

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

99001033

2374

VILLAGE OF FLORIEN
ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 1998

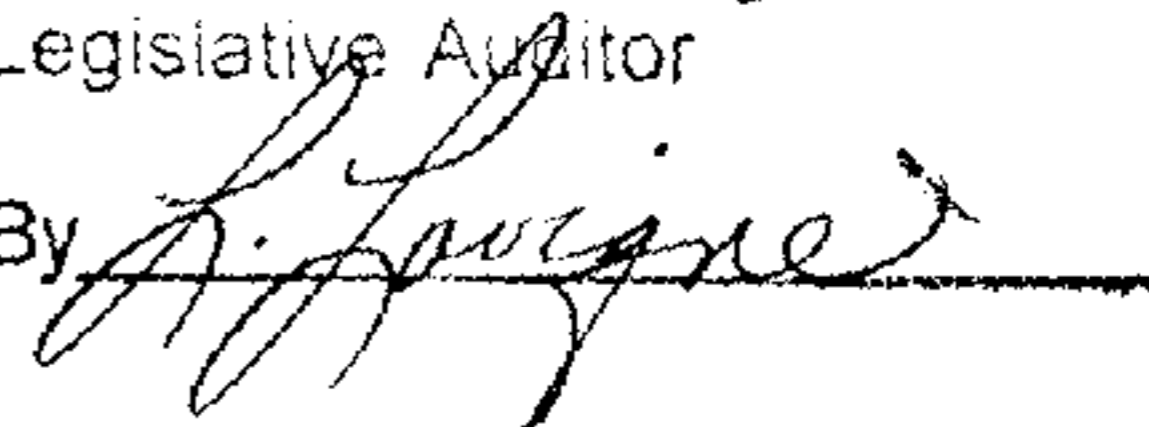
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate,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

MAR 3 1 1999

Release Date _____

Receipt Acknowledged
Legislative Auditor

By



C O N T E N T S

	Statement	Schedule	Page(s)
INDEPENDENT AUDITOR'S REPORT			1-2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)			3
Balance sheet - all fund types and account group	A		4
Statement of revenues, expenditures, and changes in fund balances - all governmental fund types	B		5
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual - all governmental fund types	C		6
Statement of revenues, expenses, and changes in retained earnings - proprietary fund type	D		7
Statement of cash flows - proprietary fund type	E		8-9
Notes to financial statements			10-22
SUPPLEMENTAL INFORMATION SCHEDULES			23
General Fund:			24
Balance sheet		1	25
Schedule of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual		2	26
Schedule of revenues compared to budget (GAAP basis)		3	27
Schedule of expenditures compared to budget (GAAP basis)		4	28-29
Special Revenue Fund:			30
Sales tax fund - Balance sheet		5	31
Schedule of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual		6	32

C O N T E N T S

	Exhibit	Schedule	Page(s)
Enterprise Fund:			33
Balance sheet		7	34-35
Schedule of revenues, expenses, and changes in retained earnings (deficit)		8	36
Schedule of cash flows		9	37-38
General Fixed Assets Account Group:			39
Schedule of general fixed assets		10	40
Schedule of changes in general fixed assets		11	41
Schedule of Compensation Paid Aldermen		12	42
Schedule of Prior year Audit Findings		13	43
Schedule of Expenditures of Federal Awards		14	44
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"			45-46
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133			47-48
Schedule of Findings and Questioned Costs		15	49-50

John A. Windham, CPA

A Professional Corporation

1620 North Pine St.
DeRidder, LA 70634
Tel. (318) 462-3211
Fax. (318) 462-0640

John A. Windham, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Rodney Jordan, Mayor
and the Members of the Board of Aldermen
Village of Florien, Louisiana

I have audited the accompanying general purpose financial statements of the Village of Florien, Louisiana, as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Florien, Louisiana, 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 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 Florien, Louisiana, as of September 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued my report dated February 8, 1999 on my consideration of the Village of Florien's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and

The Honorable Rodney Jordan, Mayor
and the Members of the Board of Aldermen
Village of Florien, Louisiana
Page 2

are not a required part of the general purpose financial statements of the Village of Florien, Louisiana. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS, and is also not a required part of the general purpose financial statements of the Village of Florien, 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.



DeRidder, Louisiana
February 8, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF FLORIEN

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
September 30, 1998

ASSETS	Governmental Fund Types	
	<u>General</u>	<u>Special Revenue</u>
Cash and cash equivalents	\$ 8,215	\$ 15,656
Receivables -		
Accounts	1,919	---
Sales taxes	---	7,609
Franchise taxes	1,276	---
Grants	---	---
Due from other funds	---	---
Due from other governmental units	847	---
Prepaid expenditures/expenses	1,846	456
Utility deposits	50	---
Restricted assets -		
Cash and cash equivalents	---	---
Customers' deposits - cash	---	---
Property, plant, and equipment, net	---	---
	<u>\$ 14,153</u>	<u>\$ 23,721</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 2,438	\$ 2,857
Contracts payable	---	---
Accrued salaries payable	5,613	1,514
Payroll taxes payable	1,467	286
Payable from restricted assets -		
Customers' deposits	---	---
Due to other funds	<u>6,681</u>	<u>---</u>
	<u>\$ 16,199</u>	<u>\$ 4,657</u>
Fund equity:		
Contributed capital	\$ ---	\$ ---
Investment in general fixed assets	---	---
Retained earnings (deficit) -		
Reserved	---	---
Unreserved	---	---
Fund balances -		
Unreserved -undesignated	<u>(2,046)</u>	<u>19,064</u>
Total fund equity	<u>\$ (2,046)</u>	<u>\$ 19,064</u>
	<u>\$ 14,153</u>	<u>\$ 23,721</u>

Statement A

<u>Proprietary Fund Type Enterprise</u>	<u>Account Group General Fixed Assets</u>	<u>Totals (Memorandum Only)</u>
\$ 5,967	\$ ---	\$ 29,838
14,199	---	16,118
---	---	7,609
---	---	1,276
40,398	---	40,398
6,681	---	6,681
948	---	1,795
1,989	---	4,291
567	---	617
16,367	---	16,367
15,694	---	15,694
<u>1,762,613</u>	<u>358,828</u>	<u>2,121,441</u>
<u>\$1,865,423</u>	<u>\$ 358,828</u>	<u>\$2,262,125</u>
\$ 7,727	\$ ---	\$ 13,022
40,399	---	40,399
2,677	---	9,804
1,100	---	2,853
14,435	---	14,435
---	---	6,681
<u>\$ 66,338</u>	<u>\$ ---</u>	<u>\$ 87,194</u>
\$1,874,077	\$ ---	\$1,874,077
---	358,828	358,828
17,626	---	17,626
(92,618)	---	(92,618)
---	---	17,018
<u>\$1,799,085</u>	<u>\$ 358,828</u>	<u>\$2,174,931</u>
<u>\$1,865,423</u>	<u>\$ 358,828</u>	<u>\$2,262,125</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FLORIEN

Statement B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended September 30, 1998

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Revenues:			
Taxes	\$ 41,209	\$ 69,550	\$ 110,759
Licenses and permit	18,134	---	18,134
Intergovernmental	7,168	10,000	17,168
Charges for services	20,154	4,716	24,870
Fines and forfeits	29,219	---	29,219
Use of money and property	203	347	550
Miscellaneous	2,488	930	3,418
Total revenues	<u>\$ 118,575</u>	<u>\$ 85,543</u>	<u>\$ 204,118</u>
Expenditures:			
General government	\$ 74,694	\$ ---	\$ 74,694
Public safety	38,557	---	38,557
Public works	20,329	92,488	112,817
Total expenditures	<u>\$ 133,580</u>	<u>\$ 92,488</u>	<u>\$ 226,068</u>
Excess (deficiency) of revenues over expenditures	\$ (15,005)	\$ (6,945)	\$ (21,950)
Other financing sources: Transfers in	<u>\$ 7,000</u>	<u>\$ ---</u>	<u>\$ 7,000</u>
Excess (deficiency) of revenues over expenditures and other sources	\$ (8,005)	\$ (6,945)	\$ (14,950)
Fund balances, beginning	11,507	26,009	37,516
Prior period adjustment	<u>(5,548)</u>	<u>---</u>	<u>(5,548)</u>
Fund balances, ending	<u>\$ (2,046)</u>	<u>\$ 19,064</u>	<u>\$ 17,018</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FLORIEN
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 45,600	\$ 41,209	\$ (4,391)
Licenses and permits	20,000	18,134	(1,866)
Intergovernmental	3,700	7,168	3,468
Charges for services	20,000	20,154	154
Fines and forfeits	45,500	29,219	(16,281)
Use of money and property	---	203	203
Miscellaneous	<u>3,400</u>	<u>2,488</u>	<u>(912)</u>
Total revenues	<u>\$ 138,200</u>	<u>\$ 118,575</u>	<u>\$ (19,625)</u>
Expenditures:			
General government	\$ 77,500	\$ 74,694	\$ 2,806
Public safety	45,500	38,557	6,943
Public works	<u>20,000</u>	<u>20,329</u>	<u>(329)</u>
Total expenditures	<u>\$ 143,000</u>	<u>\$ 133,580</u>	<u>\$ 9,420</u>
Excess (deficiency) of revenues over expenditures	\$ (4,800)	\$ (15,005)	\$ (10,205)
Other financing sources:			
Transfers in	<u>\$ ---</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>
Excess (deficiency) of revenues over expenditures and other sources	\$ (4,800)	\$ (8,005)	\$ (3,205)
Fund balance, beginning	11,507	11,507	---
Prior period adjustment	<u>---</u>	<u>(5,548)</u>	<u>(5,548)</u>
Fund balance, ending	<u>\$ 6,707</u>	<u>\$ (2,046)</u>	<u>\$ (8,753)</u>

Statement C

Special Revenue Fund Type			Totals (Memorandum) Only		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
\$ 100,000	\$ 69,550	\$ (30,450)	\$145,600	\$110,759	\$ (34,841)
---	---	---	20,000	18,134	(1,866)
4,800	4,716	(84)	24,800	24,870	70
---	10,000	10,000	3,700	17,168	13,468
---	---	---	45,500	29,219	(16,281)
---	347	347	---	550	550
---	930	930	3,400	3,418	18
<u>\$ 104,800</u>	<u>\$ 85,543</u>	<u>\$ (19,257)</u>	<u>\$243,000</u>	<u>\$204,118</u>	<u>\$ (38,882)</u>
\$ ---	\$ ---	\$ ---	\$ 77,500	\$ 74,694	\$ 2,806
---	---	---	45,500	38,557	6,943
<u>95,000</u>	<u>92,488</u>	<u>2,512</u>	<u>115,000</u>	<u>112,817</u>	<u>2,183</u>
<u>\$ 95,000</u>	<u>\$ 92,488</u>	<u>\$ 2,512</u>	<u>\$238,000</u>	<u>\$226,068</u>	<u>\$ 11,932</u>
\$ 9,800	\$ (6,945)	\$ (16,745)	\$ 5,000	\$(21,950)	\$ (26,950)
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>
\$ 9,800	\$ (6,945)	\$ (16,745)	\$ 5,000	\$(14,950)	\$ (19,950)
26,009	26,009	---	37,516	37,516	---
<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(5,548)</u>	<u>(5,548)</u>
<u>\$ 35,809</u>	<u>\$ 19,064</u>	<u>\$ (16,745)</u>	<u>\$ 42,516</u>	<u>\$ 17,018</u>	<u>\$ (25,498)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FLORIEN

Statement D

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS - PROPRIETARY FUND TYPE
 Year Ended September 30, 1998

	<u>Enterprise</u>
Operating revenues:	
Charges for services	<u>\$ 127,553</u>
Operating expenses:	
Personal services	\$ 32,787
Supplies	6,924
Cost of water	58,812
Other services and charges	13,018
Heat, light, and power	3,016
Depreciation	<u>32,425</u>
Total operating expenses	<u>\$ 146,982</u>
Operating income (loss)	<u>\$ (19,429)</u>
Non-operating revenues (expenses):	
Interest income	<u>\$ 958</u>
Net income (loss) before operating transfers	\$ (18,471)
Operating transfers out	<u>(7,000)</u>
Net income (loss)	\$ (25,417)
Retained earnings, (deficit), beginning	(55,069)
Prior period adjustment	<u>5,548</u>
Retained earnings, (deficit), ending	<u>\$ (74,992)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FLORIEN

Statement E

STATEMENT OF CASH FLOWS
Year Ended September 30, 1998

	<u>Enterprise</u>
Cash flows from operating activities:	
Cash received from customers	\$ 119,856
Cash payments to suppliers for goods and services	(82,759)
Cash payments for employee services and employee related benefits	<u>(31,136)</u>
Net cash provided by operating activities	<u>\$ 5,961</u>
Cash flows from noncapital financing activities:	
Operating transfers in (out)	<u>\$ (7,000)</u>
Net cash (used) for noncapital financing activities	<u>\$ (7,000)</u>
Cash flows from capital and related financing activities:	
Construction grants received	\$ 622,046
Acquisition and construction of capital assets	<u>(625,374)</u>
Net cash used for capital and related financing activities	<u>\$ (3,328)</u>
Cash flows from investing activities:	
Interest on cash management activities	<u>\$ 958</u>
Net increase in cash and cash equivalents	\$ (3,409)
Cash and cash equivalents, beginning of year	<u>41,437</u>
Cash and cash equivalents, end of year	<u>\$ 38,028</u>

(Continued)

The accompanying notes are an integral part of this statement.

VILLAGE OF FLORIEN

Statement E

STATEMENT OF CASH FLOWS
Year Ended September 30, 1998

RECONCILIATION OF OPERATING
LOSS TO NET CASH PROVIDED BY
OPERATING ACTIVITIES

Enterprise

Operating income (loss)	\$ <u>(19,430)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	\$ 32,425
Changes in assets & liabilities	
Increase in accounts receivable	\$ (8,182)
Increase in prepaid insurance	(1,989)
Increase in accounts payable	1,154
Decrease in sales tax payable	(154)
Increase in salaries payable	824
Increase in payroll taxes payable	828
Increase in customer deposits	485
Total adjustments	<u>\$ 25,391</u>
Net cash provided by operating activities	\$ <u>5,961</u>

(Concluded)

The accompanying notes are an integral part of this statement.

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended September 30, 1998

INTRODUCTION

The Village of Florien was incorporated in 1959 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Village of Florien conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The Village maintains a general fund that provides police protection and garbage collection, for its citizens, a sales tax fund that provides for repairs and maintenance of approximately 12 miles of roads and streets, and an enterprise fund that provides water and sewer services to approximately 320 residents.

The Village is located within Sabine Parish in the southwestern part of the State of Louisiana and is comprised of approximately 700 residents. The governing board is composed of three elected aldermen that are compensated for the regular and special board meetings they attend. There are eight employees which maintain the water and sewer systems and provide police protection and garbage collection for the Village.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Village of Florien is considered a separate financial reporting entity. The Village of Florien, which is the primary government, does not have (a) organizations for which the primary government is financially accountable, and (b) other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete; therefore the Village is also the financial reporting entity.

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. FUND ACCOUNTING

The municipality uses funds and account groups to report on 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 government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, 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.

Funds of the municipality 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 Fund

The governmental funds are used to account for all or most of the municipality's general activities, including the acquisition or construction of general fixed assets. The governmental funds include:

1. General Fund - the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Funds

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

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Proprietary Funds include:

1. Enterprise funds - account for operations (a) 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 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.

C. 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 the funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income and gross receipts are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Ad valorem taxes are assessed for the calendar year on November 15 of each year and become delinquent on January 1. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

D. BUDGET

The primary government municipality uses the following budget practices:

1. The Village Treasurer prepares a proposed budget and submits same to the Mayor and Board of Aldermen.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. 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 Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the general fund and special revenue fund are adopted on a basis consistent with generally

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

E. ENCUMBRANCES

The Village of Florien does not use encumbrance accounting.

F. CASH AND CASH EQUIVALENTS
AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

G. SHORT-TERM INTERFUND
RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

H. INVENTORIES

The Village of Florien does not maintain an inventory. Purchases are made as needed for repair and maintenance and replacement of existing equipment.

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. PREPAID ITEMS

Prepaid amounts consist of insurance policy premiums paid in advance.

J. RESTRICTED ASSETS

Certain resources set aside for the replacement and extension of the waste water system along with deposits made by customers for the water and sewer systems are classified as restricted assets on the balance sheet because their use is limited.

K. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight line method and useful lives as follows:

Water Utility - Storage tanks, lines, and meters	5-20 years
Other equipment	5-10 years
Sewer Utility - Distribution system	50 years
Other equipment	5-10 years

L. LEAVE POLICY

The Village allows employees to accumulate up to ten days of sick leave per year. The vacation leave policy allows for one week of vacation after one year of employment and two weeks of vacation after two or more years of employment. Neither sick leave or vacation leave is compensated for if not used. The Village has no obligation to pay any other employee benefits.

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

M. LONG-TERM OBLIGATIONS

The Village of Florien has no long-term obligations as of September 30, 1998.

N. FUND EQUITY

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves

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

Designated Fund Balances

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

O. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers.

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

P. SALES TAXES

The Village of Florien receives a sales tax which is dedicated to the general maintenance of streets.

Q. 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.

R. BAD DEBTS

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

2. FUND DEFICITS

The following individual fund had a deficit in its unreserved retained earnings at June 30, 1998:

<u>Fund</u>	<u>Deficit Amount</u>
Utility Fund	\$ <u>92,618</u>

The retained deficits in the enterprise funds arises because of the application of generally accepted accounting principles of financial reporting for such funds. Depreciation, a non-cash expense, contributes to the deficit. Even though the retained deficit exists, the utility fund had an overall fund equity of \$1,799,085 at September 30, 1998. The Board of Aldermen will raise user fees to reduce the retained deficit, when needed.

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Village taxes:			
General street maintenance	7.27	7.27	Annual Renewal

4. CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at September 30, 1998:

	<u>Primary Government</u>
Certificate of deposit	\$ 5,548
Money market accounts	28,670
Savings account	5,570
Interest-bearing demand deposits	4,576
Non-interest bearing demand deposits	17,316
Petty cash	<u>219</u>
Total	<u>\$ 61,899</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 September 30, 1998, the primary government had \$87,425 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance.

5. INVESTMENTS

The Village of Florien had no investments as of September 30, 1998.

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. RECEIVABLES

The following is a summary of receivables for September 30, 1998:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>
Taxes:			
Franchise taxes	\$ 1,276	\$ ---	\$ ---
Sales taxes	---	7,609	---
Tobacco taxes	847	---	---
Utility billing:			
Accounts	---	---	14,199
Sanitation	<u>1,919</u>	<u>---</u>	<u>---</u>
Total	<u>\$ 4,042</u>	<u>\$ 7,609</u>	<u>\$ 14,199</u>

7. FIXED ASSETS

The changes in general fixed assets follow:

	<u>Balance September 30, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 1998</u>
Land	\$ 47,500	\$ ---	\$ ---	\$ 47,500
Vehicles	36,440	---	---	36,440
Equipment	<u>272,849</u>	<u>2,039</u>	<u>---</u>	<u>274,888</u>
Total	<u>\$ 356,789</u>	<u>\$ 2,039</u>	<u>\$ ---</u>	<u>\$ 358,828</u>

A summary of proprietary property, plant and equipment follows:

	<u>Enterprise Funds</u>
Gas System	
Land	\$ 16,850
Distribution system and plant	1,360,028
Other equipment	56,863
Vehicles	5,024
Construction in progress	<u>686,599</u>
Total	<u>\$ 2,125,364</u>
Less accumulated depreciation	<u>(362,751)</u>
Net	<u>\$ 1,762,613</u>

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 1998:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>
Withholdings	\$ 1,467	\$ 286	\$ 1,100
Accounts	2,438	2,857	7,727
Contracts	---	---	40,399
Customer deposits	<u>6,681</u>	<u>---</u>	<u>---</u>
Total	<u>\$ 10,586</u>	<u>\$ 3,143</u>	<u>\$ 49,226</u>

9. LEASES

The Village of Florien had no leases as of September 30, 1998.

10. DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at September 30, 1998, are as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ ---	\$ 6,681
Proprietary Funds:		
Utility fund	<u>6,681</u>	<u>---</u>
Total	<u>\$ 6,681</u>	<u>6,681</u>

11. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at September 30, 1998, consisted of the following:

Tobacco taxes due from the State of Louisiana	\$ 847
Village of Fisher	<u>948</u>

12. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets were applicable to the following at September 30, 1998:

Wastewater treatment account	\$ 16,367
Customers' deposits	<u>15,694</u>
Total	<u>\$ 32,061</u>

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

13. RESERVED RETAINED EARNINGS

The Proprietary Fund - Utility Fund has reserved retained earnings available as follows:

Restricted assets:	
Replacement and extension account	\$ 16,367
Customers' deposits	<u>15,694</u>
Total	<u>\$ 32,061</u>
Less:	
Liabilities payable from restricted assets:	
Customers' deposits	<u>\$ 14,435</u>
Reserved retained earnings	<u>\$ 17,626</u>

14. CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital:

	<u>Water Utility Fund</u>
Balance at September 30, 1997	\$ 1,252,031
Additions:	
Community Development Block Grant	<u>622,046</u>
Balance at September 30, 1998	<u>\$ 1,874,077</u>

15. YEAR 2000 ISSUE - (Y2K)

The Village of Florien has its water billing computerized. The Village's water billing program will be updated to handle the Y2K issue by the manufacturer of the software.

The Village expects the water billing system ledger program changes that will be Y2K compliant to be made by the manufacturer during the upcoming fiscal year.

16. PRIOR PERIOD ADJUSTMENT

The predecessor auditor had misclassified a utility fund certificate of deposit in the amount of \$5,548 on the September 30, 1997 financial statements. The certificate of deposit was incorrectly shown on the balance sheet of the

VILLAGE OF FLORIEN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

16. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

general fund instead of the utility fund. There classification has been made to this year's September 30, 1998 balance sheet by posting a prior period adjustment to the two funds affected.

17. CDBG FUNDS

The Village of Florien participates in the Community Development Block Grant Program (CDBG). The current grant began in the 1996/1997 fiscal year ended September 30, 1997. As of September 30, 1997 the Village had received and expended \$74,700 in CDBG funds. The predecessor auditor failed to record the receipt and expense of this \$74,700 in grant funds. I have included in my audit the receipt and expense of this prior year grant money. This adjustment has the effect of increasing both the construction in progress and contributed capital accounts, both of which are accounted for in the utility fund. Due to the fact that the project was still in progress as of September 30, 1997 there would have been no effect on the determination of net income in the prior year audit report.

SUPPLEMENTAL INFORMATION SCHEDULES

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VILLAGE OF FLORIEN
GENERAL FUND

Schedule 1

BALANCE SHEET
September 30, 1998

ASSETS	<u>1998</u>
Cash and cash equivalents	\$ 8,215
Accounts receivable:	
Franchise tax	1,276
Sanitation	1,919
Due from other governmental units -	
Tobacco taxes	847
Prepaid insurance	1,846
Utility deposits	<u>50</u>
Total assets	<u>\$ 14,153</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 2,438
Accrued salaries payable	5,613
Payroll taxes payable	1,467
Due to other funds	<u>6,681</u>
Total liabilities	<u>\$ 16,199</u>
Fund balance:	
Unreserved - undesignated	<u>\$ (2,046)</u>
Total liabilities and fund balance	<u>\$ 14,153</u>

VILLAGE OF FLORIEN
GENERAL FUND

Schedule 2

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 45,600	\$ 41,209	\$ (4,391)
Licenses and permits	20,000	18,134	(1,866)
Intergovernmental	3,700	7,168	3,468
Charges for services	20,000	20,154	154
Fines and forfeits	45,500	29,219	(16,281)
Use of money and property	---	203	203
Miscellaneous	<u>3,400</u>	<u>2,488</u>	<u>(912)</u>
Total revenues	<u>\$ 138,200</u>	<u>\$ 118,575</u>	<u>\$ (19,625)</u>
Expenditures:			
General government	\$ 77,500	\$ 74,694	\$ 2,806
Public safety	45,500	38,557	6,943
Public works	<u>20,000</u>	<u>20,329</u>	<u>(329)</u>
Total expenditures	<u>\$ 143,000</u>	<u>\$ 133,580</u>	<u>\$ 9,420</u>
Excess (deficiency) of revenues over expenditures	\$ (4,800)	\$ (15,005)	\$ (10,205)
Other financing sources:			
Transfers in	<u>\$ ---</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>
Excess (deficiency) of revenues over expenditures and other sources	\$ (4,800)	\$ (8,005)	\$ (3,205)
Fund balance, beginning	11,507	11,507	---
Prior period adjustment	<u>---</u>	<u>(5,548)</u>	<u>(5,548)</u>
Fund balance, ending	<u>\$ 6,707</u>	<u>\$ (2,046)</u>	<u>\$ (8,753)</u>

VILLAGE OF FLORIEN
GENERAL FUND

Schedule 3

SCHEDULE OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Taxes:			
Franchise	\$ 15,600	\$ 13,522	\$ (2,078)
Ad valorem taxes	<u>30,000</u>	<u>27,687</u>	<u>(2,313)</u>
Total taxes	<u>\$ 45,600</u>	<u>\$ 41,209</u>	<u>\$ (4,391)</u>
Licenses and permits:			
Occupational	<u>\$ 20,000</u>	<u>\$ 18,134</u>	<u>\$ (1,866)</u>
Intergovernmental:			
Tobacco taxes	\$ 3,700	\$ 3,385	\$ (315)
State grant in aid	<u>---</u>	<u>3,783</u>	<u>3,783</u>
Total inter- governmental	<u>\$ 3,700</u>	<u>\$ 7,168</u>	<u>\$ 3,468</u>
Charges for services:			
Sanitation	<u>\$ 20,000</u>	<u>\$ 20,154</u>	<u>\$ 154</u>
Fines and forfeits:			
Traffic fines	<u>\$ 45,500</u>	<u>\$ 29,219</u>	<u>\$ (16,281)</u>
Use of money and property:			
Interest earned	\$ ---	\$ 53	\$ 53
Rent	<u>---</u>	<u>150</u>	<u>150</u>
Total use of money and property	<u>\$ ---</u>	<u>\$ 203</u>	<u>\$ 203</u>
Miscellaneous:			
Other revenues	3,400	2,205	(1,195)
Tax collection fee	<u>\$ ---</u>	<u>\$ 283</u>	<u>\$ 283</u>
Total miscellaneous	<u>\$ 3,400</u>	<u>\$ 2,488</u>	<u>\$ (912)</u>
Total revenues	<u>\$ 138,200</u>	<u>\$ 118,575</u>	<u>\$ (19,625)</u>

VILLAGE OF FLORIEN
GENERAL FUND

Schedule 4

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
General government:			
Personal services	\$	\$ 42,528	\$
Dues		Individual 665	
Utilities & telephones		line items 5,603	
Office expenditures		not budgeted 4,488	
Legal and advertising		1,848	
Professional fees		1,675	
Insurance		10,664	
Maintenance		5,184	
Capital outlay		<u>2,039</u>	
Total general government	<u>\$ 77,500</u>	<u>\$ 74,694</u>	<u>\$ 2,806</u>
Public safety:			
Police -			
Personal services	\$	\$ 26,527	\$
Supplies & fuel		2,449	
Insurance		4,310	
Telephone		1,454	
Maintenance		2,319	
Uniforms		298	
Collection fees		<u>1,200</u>	
Total public safety	<u>\$ 45,500</u>	<u>\$ 38,557</u>	<u>\$ 6,943</u>
Public Works:			
Sanitation			
Personal services	\$	\$ 14,113	\$
Insurance		3,046	
Supples & fuel		897	
Maintenance		<u>2,273</u>	
Total public works	<u>\$ 20,000</u>	<u>\$ 20,329</u>	<u>\$ (329)</u>
Total expenditures	<u>\$ 143,000</u>	<u>\$ 133,580</u>	<u>\$ 9,420</u>

(Continued)

VILLAGE OF FLORIEN
GENERAL FUND

Schedule 4

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Excess (deficiency) of revenues over expenditures	\$ (4,800)	\$ (15,005)	\$ (10,205)
Other financing sources: Transfers in	<u>\$ ---</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>
Excess (deficiency) of revenues over expenditures and other sources	\$ (4,800)	\$ (8,005)	\$ (3,205)
Fund balance, beginning	11,507	11,507	---
Prior period adjustment	<u>---</u>	<u>(5,548)</u>	<u>(5,548)</u>
Fund balance, ending	<u>\$ 6,707</u>	<u>\$ (2,046)</u>	<u>\$ (8,753)</u>

(Concluded)

SPECIAL REVENUE FUND

Sales Tax Fund - To account for the receipt and use of proceeds of the Village's sales and use tax. These taxes are dedicated to expenditures for the improvement of roads, streets, water treatment, and general improvements and maintenance of public facilities of the Village.

VILLAGE OF FLORIEN
SPECIAL REVENUE FUND
SALES TAX FUND

Schedule 5

BALANCE SHEET
September 30, 1998

ASSETS

Cash and cash equivalents	\$ 15,656
Sales tax receivable	7,609
Prepaid insurance	<u>456</u>
Total assets	<u>\$ 23,721</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	2,857
Accrued salaries payable	1,514
Payroll taxes payable	<u>\$ 286</u>

Total liabilities	<u>\$ 4,657</u>
-------------------	-----------------

Fund balance:

Unreserved - undesignated	<u>\$ 19,064</u>
---------------------------	------------------

Total liabilities and fund balance	<u>\$ 23,721</u>
---------------------------------------	------------------

VILLAGE OF FLORIEN
SALES TAX FUND

Schedule 6

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended September 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 100,000	\$ 69,550	\$ (30,450)
Intergovernmental	---	10,000	10,000
Charges for services	4,800	4,716	(84)
Use of money and property	---	347	347
Miscellaneous	---	930	930
Total revenues	<u>\$ 104,800</u>	<u>\$ 85,543</u>	<u>\$ (19,257)</u>
Expenditures:			
Public works:			
Highway and streets			
Personal services	\$	\$ 26,156	\$
Commissions		Individual 1,236	
Utilities		line items 11,042	
Office expenditures		not budgeted 3,825	
Legal and professional fees		9,345	
Insurance		5,726	
Fuel		2,365	
Maintenance		4,822	
Capital outlay		<u>14,171</u>	
Total highways and streets	<u>\$ 81,200</u>	<u>\$ 78,688</u>	<u>\$ 2,512</u>
Sanitation			
Collection fees	<u>13,800</u>	<u>13,800</u>	<u>---</u>
Total public works	<u>\$ 95,000</u>	<u>\$ 92,488</u>	<u>\$ 2,512</u>
Total expenditures	<u>\$ 95,000</u>	<u>\$ 92,488</u>	<u>\$ 2,512</u>
Excess (deficiency) of revenues over expenditures	\$ 9,800	\$ (6,945)	\$ (16,745)
Fund balance, beginning	<u>26,009</u>	<u>26,009</u>	<u>---</u>

ENTERPRISE FUNDS

Utility Fund -- To account for the provision of water and sewer services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF FLORIEN
ENTERPRISE FUND

Schedule 7

BALANCE SHEET
September 30, 1998

ASSETS

Current assets:

Cash and cash equivalents	\$	5,967
Accounts receivable		14,199
LCDBG grant receivable		40,398
Due from other governmental units - Village of Fisher		948
Due from other funds		6,681
Prepaid insurance		1,989
Utility deposits		<u>567</u>
Total current assets	\$	<u>70,749</u>

Restricted assets:

Wastewater and Wastewater Improvement account		
Cash and cash equivalents	\$	16,367
Customers' meter deposits - Cash and cash equivalents		<u>15,694</u>
Total restricted assets	\$	<u>32,061</u>

Fixed assets:

Property, plant, and equipment; at cost, net of accumulated depreciation		\$1,076,014
Construction in progress		<u>686,599</u>
Total fixed assets		<u>\$1,762,613</u>
Total assets		<u>\$1,865,423</u>

VILLAGE OF FLORIEN
ENTERPRISE FUND

Schedule 7

BALANCE SHEET
September 30, 1998

LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities (payable
from current assets):

Accounts payable	\$ 7,727
Contracts payable	40,399
Salaries payable	2,677
Payroll taxes payable	<u>1,100</u>

Total current liabilities (payable from current assets)	<u>\$ 51,903</u>
--	------------------

Current liabilities (payable
from restricted assets):

Customers' deposits	<u>\$ 14,435</u>
---------------------	------------------

Total liabilities	<u>\$ 66,338</u>
-------------------	------------------

Fund equity:

Contributed capital	<u>\$1,874,077</u>
---------------------	--------------------

Retained earnings (deficit) -

Reserved	\$ 17,626
Unreserved	<u>(92,618)</u>

Total retained earnings (deficit)	<u>\$ (74,992)</u>
--------------------------------------	--------------------

Total fund equity	<u>\$1,799,085</u>
-------------------	--------------------

Total liabilities and fund equity	<u>\$1,865,423</u>
--------------------------------------	--------------------

VILLAGE OF FLORIEN
ENTERPRISE FUND

Schedule 8

SCHEDULE OF REVENUES,
EXPENSES, AND CHANGES IN RETAINED EARNINGS (Deficit)
Year Ended September 30, 1998

Operating revenues:	
Charges for services	<u>\$ 127,553</u>
Operating expenses:	
Personal services	\$ 32,787
Supplies	6,924
Cost of water	58,812
Other services and charges	13,018
Heat, light, and power	3,016
Depreciation	<u>32,425</u>
Total operating expenses	<u>\$ 146,982</u>
Operating income (loss)	<u>\$ (19,429)</u>
Non-operating revenues (expenses):	
Interest income	<u>\$ 958</u>
Income (loss) before operating transfers	\$ (18,471)
Operating transfers (out)	<u>(7,000)</u>
Net income (loss)	\$ (25,471)
Retained earnings (deficit), beginning	(55,069)
Prior period adjustment	<u>5,548</u>
Retained earnings (deficit), ending	<u>\$ (74,992)</u>

VILLAGE OF FLORIEN
ENTERPRISE FUND

Schedule 9

SCHEDULE OF CASH FLOWS
Year Ended September 30, 1998

Cash flows from operating activities:	
Cash received from customers	\$ 119,856
Cash payments to suppliers for goods and services	(82,759)
Cash payments for employee services and employee related benefits	<u>(31,136)</u>
Net cash provided (used) by operating activities	<u>\$ 5,961</u>
Cash flows from noncapital financing activities:	
Operating transfers out	<u>\$ (7,000)</u>
Net cash provided (used) for noncapital financing activities	<u>\$ (7,000)</u>
Cash flows from capital and related financing activities:	
Construction grants received	\$ 622,046
Acquisition and construction of capital assets	<u>(625,374)</u>
Net cash used for capital and related financing activities	<u>\$ (3,328)</u>
Cash flows from investing activities:	
Interest on cash management activities	<u>\$ 958</u>
Net increase (decrease) in cash and cash equivalents	\$ (3,409)
Cash and cash equivalents, beginning of year	<u>41,437</u>
Cash and cash equivalents, end of year	<u>\$ 38,028</u>

VILLAGE OF FLORIEN
ENTERPRISE FUND

Schedule 9

SCHEDULE OF CASH FLOWS
Year Ended September 30, 1998

RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED BY
OPERATING ACTIVITIES

Operating income (loss)	\$ <u>(19,430)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	\$ 32,425
Changes in assets & liabilities	
Increase in accounts receivable	\$ (8,182)
Increase in prepaid insurance	(1,989)
Increase in accounts payable	1,154
Decrease in sales tax payable	(154)
Increase in salaries payable	824
Increase in payroll taxes payable	828
Increase in customer deposits	<u>485</u>
Total adjustments	\$ <u>25,391</u>
Net cash provided (used) by operating activities	\$ <u>5,961</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

VILLAGE OF FLORIEN

Schedule 10

SCHEDULE OF GENERAL FIXED ASSETS
September 30, 1998

General fixed assets, at cost:	
Land	\$ 47,500
Vehicles	36,440
Equipment	<u>274,888</u>
Total general fixed assets	<u>\$ 358,828</u>

VILLAGE OF FLORIEN

Schedule 11

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 Year Ended September 30, 1998

	<u>Land</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
General fixed assets, beginning	\$ 47,500	\$ 36,440	\$ 272,849	\$ 356,789
Additions	---	--	2,039	2,039
Deletion	<u>---</u>	<u>--</u>	<u>---</u>	<u>---</u>
General fixed assets, ending	<u>\$ 47,500</u>	<u>\$ 36,440</u>	<u>\$ 274,888</u>	<u>\$ 358,828</u>

VILLAGE OF FLORIEN

Schedule 12

SCHEDULE OF COMPENSATION PAID ALDERMEN
Year Ended September, 1998

ALDERMEN	<u>Compensation Paid</u>
Dan Devaney	\$ 1,200
Brad Williams	1,200
Sidney Lucius Jr.	<u>1,200</u>
	<u>\$ 3,600</u>

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year ended September 30, 1998

Prior Audit Findings

Audit Finding No. 1

Initial occurrence - September 30, 1997

Finding:

The audit report of the Village of Florien was not submitted to the State Legislative Auditor's office within six months after the close of the Village's fiscal year. This is a violation of LA. R. S. #24:513 (A) (5) (a).

Corrective action taken - Yes

VILLAGE OF FLORIEN

Schedule 14

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended September 30, 1998

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM TITLE	CFDA NUMBER	FEDERAL DISBURSEMENTS/ EXPENDITURES
<u>United States Department of Housing and Urban Development</u>		
Passed through State Division of Administration		
Community Development Block Grants/ State's Program (State Administered Small Cities Program)	14.228	\$ <u>622,046</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A-SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Village's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

John A. Windham, CPA

A Professional Corporation

1620 North Pine St.
DeRidder, LA 70634
Tel. (318) 462-3211
Fax. (318) 462-0640

John A. Windham, CPA

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

The Honorable Rodney Jordan, Mayor
and the Members of The Board of Aldermen
Village of Florien, Louisiana

I have audited the general purpose financial statements of the Village of Florien, Louisiana, as of and for the year ended September 30, 1998, and have issued my report thereon dated February 8, 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.

Compliance

As part of obtaining reasonable assurance about whether the Village of Florien, 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 management of the Village of Florien, Louisiana, in a separate letter dated February 8, 1999.

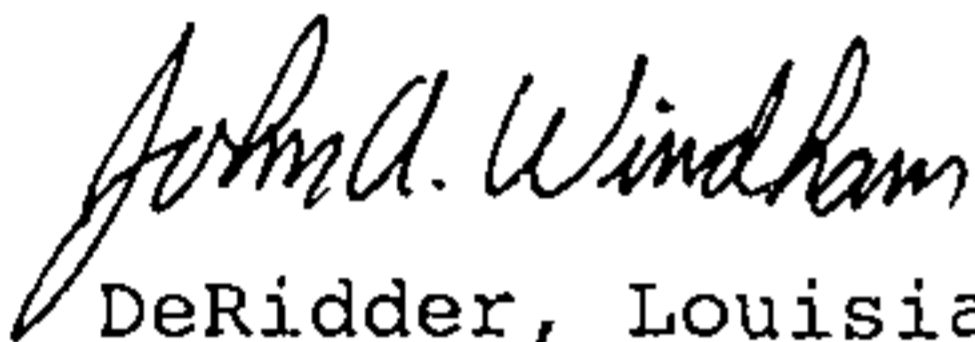
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Florien, 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over

The Honorable Rodney Jordan, Mayor
and the Members of The Board of Aldermen
Village of Florien, Louisiana
Page 2

financial reporting that might be material weaknesses. 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 general purpose 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management, the Board of Aldermen and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



DeRidder, Louisiana
February 8, 1999

John A. Windham, CPA

A Professional Corporation

1620 North Pine St.
DeRidder, LA 70634
Tel. (318) 462-3211
Fax. (318) 462-0640

John A. Windham, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Rodney Jordan, Mayor
and the Members of The Board of Aldermen
Village of Florien, Louisiana

Compliance

I have audited the compliance of the Village of Florien, Louisiana, with the types of compliance requirements described in the U.S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133 COMPLIANCE SUPPLEMENTAL that are applicable to each of its major federal programs for the year ended September 30, 1998. The Village of Florien, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village of Florien, Louisiana's management. My responsibility is to express an opinion on the Village of Florien, Louisiana's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Florien, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Village of Florien, Louisiana's compliance with those requirements.

In my opinion, the Village of Florien, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1998.

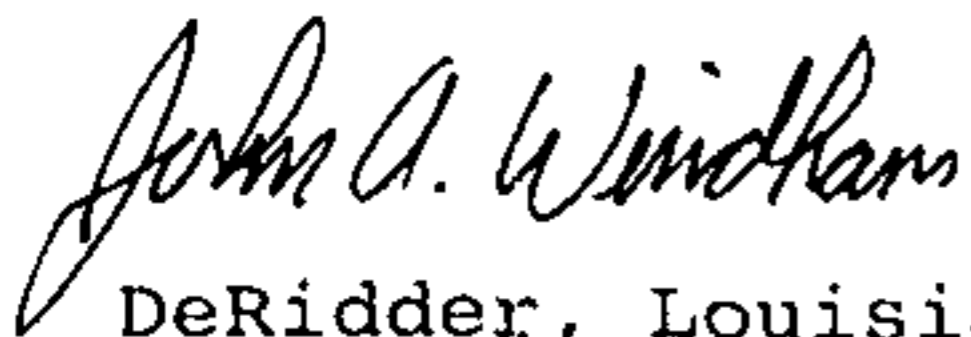
The Honorable Rodney Jordan, Mayor
and the Members of The Board of Aldermen
Village of Florien, Louisiana
Page 2

Internal Control Over Compliance

The management of the Village of Florien, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Village of Florien, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Aldermen, Legislative Auditor, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



DeRidder, Louisiana
February 8, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Village of Florien, Louisiana.
2. No reportable conditions relating to the audit of general purpose financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of the Village of Florien, Louisiana were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Village of Florien, Louisiana expresses an unqualified opinion.
6. The programs tested as major programs include:

Departments of Housing and Urban Development
Community Development Block Grant/State's Program
(State-Administered Small Cities Program)
CFDA No. 14.228

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
 Year Ended September 30, 1998

7. The threshold for distinguishing Types A and B programs was as follows:

DETERMINING TYPE A PROGRAMS

<u>If Total Federal Awards Expended Are:</u>	<u>A "Type A" Program Is Any Program with Federal Awards Expended of:</u>
\$300,000 to \$100 million	The larger of \$300,000 or 3% (.03) of total federal awards expended
\$100,000,001 to \$10 billion	The larger of \$3 million or .3% (.003) of total federal awards expended
Above \$10 billion	The larger of \$30 million or .15% (.0015) of total federal awards expended

DETERMINING "TYPE B" SMALL PROGRAM FLOOR

<u>If Total Federal Awards Expended Are:</u>	<u>A "Type B" Small Program Floor Applies to Any Program with Federal Awards Expended That Exceed:</u>
\$100 Million or less	The larger of \$100,000 or 3% (.03) of total federal awards expended
Above \$100 Million	The larger of \$300,000 or .03% (.003) of total federal awards expended

8. The Village of Florien, Louisiana was not determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL PROGRAMS AUDIT

None

John A. Windham, CPA

A Professional Corporation

1620 North Pine St.
DeRidder, LA 70634
Tel. (318) 462-3211
Fax. (318) 462-0640

John A. Windham, CPA

February 8, 1999

The Honorable Rodney Jordan, Mayor
and the Members of The Board of Aldermen
Village of Florien, Louisiana

In planning and performing my audit of the general purpose financial statements of the Village of Florien, Louisiana, for the year ended September 30, 1998, I considered its internal control structure 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 structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that in my judgement, could adversely affect the Village of Florien, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Other Comments and Recommendations

Budget

Finding:

The budget for the 97-98 fiscal year was not adopted until the October 1997 board meeting. According to the state budget act the budget should be adopted fifteen days prior to the beginning of the Village's new fiscal year.

Recommendation:

I recommend that the budget be adopted according to Louisiana Revised Statute 39:1305.

The statute states that the proposed budget shall be completed and submitted to the governing authority and made available for public inspection no later than fifteen days prior to the beginning of each fiscal year.

The Honorable Rodney Jordan, Mayor
and the Members of The Board of Aldermen
Village of Florien, Louisiana
Page 2

Management's response:

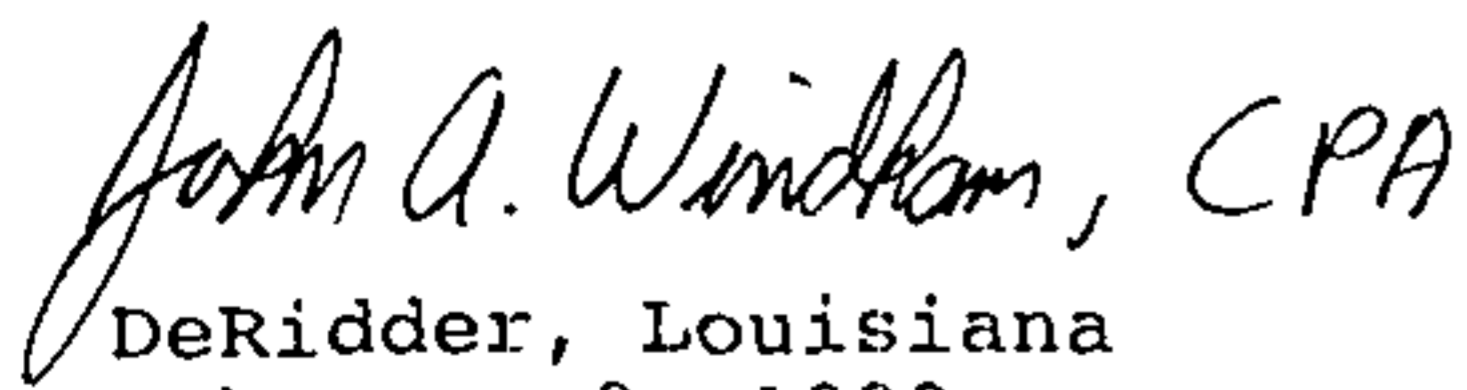
The Village's management was unaware of the time frame for adopting the budget. The Village will adopt the budget according to the state statute in the future.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in my audit of the September 30, 1998 general purpose financial statements, and this report does not affect my report on those general purpose financial statements dated February 8, 1999. I have not considered the internal control structure since the date of my report.

This report is intended solely for the information of management, and the Legislative Auditor. This restriction is not intended to limit distribution of this report, which is a matter of public record.


DeRidder, Louisiana
February 8, 1999

March 18, 1999

Mr. Daniel G. Kyle, CPA
Office of the Legislative Auditor
State of Louisiana

Ref: September 31, 1998 Audit Findings

Dear Mr. Kyle:

In response to the management letter I received at the conclusion of the village's annual audit, I offer the following:

Finding #1 - Compliance with "Louisiana Local Government Budget Act"

The Board of Aldermen did not realize that by law, the budget must be completed and submitted to the governing authority and made available for public inspection no later than fifteen days prior to the beginning of the fiscal year. We now have a copy of the budget act and plan on having the budgets timely completed and submitted in the future.

Sincerely,



Rodney Jordan
Mayor
Village of Florien