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VILLAGE OF DRY PRONG, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 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.

Release Date DEC 30 1998

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3-4
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet.....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balance -Budget (GAAP Basis) and Actual - General Fund	8
Combined Statement of Revenues, Expenditures and Changes in Retained Earnings - Proprietary Fund Type	9
Combined Statement of Cash Flows - Proprietary Fund Type	10
NOTES TO FINANCIAL STATEMENTS.....	11-18
SUPPLEMENTAL FINANCIAL INFORMATION	
General Fund - Schedule of Expenditures - Budget (GAAP Basis) and Actual	20
Enterprise Funds - Combining Balance Sheet	21
Enterprise Funds - Combining Statement of Revenues, Expenditures, and Changes in Retained Earnings	22
Schedule of Per Diem Paid to Board Members	23
SUPPLEMENTAL DATA	
Schedule of Findings and Questioned Cost.....	24
Management's Corrective Action Plan	25
Schedule of Prior Year Findings and Questioned Cost	26

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July 24, 1998

Independent Auditors' Report

To the Mayor and Board of Aldermen
Village of Dry Prong, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Dry Prong, 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. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

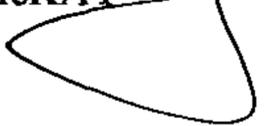
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Dry Prong, Louisiana, as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated July 24, 1998, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed 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 Dry Prong. Such information has been subjected to the auditing

procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Roziar Harrington & McKay
ROZIER, HARRINGTON & MCKAY
Certified Public Accountants 

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July 24, 1998

**INDEPENDENT AUDITORS' 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 Mayor
and the Board of Aldermen
Village of Dry Prong, Louisiana

We have audited the financial statements of the Village of Dry Prong, as of and for the year ended June 30, 1998, and have issued our report thereon dated July 24, 1998. We conducted our 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 Dry Prong's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Dry Prong's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned

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Village of Dry Prong

July 24, 1998

Page 2

functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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


ROZIER, HARRINGTON & McKay
Certified Public Accountants

VILLAGE OF DRY PRONG, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
For the year ended June 30, 1998

VILLAGE OF DRY PRONG
COMBINED BALANCE SHEET
All Fund Types and Account Groups
June 30, 1998

	Governmental Funds		Proprietary Funds		Account Groups		Totals (Memorandum Only)
	General	Capital Projects	Enterprise	General Fixed Assets			
Assets							
Cash and cash equivalents	\$ 64,716	100	\$ 13,359	\$ -	\$ -	\$ 78,175	
Receivables (net of allowance for doubtful accounts)	-	44,760	9,107	-	-	53,867	
Due from other funds	66,107	-	-	-	-	66,107	
Restricted cash and cash equivalents	-	-	28,263	-	-	28,263	
Property and equipment (net of accumulated depreciation)	-	-	1,321,431	201,644	-	1,523,075	
Total assets	\$ 130,823	\$ 44,860	\$ 1,372,160	\$ 201,644		\$ 1,749,487	
Liabilities and fund equity							
Liabilities:							
Accounts payable	\$ 3,436	\$ 44,760	\$ 375	\$ -	\$ -	\$ 48,571	
Due to other funds	-	-	66,107	-	-	66,107	
Meter deposits	-	-	7,903	-	-	7,903	
Accrued interest	-	-	5,838	-	-	5,838	
Certificate of indebtedness	-	-	8,446	-	-	8,446	
Revenue bonds	-	-	233,563	-	-	233,563	
Total liabilities	3,436	44,760	322,232	-	-	370,428	
Fund equity:							
Investment in general fixed assets	-	-	-	201,644	-	201,644	
Contributed capital	-	-	1,629,471	-	-	1,629,471	
Retained earnings:							
Reserved per bond agreement	-	-	28,263	-	-	28,263	
Unreserved	-	-	(607,806)	-	-	(607,806)	
Fund balance	127,387	100	-	-	-	127,487	
Total fund equity	127,387	100	1,049,928	201,644	-	1,379,059	
Total liabilities and fund equity	\$ 130,823	\$ 44,860	\$ 1,372,160	\$ 201,644	\$ -	\$ 1,749,487	

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DRY PRONG
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
All Governmental Fund Types
For the year ended June 30, 1998

	<u>General</u>	<u>Capital Projects</u>	<u>Memorandum Totals</u>
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 6,249	-	\$ 6,249
Franchise	10,034	-	10,034
Licenses and permits:			
Occupational licenses	23,344	-	23,344
Intergovernmental:			
Tobacco tax	2,055	-	2,055
Fire insurance rebate	4,313	-	4,313
Grant proceeds	-	72,630	72,630
Fines	72,945	-	72,945
Miscellaneous:			
Fire assessment	3,052	-	3,052
Other	6,148	-	6,148
Total revenues	<u>128,140</u>	<u>72,630</u>	<u>200,770</u>
<u>Expenditures:</u>			
General government	95,546	72,630	168,176
Public safety:			
Police department	22,014	-	22,014
Fire department	5,529	-	5,529
Total expenditures	<u>123,089</u>	<u>72,630</u>	<u>195,719</u>
Excess (deficiency) of revenues over expenditures	<u>5,051</u>	<u>-</u>	<u>5,051</u>
Other sources (uses)			
Operating transfers in	<u>-</u>	<u>100</u>	<u>100</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>5,051</u>	<u>100</u>	<u>5,151</u>
Fund balance - beginning of year	<u>122,336</u>	<u>-</u>	<u>122,336</u>
Fund balance - end of year	<u>\$ 127,387</u>	<u>100</u>	<u>\$ 127,487</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DRY PRONG
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
General Fund
For the year ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Ad valorem	\$ 6,000	\$ 6,249	\$ 249
Franchise	13,000	10,034	(2,966)
Licenses and permits:			
Occupational licenses	18,000	23,344	5,344
Intergovernmental:			
Tobacco tax	1,600	2,055	455
Fire insurance rebate	4,000	4,313	313
Fines	65,000	72,945	7,945
Miscellaneous:			
Fire assessment	2,000	3,052	1,052
Other	5,000	6,148	1,148
Total revenues	<u>114,600</u>	<u>128,140</u>	<u>13,540</u>
Expenditures:			
General government	87,000	95,546	(8,546)
Public safety:			
Police department	23,000	22,014	986
Fire department	9,000	5,529	3,471
Total expenditures	<u>119,000</u>	<u>123,089</u>	<u>(4,089)</u>
Excess (deficiency) of revenues over expenditures	(4,400)	5,051	9,451
Fund balance - beginning of year	<u>122,336</u>	<u>122,336</u>	-
Fund balance - end of year	<u>\$ 117,936</u>	<u>\$ 127,387</u>	<u>\$ 9,451</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DRY PRONG
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN RETAINED EARNINGS
Proprietary Fund Type
For the year ended June 30, 1998

<u>Operating revenues:</u>	
Charges for services	\$ 82,465
Other charges	2,126
	<hr/>
Total operating revenues	84,591
	<hr/>
<u>Operating expenses:</u>	
Salaries and payroll taxes	26,275
Chemicals and supplies	8,801
Depreciation	51,176
Insurance	6,028
Utilities	5,659
Legal and professional	5,671
Repairs and maintenance	6,154
Miscellaneous	3,353
	<hr/>
Total operating expenses	113,117
	<hr/>
Operating income	(28,526)
	<hr/>
<u>Non-operating revenues (expenses):</u>	
Operating transfers out	(100)
Interest income	880
Interest expense	(11,637)
	<hr/>
Total non-operating revenues (expenses)	(10,857)
	<hr/>
Net income (loss)	(39,383)
	<hr/>
Retained earnings - beginning of year	(540,160)
	<hr/>
Retained earnings - end of year	\$ (579,543)
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements

VILLAGE OF DRY PRONG
COMBINED STATEMENT OF CASH FLOWS
Proprietary Fund Type
For the year ended June 30, 1998

<u>Cash flow from operating activities:</u>		
Operating income (loss)	\$	(28,526)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		51,176
(Increase) decrease in accounts receivable		(1,080)
(Decrease) increase in accounts and other payables		86
(Decrease) increase in meter deposits		494
		494
Net cash provided (used) by operating activities		\$ 22,150
 <u>Cash flows from non-capital financing activities:</u>		
Cash advances due to the general fund		9,685
		9,685
Net cash provided (used) by non-capital financing activities		9,685
 <u>Cash flows from capital and related financing activities:</u>		
Acquisition of capital assets		(4,800)
Operating transfers out		(100)
Principle paid on certificate of indebtedness		(3,558)
Principle paid on revenue bonds		(5,033)
Interest paid on debt instruments		(12,203)
		(12,203)
Net cash provided (used) by capital and related financing activities		(25,694)
 <u>Cash flows from investing activities:</u>		
Interest and other income		881
		881
Net cash provided (used) by investing activities		881
Net increase (decrease) in cash		7,022
Beginning cash balance		34,600
		41,622
Ending cash balance		41,622
Restricted cash and cash equivalents		28,263
		28,263
Cash and cash equivalents		\$ 13,359
		13,359

Supplemental disclosures of cash flow information:

During the year ended June 30, 1998, the Village began construction on water system improvements. At June 30, 1998, construction expenditures have totaled \$72,630; however, all of the receipts and disbursements associated with this project were reported in a capital projects funds. As a result, construction of the water system improvements has not effected cash flow reported by the Village's utility funds.

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DRY PRONG
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Dry Prong (the Village) was incorporated under the provisions of the Lawrason Act. The Village is governed by a Mayor and a Board of Alderman consisting of three (3) members. Services provided by the Village include Police Protection, Fire Protection and street maintenance. The Village also operates a water distribution system and a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Village is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Dry Prong for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a) The ability of the Village to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
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 upon application of these criteria, there were no potential component units and all of the Village's activities were included in the primary government reporting entity.

Fund Accounting

The accounts of the Village are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set

VILLAGE OF DRY PRONG
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Village:

Governmental Fund Type

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 all resources received and used for the acquisition, construction or improvement of capital facilities by the Village.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations 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 be financed or recovered primarily through user charges.

Account Groups

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the Village other than those accounted for in the proprietary fund.

General Long-Term Debt Account Group - This group of accounts is used to account for long-term debt of the Village not accounted for in the proprietary fund. For the year ended June 30, 1998, there was no activity in this account group and accordingly the accompanying financial statements do not include such an account group.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. 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.

VILLAGE OF DRY PRONG
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

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, which is recognized when due.

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary (enterprise) funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Any material unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncement that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Village only applies those FASB pronouncements that were issued on or before November 30, 1989.

Use Of Estimates

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

Restricted Assets:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants.

Budget Practices:

The Mayor prepares an annual budget for the Village's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Village's Utility Fund.

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. Since the Village does not capitalize infrastructures, these items are excluded from the general fixed assets account group. No depreciation has been provided on general fixed assets.

VILLAGE OF DRY PRONG
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

General fixed assets are reported at historical cost, including any interest incurred during construction. For items acquired prior to July 1, 1989, there were few records supporting historical cost. Current replacement cost has been used as a basis for estimating historical cost incurred prior to July 1, 1989.

Property and equipment used in the proprietary fund operations are recorded at cost or estimated historical cost including interest incurred during construction. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost were estimated based on information furnished by the Village's consulting engineers.

Cash And Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

Encumbrance Accounting:

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Interfund Receivables And Payables:

All funds paid to vendors are typically disbursed from the General Fund. Amounts paid by the General Fund on behalf of other funds and any reimbursements received by the General Fund are reported as interfund receivables and payables. The interfund receivables and payables are not eliminated in the preparation of combined financial statements.

Total Columns On Combined Statements:

Total columns on the combined statements are captioned "Memorandum" 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.

Statement Of Cash Flows:

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

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

VILLAGE OF DRY PRONG
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

restricted for the acquisition or construction of capital assets. Contributed capital reported by the Village is not subject to amortization.

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

NOTE 2 - ACCOUNTS RECEIVABLE

At June 30, 1998, there were no material amounts of uncollectible receivables and there was no provision for bad debts. Accounts receivable are summarized as follows:

	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
State of Louisiana, Community Development Block Grant Program	\$ 44,760	\$	\$ 44,760
Utility Sales	<u> </u>	<u>9,107</u>	<u>9,107</u>
Total	<u>\$ 44,760</u>	<u>\$ 9,107</u>	<u>\$ 53,867</u>

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 1998 the Village's cash balance totaled \$106,438 (book balance) and \$119,040 (bank balance). The composition of these accounts is as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Memorandum Total</u>
Cash – unrestricted	\$ 64,716	\$ 100	\$ 13,359	\$ 78,175
Cash – restricted	<u> </u>	<u> </u>	<u>28,263</u>	<u>28,263</u>
Total	<u>\$ 64,716</u>	<u>\$ 100</u>	<u>\$ 41,622</u>	<u>\$ 106,438</u>

At June 30, 1998, the bank balance of \$119,040 was fully insured by FDIC.

NOTE 4 - LONG-TERM DEBT

The following is a summary of transactions involving long-term debt for the year ended June 30, 1998:

VILLAGE OF DRY PRONG
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

	<u>Certificate of Indebtedness</u>	<u>Utility Revenue</u>	<u>Total</u>
Bonds payable, June 30, 1997	\$ 12,004	\$ 238,596	\$ 250,600
New issues			
Retirements	<u>3,558</u>	<u>5,033</u>	<u>8,591</u>
Bonds payable, June 30, 1998	<u>\$ 8,446</u>	<u>\$ 233,563</u>	<u>\$ 242,009</u>

At June 30, 1998, the following long-term debt was outstanding:

	<u>Outstanding Balance</u>	
	<u>Certificate of Indebtedness</u>	<u>Utility Revenue</u>
\$18,000 Certificate of Indebtedness dated August 3, 1995, due in annual or monthly installments of \$348, including interest at 6%, final installment due August 3, 2000.	\$ 8,446	\$
\$280,200 Sewer Revenue Bonds dated November 1, 1982, due in annual installments of \$16,614, including interest at 5%, final installment due November 1, 2022.	<u> </u>	<u>233,563</u>
	<u>\$ 8,446</u>	<u>\$ 233,563</u>

A schedule of maturities of long-term debt follows for the years ended June 30:

<u>Year Ended June 30th</u>	<u>Certificate of Indebtedness</u>	<u>Utility Revenue</u>	<u>Total</u>
1999	\$ 3,778	\$ 4,936	\$ 8,714
2000	4,011	5,183	9,194
2001	657	5,442	6,099
2002		5,714	5,714
2003		6,000	6,000
Thereafter	<u> </u>	<u>206,288</u>	<u>206,288</u>
Total	<u>\$ 8,446</u>	<u>\$ 233,563</u>	<u>\$ 242,009</u>

VILLAGE OF DRY PRONG
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

NOTE 5 - AD VALOREM TAXES

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended June 30, 1998, the Village levied 7.38 mills for general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

NOTE 6 - PROPERTY AND EQUIPMENT

Changes in general fixed assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land	\$ 10,243	\$	\$	\$ 10,243
Buildings Improvements	55,962	3,175		59,137
Furniture, Fixtures and Equipment	<u>104,345</u>	<u>27,919</u>		<u>132,264</u>
Total General Fixed Assets	<u>\$ 170,550</u>	<u>\$ 31,094</u>	<u>\$</u>	<u>\$ 201,644</u>

A summary of the property and equipment at June 30, 1998 consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Water Distribution System	\$ 183,125	\$	\$	\$ 183,125
Construction in Progress		72,630		72,630
Wastewater System	1,718,232			1,718,232
Equipment	18,906	4,800		23,706
Land	<u>41,369</u>			<u>41,369</u>
Total	1,961,632	77,430		2,039,062
Less Accumulated Depreciation	<u>666,455</u>	<u>51,176</u>		<u>717,631</u>
Net Property and Equipment	<u>\$ 1,295,177</u>	<u>\$ 26,254</u>	<u>\$</u>	<u>\$ 1,321,431</u>

NOTE 7- RISK MANAGEMENT

The Village is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

VILLAGE OF DRY PRONG
NOTES TO FINANCIAL STATEMENTS
June 30, 1998

The Village insures against these risks by participating a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risk have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8 - RESTRICTED RESOURCES

Bond covenants require the Village to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants. Amounts on deposit in these accounts are reported as restricted cash.

NOTE 9 – FEDERAL FINANCIAL ASSISTANCE

During the current year, the Village received an LCDBG Demonstrated Needs Grant in the amount of \$219,539 for the completion of a new water well. Expenditures relating to the project as of June 30, 1998 are summarized as follows:

	<u>Cash Disbursed</u>	<u>Accounts Payable</u>	<u>Total</u>
Administration:			
Consulting	\$ 10,800	\$	\$ 10,800
Public Facilities:			
Engineering	17,070		17,070
Construction	<u> </u>	<u>44,760</u>	<u>44,760</u>
 Total	 <u>\$ 27,870</u>	 <u>\$ 44,760</u>	 <u>\$ 72,630</u>

NOTE 10 – CONTRIBUTED CAPITAL

Contributed capital reported by the Proprietary Fund for the year ended June 30, 1998 is summarized as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Balance June 30, 1997	\$ 40,000	\$ 1,516,841	\$ 1,556,841
Current contributions – LCDBG	<u>72,630</u>	<u> </u>	<u>72,630</u>
Balance June 30, 1998	<u>\$ 112,630</u>	<u>\$ 1,516,841</u>	<u>\$ 1,629,471</u>

VILLAGE OF DRY PRONG, LOUISIANA

Supplemental Financial Information

For the year ended June 30, 1998

VILLAGE OF DRY PRONG
GENERAL FUND
Schedule of Expenditures - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>General Government:</u>			
Salary - mayor and aldermen	\$ 3,000	\$ 1,500	\$ 1,500
Salaries - other	13,500	20,173	(6,673)
Payroll Taxes	2,000	3,373	(1,373)
Insurance	6,100	2,142	3,958
Office supplies	1,700	2,065	(365)
Legal and professional	6,000	7,929	(1,929)
Utilities and telephone	7,100	7,118	(18)
Capital outlay	30,000	31,094	(1,094)
Repairs and maintenance	1,100	9,202	(8,102)
Streets and parks	1,500	1,360	140
Miscellaneous	15,000	9,590	5,410
	<hr/>	<hr/>	<hr/>
Total general government	87,000	95,546	(8,546)
<u>Public Safety:</u>			
Police department			
Salaries and payroll taxes	19,500	19,377	123
Fuel	1,600	891	709
Parts and supplies	500	1,733	(1,233)
Miscellaneous	1,400	13	1,387
	<hr/>	<hr/>	<hr/>
Total police department	23,000	22,014	986
Fire department			
Repairs	1,600	930	670
Insurance	3,500	210	3,290
Equipment	1,000	1,195	(195)
Miscellaneous	2,900	3,194	(294)
	<hr/>	<hr/>	<hr/>
Total fire department	9,000	5,529	3,471
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 119,000	\$ 123,089	\$ (4,089)

VILLAGE OF DRY PRONG

ENTERPRISE FUNDS

Combining Balance Sheet

For the Year Ended June 30, 1998

<u>Assets</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 13,359	\$ -	\$ 13,359
Receivables, net of allowance for doubtful accounts	9,107	-	9,107
Total current assets	22,466	-	22,466
<u>Restricted Cash and Cash Equivalents:</u>			
Sinking fund	-	10,494	10,494
Contingency fund	-	10,571	10,571
Reserves	-	7,198	7,198
Total restricted assets	-	28,263	28,263
<u>Property and equipment:</u>			
Fixed assets (net of accumulated depreciation)	158,355	1,163,076	1,321,431
Total Assets	\$ 180,821	\$ 1,191,339	\$ 1,372,160
<u>Liabilities and fund equity</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 375	\$ -	\$ 375
Due to other funds	31,166	34,941	66,107
Meter deposits	7,903	-	7,903
Accrued interest	-	5,838	5,838
Certificate of indebtedness - Colfax Banking Company	8,446	-	8,446
Revenue bonds payable	-	233,563	233,563
Total liabilities	47,890	274,342	322,232
<u>Fund equity:</u>			
Contributed Capital	112,630	1,516,841	1,629,471
Retained earnings:			
Reserved per bond agreement	-	28,263	28,263
Unreserved	20,301	(628,107)	(607,806)
Total fund equity	132,931	916,997	1,049,928
Total liabilities and fund equity	\$ 180,821	\$ 1,191,339	\$ 1,372,160

VILLAGE OF DRY PRONG

ENTERPRISE FUNDS

Combining Statement of Revenues , Expenditures, and Changes in Retained Earnings

For the Year Ended June 30, 1998

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Operating revenues:</u>			
Charges for services	\$ 43,205	\$ 39,260	\$ 82,465
Other charges	2,126	-	2,126
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	45,331	39,260	84,591
<u>Operating expenses:</u>			
Salaries and payroll taxes	13,287	12,988	26,275
Chemicals and supplies	6,020	2,781	8,801
Depreciation	7,492	43,684	51,176
Insurance	4,972	1,056	6,028
Utilities	4,126	1,533	5,659
Legal and professional	3,493	2,178	5,671
Repairs and maintenance	5,366	788	6,154
Miscellaneous	2,323	1,030	3,353
	<hr/>	<hr/>	<hr/>
Total operating expenses	47,079	66,038	113,117
Operating income (loss)	(1,748)	(26,778)	(28,526)
<u>Non-operating revenues (expenses):</u>			
Operating transfers out	(100)	-	(100)
Interest income	373	507	880
Interest expense	(623)	(11,014)	(11,637)
	<hr/>	<hr/>	<hr/>
Total Non-operating revenues	(350)	(10,507)	(10,857)
Net income (loss)	(2,098)	(37,285)	(39,383)
Retained earnings, beginning of year	22,399	(562,559)	(540,160)
	<hr/>	<hr/>	<hr/>
Retained earnings, end of year	\$ 20,301	\$ (599,844)	\$ (579,543)
	<hr/>	<hr/>	<hr/>

VILLAGE OF DRY PRONG
SCHEDULE OF PER DEIM PAID TO BOARD MEMBERS
For the year ended June 30, 1998

John Landry, Mayor	\$ 600
Craig McCain, Alderman	300
Bill Nettles, Alderman	300
Joy Hicks, Alderman	<u>300</u>
 Total	 <u><u>\$ 1,500</u></u>

VILLAGE OF DRY PRONG
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 1998

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditors' Report on the general purpose financial statements of the Village of Dry Prong as of June 30, 1998 and for the year then ended expressed a qualified opinion.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the general purpose financial statements of the Village of Dry Prong.
- Since federal financial assistance did not meet the threshold of \$300,000, a single audit in accordance with OMB Circular A-133 was not required.
- The audit did not disclose any audit findings which are required to be reported as findings and questioned costs.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- None.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- Not Applicable

**VILLAGE OF DRY PRONG
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended June 30, 1998**

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported in the schedule of findings and questions cost.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questions cost.	Response - N/A
SECTION III MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questions cost.	Response - N/A

VILLAGE OF DRY PRONG
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 1998

SECTION I	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings of the nature were reported as a result of the previous audit.	Response – N/A
SECTION II	
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings of the nature were reported as a result of the previous audit.	Response – N/A
SECTION III	
MANAGEMENT LETTER	
No findings of the nature were reported as a result of the previous audit.	Response – N/A