integral part of this statement.

VILLAGE OF FORT VINCENT, LOUISIANA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization:

The Village of Fort Vincent (the Village) was incorporated May 5, 1952 under the provisions of the Louisiana Act and operates under the Mayor - Board of Aldermen form of government (L.A. SS: 33:321-483) and provides the services set forth in its charter.

b. Reporting Entity:

As the municipal governing authority, for reporting purposes, the Village of Fort Vincent, Louisiana, 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 Fort Vincent, Louisiana, for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is 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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Reporting Entity - (continued)

1. 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.

Based on these criteria, no component units have been identified and as a result, these financial statements present only financial position and results of operations of the Village of Port Vincent, Louisiana (the primary government).

c. Basis of Statement Presentation:

The accounting and reporting policies of the Village of Port Vincent conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:514; the Louisiana Governmental Audit Guide; and to the industry audit guide, Standards of State and Local Governmental Units.

d. Fund Accounting:

The Village uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. Fund Accounting: - (continued)

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the Village are classified as governmental funds and proprietary funds. Governmental funds account for 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 debt. The funds presented in the financial statements are described as follows:

Governmental Fund Types:

General Fund

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

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund Type:

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 governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges; or (b) where the governing body 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

e. Account Group:

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following account group is not a "fund".

The General Fixed Assets Account Group represents a summary of the fixed assets of the Village, other than assets of the proprietary fund. Capital expenditures in funds other than the proprietary funds are recorded as expenditures of those funds at the time of purchase and are subsequently recorded, at cost, for control purposes in the General Fixed Assets Account Group. In accordance with generally accepted accounting principles for municipalities, depreciation is not recorded on general fixed assets.

f. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

Governmental funds are accounted for using the modified accrual basis. Their revenues are recognized in the accounting period in which they become available and measurable. Grant revenues are recorded when the Village is entitled to reimbursement of expenditures under the terms of the grant. Interest earned on idle cash and investments are recorded when the income is available. Other revenue sources are not generally susceptible to accrual because they are not both measurable and available; accordingly, they are recorded when received. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

f. Basis of Accounting: - (continued)

Proprietary funds are maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred. Revenues for utility services are accrued through year-end.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). They are recorded when the transfer is made.

g. Budgetary Policy and Accounting:

The Mayor and Board of Aldermen approve an annual operating budget, prepared on the modified accrual basis, for general governmental activities.

Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Mayor and Board of Aldermen. The budget that was initially adopted for fiscal year 1988 was amended twice.

All budgetary appropriations lapse at the end of each fiscal year.

h. Cash, Cash Equivalents, and Investments:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

h. Cash, Cash Equivalents, and Investments: -
(continued)

State statutes authorize the Village to invest temporarily idle monies in the following:

1. United States Treasury Bonds.
2. United States Treasury Notes.
3. United States Treasury Bills.
4. Obligations of U.S. Government Agencies, including such instruments as Federal Loan Bank bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds.
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana.
6. Fully collateralized repurchase agreements.
7. Fully collateralized interest-bearing checking accounts, and
8. Mutual or Trust Fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies.

Investments are stated at cost and are not subject to market fluctuation. As of year end, the Village did not have any excess cash classified as investments.

i. Bad Debt:

The Village uses the allowance method to recognize bad debts for utility receivables. The allowance is based on management's estimate of uncollectible receivables as of the end of each year.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

j. General Fixed Assets:

Fixed assets (capital outlays) used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. All fixed assets have been valued at cost.

Fixed assets (capital outlays) consisting of improvements (other than buildings) such as roads, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have not been capitalized. Such assets are normally immovable and of value only to the Village. Therefore, the purpose of stewardship for such capital expenditures is satisfied without recording these assets.

No depreciation has been provided on general fixed assets, nor has interest been capitalized.

k. Fixed Assets - Proprietary Fund:

Fixed assets used by the Proprietary Fund are stated at cost. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Water distribution systems	25 years
Well site improvements	9 - 10 years
Furniture and office equipment	7 years

l. Annual and Sick Leave:

The Village's annual and sick leave policy does not provide for the accumulation and vesting of leave. In other words, an employee must "use or lose" any earned leave during the fiscal year. As a result, the Village has not accrued any unpaid costs relating to unused leave in the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

m. Pension Plan:

The village's chief of police and the full time police officer participate in the Municipal Police Employees' Retirement System. Other employees, the Mayor and the Board of Aldermen participate in the Federal Social Security Program. The Village does not guarantee any of the benefits provided by either of these programs.

n. Transfers:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various due from and due to accounts.

The only transfers during the year consisted of cash transferred from the General Fund to the Enterprise Fund (Garbage Service) to pay for garbage fees of citizens of Fort Vincent who are over 40 years old.

o. Reservations and Designations of Fund Balances:

Reserved fund balances represent those portions of the fund balance which are either not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources as approved by the Board of Aldermen.

p. Management's Use of Estimates:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

g. Proprietary Fund Accounting:

For proprietary fund accounting, the Village follows all GASB pronouncements and all FASB Statements and Interpretations, APB Opinions and MSB's, no matter when issued, except those that conflict with a state pronouncement.

f. 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.

Note 2 - CASH AND CASH EQUIVALENTS

At June 30, 1998, the Village had cash and cash equivalents totaling \$188,394, as follows:

	General Proprietary		
	Fund	Funds	Total
Petty cash	\$ 60	\$ 50	\$ 110
Demand deposits	14,377	5,413	19,790
Funds held in Louisiana Asset Management Pool (LAMP)	<u>168,323</u>	<u>113,165</u>	<u>281,488</u>
Totals	\$72,660	\$115,634	\$188,294

These deposits are stated at cost which is equal to market.

Under state law, these deposits must be secured by Federal deposit insurance, by the pledge of securities owned by the fiscal agent bank or must be invested exclusively in instruments backed by the government of the United States of America. The market value of the pledged securities plus the Federal Deposit Insurance

Note 2 - CASH AND CASH EQUIVALENTS - (continued)

must at all times equal the amount on deposit with the fiscal agent. The pledged 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.

As of June 30, 1998, the Village had deposits of \$20,876 before considering outstanding checks.

The following table is a summary of the Village's bank balances at June 30, 1998, presented in three levels of credit risk.

Category 1	\$ 20,876
Category 2	-
Category 3	-----
Total	\$ 20,876

Category 1 includes bank balances which are insured by federal depository insurance or collateralized with securities held by the Village or its agent in the Village's name. Category 2 includes bank balances which are collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name. Category 3 includes bank balances which are uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Village's name.

\$18,888 of cash and cash equivalents is held in the Louisiana Asset Management Pool (LAMP). LAMP, a local government pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana, which was formed by an initiative of the State Treasurer in 1991. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its

Note 2 - CASH AND CASH EQUIVALENTS - (continued)

agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

IRAP is designed to be highly liquid to give its participants immediate access to their account balances.

Note 3 - GRANTS RECEIVABLE

Grants receivable at June 30, 1998 consisted of the following:

Department of Justice:	
ODJS FIST	\$ 5,876
ODJS MOJES	4,275
Capital District Law Enforcement	1,850
	\$12,001

Note 4 - CAPITAL CONTRIBUTIONS - ENTERPRISE FUND

During the year ended June 30, 1998, construction was completed on a new water well. The well was constructed under a federal grant. The well, which cost \$476,894, was contributed by the Village to the Enterprise Fund. The cost of the well will be depreciated over 25 years. The annual depreciation will be offset against the capital contribution account.

A summary of the changes in the contributed capital account for the year ended June 30, 1998 are as follows:

Beginning of year	\$431,289
Construction costs of new water well contributed by the Village	180,281
less: Depreciation of water well	_137,250
End of year	\$474,280

Note 5 - CHANGES IN FIXED ASSETS

a. A summary of changes in general fixed assets and investment in general fixed assets for the year ended June 30, 1998, are as follows:

General Fixed Assets	Beginning Of Year	Additions	Retirements	End Of Year
Equipment	\$ 30,450	\$ 2,700	\$ -	\$ 33,150
Depletion	30,450	51,044	-	81,494
Land	200	-	-	200
Building	50,250	-	-	50,250
Totals	\$111,350	\$ 2,700	\$ -	\$114,050

Investment in General Fixed Assets

General Fixed Assets from State of Michigan:	Beginning Of Year	Additions	Retirements	End Of Year
Building	70,000	-	-	70,000
Police equipment	2,000	2,000	-	4,000
Totals	\$ 72,000	\$ 2,000	\$ -	\$ 74,000

b. A summary of changes in Proprietary Fund fixed assets for the year ended June 30, 1998 is as follows:

	Beginning Of Year	Additions	Retirements	End Of Year
Information systems	\$ 30,000	2070,000	\$ -	2100,000
Depletion	13,470	810	-	14,280
Furniture	2,300	-	-	2,300
Copy machine	820	-	-	820
Construction in progress	100,000	100,000	1070,000	-
Subtotals	146,590	2170,810	1070,000	1197,400
Less accumulated depreciation	107,160	107,160	-	214,320
Totals	39,430	2063,650	1070,000	983,080

Depreciation expense was \$19,287 for the year ended June 30, 1998.

Note 6 - PENSION PLAN

All full-time police department employees engaged in law enforcement and all police chiefs earning at least \$100 per month are required to participate in the Municipal Police Employees Retirement System of Louisiana, which is a cost-sharing multiple employer plan. Plan contributions are funded at 9% of gross salary, including any state supplemental pay, but not including any overtime. Additionally, employee contributions are made at the rate of 7.5%. State statute specifies the required contribution percentages. The difference between the annual actuarially required employer rate and the 9% rate established by statute is funded through assessments against casualty insurers in the state.

	Year Ended 01/30/28	Year Ended 01/30/27	Year Ended 01/30/26
Total payroll*	\$51,648	\$51,158	\$44,687
Covered payroll*	28,277	28,888	20,888
Pension expense	2,584	2,738	1,988

* State supplemental pay of \$1,200 is not included.

All of the required contributions have been made.

Employees who retire with 25 years of service, at any age, or at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 1 1/3 percent of their final-average salary for each year of creditable service. Early retirement, at reduced benefits is available for any member who has 20 years or more of service but who has not reached age 50. Final-average salary is the employee's average salary over the 10 consecutive or joined months that produce the highest average. Members are not considered fully vested until they have attained both the age and the years of service required to receive regular retirement benefits.

Note 6 - PENSION PLAN - (continued)

Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The Plan also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 6401 United Plaza Blvd., Room 370, Baton Rouge, Louisiana 70808-4618, or calling (504) 389-7411.

Note 7 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Village maintains two enterprise funds which provide water and garbage services. Segment information for the year ended June 30, 1998 was as follows:

	Waterworks	Garbage	_Totals_
Operating revenues	\$ 18,318	\$21,863	\$ 40,181
Depreciation	19,188	57	19,245
Operating income/(loss)	(10,870)	(2,256)	(13,126)
Operating transfers income/	-	882	882
Net income/(loss)	(10,870)	(1,374)	(12,244)
Current capital:			
Contributions	188,282	-	188,282
Transfers income/	(17,161)	-	(17,161)
PROPERTY, PLANT, and			
Equipment:			
Additions	188,833	-	188,833
Deletions	-	-	-
Net working capital	177,279	4,843	182,122
Total assets	\$78,498	\$ 758	\$79,256
Total equity	\$71,848	\$ 382	\$72,230

Note 4 - PER DIEM PAID TO MAYOR AND ALDERMEN

The mayor receives a per diem of \$300 per regular meeting attended and \$250 for special meetings, and the aldermen receive a per diem of \$75 per regular meeting attended and \$25.00 for special meetings. Payments for special meetings are limited to one special meeting per month. Per diem received during the year ended June 30, 1998 were as follows:

Mayor Peggy Sawyer	\$4,440
Alderman John Dorrin	1,283
Alderman Evelyn Sandeman	1,850
Alderman Mary Gordon	1,850
Total	\$7,823

Note 5 - RELATED PARTY TRANSACTIONS

There were not any related party transactions during the fiscal year.

Note 10 - LITIGATION

The Village is the defendant in two lawsuits as of June 30, 1998.

In the first lawsuit, a man and his wife filed a claim against the Village, and several law enforcement officers and other agencies, alleging that they were arrested without probable cause and that excessive force was used in the arrest. Discovery is currently underway. The Village intends to vigorously defend this suit. The attorney for the Village believes that the outcome of the case will depend on determinations of fact. In the event of an adverse outcome, the amount of any potential loss to the Village (with the exception of punitive damages if they are awarded) will be covered by the Village's insurance. The Village paid the deductible (\$1,000) of the insurance policy this year and has included the amount in public safety insurance expense of the General Fund.

Note 10 - LITIGATION - (continued)

In the second lawsuit, a man filed a claim against the Village for violation of his civil rights in connection with an arrest for DWI. The Village expects to settle this case for an amount of money in excess of the \$1,000 deductible but within the insurance policy's limits of coverage. As of June 30, 2008, the Village has paid \$428 toward the insurance policy's \$1,000 deductible. The amount paid has been included in public safety insurance expense of the General Fund.

Note 11 - INCOME TAXES

The Village is exempt from all Federal and Louisiana income taxes.

Note 12 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has obtained liability insurance through the Louisiana Risk Management Association (LRMA). This policy includes general liability insurance as well as liability insurance for the Village Hall, the police car and the patrolmen, and an errors and omissions policy on the public officials. In addition, the Village has purchased building and contents insurance on the Village Hall, comprehensive and collision insurance on the police car and worker's compensation insurance.

Note 13 - CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended June 30, 1998, the Village changed to the allowance method of accounting for bad debts for utility receivables. This method conforms with generally accepted accounting principles. In previous years, the Village used the direct write off method. The Village's management believes that changing to the allowance method will more accurately present collectible receivable balances as of year end as well as bad debt expense for each year.

SUPPLEMENTARY FINANCIAL INFORMATION

VILLAGE OF WEST VERNON, MISSISSIPPI

COMBINED BALANCE SHEET
INTERFUND FUND

June 30, 1988

With Comparative Totals for the Year Ended June 30, 1987

ASSETS	Miscellaneous	Garbage Reception	Totals	
			1988	1987
CURRENT				
Cash and cash equivalents	\$106,764	\$ 5,868	\$112,632	\$ 58,117
Investments:				
Certificate of deposit	-	-	-	52,897
Accounts receivable	3,695	4,761	7,174	4,773
Allowance for doubtful accounts	(12,528)	(12,864)	(25,392)	-
TOTAL current assets	<u>112,128</u>	<u>8,327</u>	<u>120,455</u>	<u>115,787</u>
FIXED				
Maintenance system and equipment	456,428	447	456,875	455,200
less accumulated depreciation	(187,525)	(412)	(187,937)	(187,525)
TOTAL fixed assets	<u>268,903</u>	<u>35</u>	<u>268,938</u>	<u>267,675</u>
TOTAL ASSETS	<u>\$381,031</u>	<u>\$ 8,709</u>	<u>\$389,740</u>	<u>\$383,462</u>
LIABILITIES				
CURRENT				
Payable from current assets:				
Accounts payable	\$ 117	\$ 1,794	\$ 1,911	\$ 1,793
Sales tax payable	85	-	85	-
Revenues collected in advance	158	322	480	788
TOTAL current liabilities	<u>359</u>	<u>2,116</u>	<u>2,466</u>	<u>2,581</u>

(Schedule 1 continued on next page)

VILLAGE OF FORT TIERCEY, LOUISIANA

COMBINED SALARIES SHEET
EMPLOYEE FUND

June 30, 1999

With Comparative Totals for the Year Ended June 30, 1997

	Minimum \$	Maximum \$	1998	1997
CAPITAL				
CONTRIBUTIONS				
From municipality	524,286	-	524,286	431,189
Total contributions	524,286	-	524,286	431,189
RETAINED EARNINGS				
Reversion	188,358	4,333	188,358	131,778
Total retained earnings	188,358	4,333	188,358	131,778
Total capital	712,644	4,333	712,644	562,967
Total liabilities and capital	\$878,894	\$ 4,708	\$878,894	\$563,479
	000 000 000	000 000 000	000 000 000	000 000 000

VILLAGE OF FORT WINCKEL, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
OFF-BUDGET FUND

For the year ended June 30, 1998

With Comparative Totals for the Year Ended June 30, 1997

	Miscellaneous	Garbage Recreation	Totals	
			1998	1997
OPERATING REVENUES				
Charges for services	\$ 14,978	\$ 21,318	\$ 36,297	\$ 37,400
Connection fees	1,881	-	1,881	460
Penalty income	517	842	1,359	1,118
Total operating revenues	<u>17,376</u>	<u>22,160</u>	<u>39,537</u>	<u>38,978</u>
OPERATING EXPENSES				
Depreciation	18,188	47	18,235	1,300
Administration	7,652	8,708	16,360	8,868
Maintenance	7,888	-	7,888	7,513
Utilities	7,888	-	7,888	7,888
Garbage collection	-	23,328	23,328	18,848
Unallocable accounts	881	3,782	4,663	300
Total operating expenses	<u>42,607</u>	<u>35,965</u>	<u>78,572</u>	<u>37,727</u>
Operating income (loss)	(25,231)	(13,805)	(39,036)	1,251
NON-OPERATING REVENUES (EXPENSES)				
Interest income	3,320	310	3,630	4,310
Income (loss) before operating transfers	(21,911)	(13,495)	(35,406)	(1,474)
OTHER FINANCING SOURCE (SAVES)				
Operating transfers in	-	842	842	460
Operating transfers out	-	-	-	-
Net income (loss) before cumulative effect of change in accounting principles	(21,911)	(12,653)	(34,568)	(1,014)
Cumulative effect of change in accounting principles	31,838	(21,824)	10,014	-
Net income (loss)	(18,125)	(34,477)	(24,554)	(1,014)
Add depreciation on fixed assets acquired by capital grants that excess contributed capital from municipality	17,355	-	17,355	-
Net increase (decrease) in retained earnings	1,130	(34,477)	(33,347)	(1,014)
RETAINED EARNINGS				
beginning of year	169,388	5,340	214,728	111,370
End of year	170,518	(29,137)	141,381	110,356

VILLAGE OF FORT WINSTON, LOUISIANA

CONDENSED STATEMENT OF CASH FLOWS
INTERFUNDAL FUND

For the year ended June 30, 1999

With Comparative Totals for the Year Ended June 30, 1997

	INTERFUNDAL	GARAGE REPAIRS	Totals	
			1999	1997
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income: Total	\$ 119,793	\$ 13,745	\$ 133,541	\$ 5,499
Adjustments to reconcile operating income to cash provided by each for operating activities:				
Cumulative effect of change in accounting for bad debts	15,000	(3,000)	12,000	-
Depreciation	15,187	87	15,274	1,709
Transfers from general fund for elderly residents' garage fees	-	602	602	888
Changes in assets and liabilities:				
Increased receivables in:				
Accounts receivable	3,837	3,000	3,837	11,000
Increased liabilities in:				
Accounts payable	317	32	349	1,700
Sales tax payable	88	-	88	-
Revenues collected in advance	222	11,881	12,103	230
Net cash provided by operating activities	154,436	26,652	181,088	27,237
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned	8,000	318	8,318	8,521
Purchase of equipment	(5,000)	-	(5,000)	(1,500)
Purchases of investments	(10,000)	-	(10,000)	(280,000)
Redemptions of investments	200,000	-	200,000	325,000
Net cash provided (used) by investing activities	189,000	318	189,318	10,021
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	343,436	27,070	370,506	37,258
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	51,000	8,527	59,527	51,488
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	\$189,436	\$ 35,597	\$225,033	\$ 88,746

Noncash capital activities - The Village contributed water well distribution system additions of \$188,362 to the Interfundal Subscription Fund.

Village of Port Vincent, Louisiana
Port Vincent, Louisiana

SCHEDULE OF FINDINGS AND CONDITIONS

For the Year Ended June 30, 1999

I have audited the financial statements of the Village of Port Vincent, Louisiana as of and for the year ended June 30, 1999, and have issued my report thereon dated July 14, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of financial statements as of June 30, 1999 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses X Yes ___ No
Reportable Conditions X Yes ___ No

Compliance

Compliance Material
to Financial Statements ___ Yes X No

b. Federal Awards

Federal awards were less than \$250,000. This section is not applicable.

c. Identification of Major Programs

This section is not applicable.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)

Section II - Financial Statement Findings

Reportable Conditions - Material Weakness

78-1 Lack of Segregation of Duties

Condition: There is no meaningful segregation of duties in some accounting areas. Examples include:

- a) The Village clerk receives payments, lists incoming receipts, prepares deposits, and records those transactions in the accounting records. She also does the billings for the Enterprise Fund.
- b) The Village clerk prepares checks, records disbursements, and is an authorized check signer.
- c) The Village clerk prepares the bank reconciliations.

Criteria: The internal control of any organization should be designed to include the following:

- 1) Provide for an appropriate segregation of duties.
- 2) Provide for appropriate reviews and approvals of transactions, accounting entries, and systems output.

Effect: Although this finding is a material weakness in the Village's internal control, it has no effect on the financial statements.

Cause: The size and experience of the Village's administrative staff has resulted in the lack of segregation of duties in the accounting process.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)

Perspective: This condition exists because the Village clerk is the primary administrative employee of the Village. However, a deputy clerk was hired during fiscal year 1998. This has allowed the clerk and the deputy clerk to spot check each others work and to some extent helped to partially reduce the risks associated with the lack of segregation of duties. In addition, management provides some compensating control because (1) the Board of Aldermen routinely receives financial reports and large or unusual expenditures are discussed at their meetings and (2) the Mayor and Board of Aldermen actively participate in preparing and amending the budgets.

I want to point out that the Village has taken a logical step in correcting this finding. It has done so by hiring an extra person (deputy clerk). However, this person has not worked long enough at the Village, in my opinion, to become experienced enough to assume more responsibility in the accounting area thereby minimizing the clerk's need to handle all phases of certain accounting processes. As time passes, the Village's management can make changes in duties which can maintain the quality of the work and better segregate the accounting functions performed by the clerk and deputy clerk.

Questioned Costs: There were not any questioned costs related to this finding.

Recommendation: The Mayor and Board of Aldermen should continue to stay involved in reviewing financial information. They should realize that they are still relying heavily on the knowledge and integrity of the Village clerk. However, as the deputy clerk gains more experience, management should look for ways to assign duties to minimize risks and eliminate situations where a lack of segregation of duties exist.

Section III - Federal Award Findings and questioned costs

This section is not applicable.

Village of Port Vincent, Louisiana
Port Vincent, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 1988

Description of Matter and Auditor's Recommendations	STATUS
SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
87-1 Due to the size of the organization, there is no meaningful segregation of duties.	Partially resolved - See finding 88-1 on page 35.
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AGENCIES	
No findings.	
SECTION III - MANAGEMENT LETTER	

Immaturity Weaknesses in Internal Control

IC 87-1 Payroll tax errors	Resolved
Amended returns should be filed to recover overpayment of federal payroll taxes. Payroll taxes overwithheld from employees should be reimbursed immediately to the employees.	
IC 87-2 Fixed asset reconciliation	Unresolved- See Suggestion 88-1 on page 43.
The detailed inventory of police equipment should be reconciled to the Village's fixed asset list.	

SCHEDULE OF PRIOR YEAR FINDINGS - (continued)

<u>Description of Matter and Auditor's Recommendations</u>	<u>STATUS</u>
--	---------------

SECTION III - MANAGEMENT LETTER - (continued)

NC 93-3 Receivables from customers	Unreceived - See Suggestion 90-2 on page 41.
Receivables which are greater than \$100 per customer comprise about 50% of the June 30, 1997, outstanding receivable balance in the Waterworks and Garbage Funds. Someone should be appointed to find out why these customers are not paying. The Village should consider how to manage situations like this in the future and adopt a policy to provide guidance on how to collect past due accounts.	

Immaterial Instances of Noncompliance

NC 93-1 Errors in grant reimbursement requests	Unreceived - See Suggestion 90-2 on page 42.
Garage funds have been received under the CONFRST grant because grant requests were based on budgeted expenditures instead of actual expenditures, which were lower. This was also reported as an immaterial instance of noncompliance in the audit for the year June 30, 1996.	
NC 93-2 Single source suppliers	Received
Documentation of single source suppliers should be improved. During the year a police radio was bought from HECO on the basis that it was a single source supplier but this item was not well documented.	

SCHEDULE OF PRIOR YEAR FINDINGS - (continued)

Description of Matter and Auditor's Recommendations	Status
---	--------

SECTION III - MANAGEMENT LETTER - (continued)

NC 87-3 Collateral pledged by banks to secure deposits	Resolved
--	----------

Documentation of collateral pledged to secure deposits in excess of \$100,000 in a single bank should be improved. There were times during the year where it was unclear as to whether or not bank deposits in excess of \$100,000 were properly collateralized by the bank.

NC 87-4 Timely adoption of budget	Resolved
-----------------------------------	----------

The FY 87 budget was not adopted until after the beginning of the fiscal year. The Village could not correct this finding from last year's audit for the FY 87 budget because it was adopted before I made the audit recommendation. However, the FY 88 budget was adopted timely in response to my recommendation.

NC 87-5 Findings of deficiencies - ICDBG	Resolved
--	----------

The State of Louisiana, Division of Administration, Office of Community Development monitored the Village's Louisiana Community Development Block Grant (ICDBG) on July 9, 1987 and reported several findings of deficiencies. I reviewed these findings and called the person who did the monitoring. Based on my review and discussion, I do not consider these findings to be material and, therefore, have not reported them as material instances of noncompliance. I do not believe any material questioned or disallowed

SUMMARY OF PRIOR YEAR FINDINGS - (continued)

Description of Matter and Auditor's Recommendations	STATUS
SECTION III - MANAGEMENT LETTER - (continued)	
<p>NC 97-5 Findings of deficiencies - 10146 - (continued)</p> <p>costs will result. The Village's management should address how it can prevent similar findings from occurring in the future.</p>	
<p>NC 97-6 Budget overruns</p>	Resolved

State law requires that the chief executive or administrative officer shall advise the governing authority or independently elected official in writing when total revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more. I noted a 8.13% unfavorable variance in the total revenues and other sources of the General Fund. Although the amount is not material, it could have been and illustrates the need to more closely monitor this area in the future.

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

144881 OLD HAMBURG RD - NEW ORLEANS, LOUISIANA 70114
GASTON BERGAL, LOUISIANA, 70114

MEMBER OF THE
INSTITUTE OF CERTIFIED CPAs

MEMBER OF THE
AMERICAN INSTITUTE OF CPAs

PHONE (504) 835-1177

MANAGEMENT LETTER

July 26, 1998

To the Mayor and Board of Aldermen,
Village of Port Vincent, Louisiana

I have audited the general purpose financial statements of the Village of Port Vincent, Louisiana as of and for the year ended June 30, 1998, and have issued my report thereon dated July 28, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As part of my audit, I also issued a report dated July 15, 1998, on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.

During the course of my audit, I became aware of the following matters which represent immaterial deviations of compliance or suggestions for improving internal controls.

Suggestion #8-1: Last year, I recommended that the Village reconcile the Detailed Inventory of police equipment to the Village's fixed asset list. This was not done and I make this recommendation again.

Suggestion #8-2: Receivables which are greater than \$100 per customer comprised about 10% of the June 30, 1997 outstanding receivable balance in the Waterworks and Garage Funds and have grown to about 17% of the June 30, 1998 outstanding balances. Last year, I recommended that the Village adopt a policy to provide guidance on how to collect past due accounts. This was not done, and I make this recommendation again.

Suggestion #8-3: Excess funds had been received under the CORPFAST grant at the end of FY 87 because grant reimbursement requests were based on budgeted expenditures instead of actual expenditures, which were lower. Current year requests for reimbursements under this grant and under a TOWNSHIP grant from the same Federal agency were not filed because of lack of information on how to correct these errors. As of June 30, 1988, the Village has not requested \$8,000 that is due under these two grants. I recommend that the Village make it a high priority to get these grant requests filed as soon as possible.

I recommend management address the foregoing issues as an improvement to operations and the administration of public programs. I am available to further explain the suggestions or help implement the recommendations.

Sincerely,

Neil G. Ferreri

Neil G. Ferreri
Certified Public Accountant

NGF/law

Village of Port Vincent, Louisiana
Port Vincent, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 1998

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

98-1: There is no meaningful segregation of duties in some accounting areas.

Management's Action:

We concur with the auditor's perspective about this finding. He acknowledges the size and experience of our accounting staff prevented the Village from fully correcting this finding for fiscal year 1998. However, our plan now is to look for ways to have the deputy clerk assume jobs done by the clerk in the past to attain a more meaningful segregation of duties. This will be done as the deputy clerk gains the necessary experience to handle specific tasks.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

No findings.

SECTION III - MANAGEMENT LETTER

Suggestion
98-1:

The detailed inventory of police equipment should be reconciled to the Village's fixed asset list.

Management's Action:

The Chief of Police, Terry Farmer, has reviewed the inventory list of police equipment and has determined that all equipment listed is still in the possession of the police department. There are a few older items which are no longer in use and have been identified for write-off and disposal during fiscal year 1999.

MANAGEMENT'S CORRECTIVE ACTION PLAN - (continued)

SECTION III - MANAGEMENT LETTER - (continued)

Suggestion

88-2: The Village should adopt a policy to provide guidance on how to collect past due customer accounts for water and garbage service.

Management's

Action: The Board of Aldermen authorized the Village attorney to send out letters of collection to delinquent accounts. Some past due accounts were collected as a result of these letters. However, the majority of delinquent balances are the result of residents who have moved away without settling their accounts and without notification of leaving so that billing continued long after vacancy. Those accounts for which the collection letters were returned as undeliverable will probably be declared uncollectible and written off before the end of fiscal year 1992. The Board is trying to devise a better policy to address collection issues.

Suggestion

88-3: The Village has not filed for reimbursement of \$9,850 due from COMFAST and COMGROW grants.

Management's

Action: Reimbursement requests are being prepared for COMFAST and COMGROW grant funds due to the Village.

There were numerous delays in making contact with the correct person to obtain the information and required method to make these corrections, but this information has now been obtained.

If you have any questions about management's corrective action plan contact Mayor Peggy Sawyer at (325) 898-9891.