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VILLAGE OF HESSMER, LOUISIANA
Financial Report
Fiscal Year Ended August 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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 March 10, 1998

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KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA
Chris Rainey, CPA
Conrad O. Chepman, CPA
P. Troy Courville, CPA

Penny Angelle Scruggins, CPA
Mary T. Thibodeaux, CPA
Gerald A. Thibodeaux, Jr., CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA

234 Rue Beaugard
Lafayette, LA 70508
Phone (318) 232-4141
Fax (318) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (318) 332-4020
Fax (318) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (504) 384-2020
Fax (504) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (318) 363-2792
Fax (318) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (318) 639-4737
Fax (318) 639-4568

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor Mark Jeansonne
and The Board of Aldermen
Village of Hessmer, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Hessmer, Louisiana, as of August 31, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Village of Hessmer'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 Hessmer, Louisiana, as of August 31, 1998, and the results of its operations and the 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 January 27, 1999 on our consideration of the Village of Hessmer's internal control over financial reporting and on our tests of its *compliance with 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 accompanying financial information listed as "Supplemental Information" 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 Hessmer, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, 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.

The financial information for the preceding year, prepared by other auditors, which is included for comparative purposes was taken from the financial report for that year in which their report dated November 26, 1998, expressed an unqualified opinion on the general purpose financial statements of the Village of Hessler, Louisiana.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Marksville, Louisiana
January 27, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF HESSMER, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
August 31, 1998

	Governmental Fund Types			Proprietary Fund Type		Account Groups			Totals		
	General Fund	Capital Projects		Debt Service	Enterprise	General		Long-Term Debt	(Memorandum Only)		
						Fixed Assets			1998	1997	
ASSETS AND OTHER DEBITS											
Cash	\$ 68,481	\$ 50	\$ 473	\$ 107,022	\$ -	\$ -	\$ -	\$ 176,026	\$ 134,652		
Investments	15,000	-	\$ 12,496	144,096	-	-	-	171,592	209,326		
Receivables -											
Accounts	653	-	-	20,593	-	-	-	21,246	20,354		
Due from other governmental agencies	-	8,368	-	-	-	-	-	8,368	-		
Accrued interest receivable	246	-	29	1,192	-	-	-	1,467	1,736		
Due from other funds	7,216	75,247	12,158	2,282	-	-	-	96,903	21,589		
Prepaid items	8,818	-	-	2,351	-	-	-	11,169	11,868		
Inventory	-	-	-	9,643	-	-	-	9,643	9,643		
Restricted assets:											
Cash	-	-	-	120,422	-	-	-	120,422	114,327		
Investments	-	-	-	74,764	-	-	-	74,764	73,287		
Accrued interest receivable	-	-	-	544	-	-	-	544	1,573		
Land	-	-	-	-	39,492	-	-	39,492	39,492		
Buildings	-	-	-	-	89,855	-	-	89,855	86,588		
Equipment	-	-	-	-	38,273	-	-	38,273	33,721		
Vehicles	-	-	-	-	41,175	-	-	41,175	27,905		
Utility property, plant and equipment	-	-	-	1,800,556	-	-	-	1,800,556	1,798,006		
Accumulated depreciation	-	-	-	(633,755)	-	-	-	(633,755)	(588,477)		
Amount available in debt service funds	-	-	-	-	-	-	25,156	25,156	25,044		
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	6,844	6,844	8,956		
Total assets and other debits	\$ 100,414	\$ 83,665	\$ 25,156	\$ 1,649,710	\$ 208,795	\$ 32,000	\$ 2,099,740	\$ 2,029,590	\$ 2,029,590		

(Continued)

VILLAGE OF HESSMER, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
August 31, 1998

	Governmental Fund Types			Proprietary Fund Type Enterprise	Account Groups			Totals (Memorandum Only)	
	General Fund	Capital Projects			General Fixed Assets	Long-Term Debt	1998		1997
		Debt Service							
LIABILITIES, EQUITY AND OTHER CREDITS									
Liabilities:									
Accounts payable	\$ 4,298	\$ 285	\$ -	\$ 2,863	\$ -	\$ 7,446	\$ 25,096		
Contracts payable	-	56,621	-	-	-	56,621	16,549		
Retainage payable	-	26,759	-	-	-	26,759	-		
Due to other funds	1,956	-	-	94,947	-	96,903	21,589		
Payable from restricted assets -									
Customers' deposits	-	-	-	26,627	-	26,627	25,749		
Revenue bonds payable	-	-	-	5,000	-	5,000	5,000		
Accrued Interest	-	-	-	4,295	-	4,295	4,295		
General obligation bonds payable	-	-	-	-	32,000	32,000	34,000		
Revenue bonds payable	-	-	-	124,000	-	124,000	129,000		
Total liabilities	6,254	83,665	-	257,732	32,000	379,651	261,278		
Equity and other credits:									
Contributed capital (net of accumulated amortization)	-	-	-	710,062	-	710,062	727,601		
Investment in general fixed assets	-	-	-	-	208,795	208,795	187,706		
Retained earnings -									
Unreserved	-	-	-	526,800	-	526,800	593,342		
Reserved	-	-	-	155,116	-	155,116	147,998		
Total retained earnings	-	-	-	681,916	-	681,916	741,340		
Fund balances -									
Reserved for debt service	-	-	25,156	-	-	25,156	25,044		
Designated for subsequent expenditures	27,953	-	-	-	-	27,953	58,911		
Unreserved-undesignated	66,207	-	-	-	-	66,207	27,710		
Total fund balances	94,160	-	25,156	-	-	119,316	111,665		
Total equity and other credits	94,160	-	25,156	1,391,978	208,795	1,720,089	1,768,312		
Total liabilities, equity and other credits	\$100,414	\$ 83,665	\$ 25,156	\$ 1,649,710	\$ 208,795	\$ 2,099,740	\$ 2,029,590		

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Fiscal Year Ended August 31, 1998

	General Fund	Capital Projects	Debt Service	Totals (Memorandum Only)	
				1998	1997
Revenues:					
Taxes	\$ 19,790	\$ -	\$ 3,794	\$ 23,584	\$ 22,025
Licenses and permits	28,655	-	-	28,655	30,357
Intergovernmental	63,149	189,815	-	252,964	89,226
Fines and forfeits	7,042	-	-	7,042	5,628
Miscellaneous	76,255	-	647	76,902	102,740
Total revenues	<u>194,891</u>	<u>189,815</u>	<u>4,441</u>	<u>389,147</u>	<u>249,976</u>
Expenditures:					
Current -					
General government	29,597	-	-	29,597	28,546
Public safety:					
Police	54,014	-	-	54,014	43,514
Fire	23,560	-	-	23,560	18,229
Streets and drainage	34,223	-	-	34,223	53,212
Recreation	33,874	-	-	33,874	5,262
Capital outlay	26,954	284,172	-	311,126	120,308
Debt service	-	-	4,329	4,329	4,537
Total expenditures	<u>202,222</u>	<u>284,172</u>	<u>4,329</u>	<u>490,723</u>	<u>273,608</u>
Excess (deficiency) of revenues over expenditures	(7,331)	(94,357)	112	(101,576)	(23,632)
Other financing sources:					
Operating transfers in	<u>16,000</u>	<u>93,227</u>	<u>-</u>	<u>109,227</u>	<u>34,000</u>
Excess (deficiency) of revenues and other sources over expenditures	8,669	(1,130)	112	7,651	10,368
Fund balances, beginning	<u>85,491</u>	<u>1,130</u>	<u>25,044</u>	<u>111,665</u>	<u>101,297</u>
Fund balances, ending	<u>\$ 94,160</u>	<u>\$ -</u>	<u>\$25,156</u>	<u>\$119,316</u>	<u>\$ 111,665</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget (GAAP Basis) and Actual -
 General and Debt Service Fund
 Fiscal Year Ended August 31, 1998

	General Fund			Debt Service Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 17,900	\$ 19,790	\$ 1,890	\$ 3,500	\$ 3,794	\$ 294
Licenses and permits	21,000	28,655	7,655	-	-	-
Intergovernmental	38,600	63,149	24,549	-	-	-
Fines and forfeits	10,000	7,042	(2,958)	-	-	-
Miscellaneous	47,200	76,255	29,055	500	647	147
Total revenues	<u>134,700</u>	<u>194,891</u>	<u>60,191</u>	<u>4,000</u>	<u>4,441</u>	<u>441</u>
Expenditures:						
Current -						
General government	28,500	29,597	(1,097)	-	-	-
Public safety:						
Police	50,500	54,014	(3,514)	-	-	-
Fire	17,800	23,560	(5,760)	-	-	-
Streets and drainage	31,650	34,223	(2,573)	-	-	-
Recreation	51,750	33,874	17,876	-	-	-
Capital outlay	13,500	26,954	(13,454)	-	-	-
Debt service	-	-	-	4,200	4,329	(129)
Total expenditures	<u>193,700</u>	<u>202,222</u>	<u>(8,522)</u>	<u>4,200</u>	<u>4,329</u>	<u>(129)</u>
Excess (deficiency) of revenues over expenditures	(59,000)	(7,331)	51,669	(200)	112	312
Other financing sources:						
Operating transfers in	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	(43,000)	8,669	51,669	(200)	112	312
Fund balances, beginning	<u>75,914</u>	<u>85,491</u>	<u>9,577</u>	<u>14,400</u>	<u>25,044</u>	<u>10,644</u>
Fund balances, ending	<u>\$ 32,914</u>	<u>\$ 94,160</u>	<u>\$ 61,246</u>	<u>\$ 14,200</u>	<u>\$ 25,156</u>	<u>\$ 10,956</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA

Enterprise Funds- Proprietary Fund Type
 Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
 Fiscal Years Ended August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating Revenues		
Charges for services	<u>\$177,713</u>	<u>\$ 170,217</u>
Operating Expenses		
Salaries and labor	34,746	25,280
Payroll taxes	2,658	2,164
Depreciation	45,278	33,213
Maintenance and repairs	26,473	10,467
Office supplies	3,511	3,255
Legal and professional	2,788	6,226
Insurance	5,499	5,021
Fuel and oil	1,868	1,243
Chemicals and supplies	17,304	12,291
Utilities	10,013	9,668
Laboratory testing	782	818
Other	4,410	4,343
Total operating expenses	<u>155,330</u>	<u>113,989</u>
Operating Income	<u>22,383</u>	<u>56,228</u>
Nonoperating Revenues (Expenses)		
Interest on investments	16,056	16,414
Interest expense	(6,700)	(6,601)
Miscellaneous	525	-
Total nonoperating revenues	<u>9,881</u>	<u>9,813</u>
Income Before Other Financing Sources (Uses)	<u>32,264</u>	<u>66,041</u>
Operating Transfers In (Out)		
Operating transfers in	-	300
Operating transfers out	<u>(109,227)</u>	<u>(34,300)</u>
Total operating transfers out	<u>(109,227)</u>	<u>(34,000)</u>
Net Income (Loss)	(76,963)	32,041
Depreciation on Fixed Assets Acquired By Grants, Entitlements, and Shared Revenues Externally Restricted For Capital Acquisition and Construction That Reduces Contributed Capital	17,539	12,353
Retained Earnings, Beginning	<u>741,340</u>	<u>696,946</u>
Retained Earnings, Ending	<u>\$681,916</u>	<u>\$ 741,340</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA
 Enterprise Funds - Proprietary Fund Type
 Combined Statement of Cash Flows
 Fiscal Years Ended August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating income	\$ 22,383	\$ 56,228
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	45,278	33,213
Changes in assets and liabilities :		
Increase in accounts receivable	(675)	(614)
(Increase) decrease in prepaid insurance	(828)	241
Increase in inventory	-	(1,820)
(Decrease) increase in accounts payable	(2,123)	446
Increase in customer deposits	878	1,685
Total adjustments	<u>42,530</u>	<u>33,151</u>
Net Cash flows provided by operating activities	<u>64,913</u>	<u>89,379</u>
Cash flows from noncapital financing activities:		
Advances from other funds	-	928
Other	525	-
Transfers out	<u>(33,913)</u>	<u>(34,300)</u>
Net cash used by noncapital financing activities	<u>(33,388)</u>	<u>(33,372)</u>
Cash flow from capital and related financing activities:		
Grant proceeds	-	495,573
Principal paid on bonds	(5,000)	(4,000)
Interest paid on bonds	(6,700)	(6,900)
Purchase of fixed assets	<u>(2,550)</u>	<u>(536,950)</u>
Net cash used by capital and related financing activities	<u>(14,250)</u>	<u>(52,277)</u>
Cash flows from investing activities:		
Purchase of investments	(8,100)	(10,266)
Interest earned on investments	<u>17,013</u>	<u>16,631</u>
Net cash provided by investing activities	<u>8,913</u>	<u>6,365</u>
Net increase in cash	26,188	10,095
Cash and cash equivalents, beginning of year	<u>201,256</u>	<u>191,161</u>
Cash and cash equivalents, end of year	<u>\$227,444</u>	<u>\$ 201,256</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Village of Hessmer was incorporated in 1955 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the Village of Hessmer 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 following is a summary of certain significant accounting policies and practices:

A. Financial Reporting Entity

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

Based on the foregoing criteria, the volunteer fire department, as a governmental organization, is not part of the Village and is thus excluded from the accompanying financial statements. This organization is staffed by volunteers and although the Village does provide some of its financing, no control is exercised over its operations. These financial statements include only expenditures incurred directly by the Village for fire protection and does not include operating expenditures paid with self-generated funds of the volunteer fire department.

B. Fund Accounting

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

Governmental Funds

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

Capital Projects Funds

Capital Projects Funds accounts for the financial resources to be used for the improvement of the existing water system.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Proprietary Funds

Enterprise Funds. Enterprise Funds are used to account for operations (1) 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; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate accountability, or other purposes. The Water System Fund and the Sewer System Fund are used to account for the operations of the Water and Sewer Utility Enterprise Funds.

Fixed Assets and Long-term Liabilities.

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurements focus.

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets are normally immovable and of value only to the Village, therefore, the purpose of stewardship for these items is *satisfied without recording of these assets*. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

	<u>Water System</u>	<u>Sewer System</u>
Pumps, motors, compressors	10 years	10 years
Lines and other systems	30-50 years	30-50 years
Vehicles and movable equipment	5-8 years	5-8 years

Major portions of the sewer system and water system were contributed by federal grants. The cost of these systems donated by the federal grants is included in Property Plant and Equipment. Depreciation on this cost is a reduction of Contributed Capital as amortization and an increase in retained earnings.

C. 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. Property Taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Penalties and Interest, Corporation Court Fines and Miscellaneous Revenues are recorded when received in cash because they are generally not measurable until actually received. Franchise taxes, Intergovernmental Revenue, and Interest Income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

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

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. Budgets and Budgetary Accounting

1. The Mayor meets with the Council to review the prior year revenue and expenditures as a basis for projecting the current fiscal year budget.
2. Anticipated changes from the prior year are taken into account and reflected in the projections.
3. Once adopted the budget is made available for public inspection and a budget summary is published in the Village's designated official journal.
4. The Village doesn't formally integrate its budget as a management tool.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets are prepared for the general fund and the debt service fund utilizing generally accepted accounting principles.

E. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased. Inventories are stated at cost using the first-in, first-out method of pricing. Inventories are adjusted at year-end.

F. Investments

Investments are stated at cost or amortized cost. Discounts and premiums on the purchase of investments, if any, are amortized over the life of the investment remaining from the date of purchase to the date of maturity. All investments consist of time deposits.

G. Restricted Assets

These assets consist of cash and short term investments restricted for the Sewer System Fund's debt service.

VILLAGE OF HESSMER, LOUISIANA
Notes to Financial Statements (Continued)

II. Bad Debts

Uncollectible amounts due from customers' utility receivables are recognized as bad debts once management determines that the account will not be collected.

I. Accumulated Unpaid Vacation, Sick-pay, and Other Employee Benefits.

Employees of the Village are not covered under any specific vacation or sick-leave policy. It is the Village's policy that unused compensated absences lapse at the end of the year. Therefore, no accruals for accumulated unused compensated absences have been made in these financial statements.

J. Reserves

The Village records reserves to indicate that a portion of the retained earnings is legally segregated for a specific future use.

K. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, complete comparative data (i.e. presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

L. Total Columns on Combined statements – Overview

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

(2) Deposits and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments (Certificates of Deposit) with a maturity of three months or less to be cash equivalents. The deposits and investments are in various state banks organized under Louisiana law which is permissible. In compliance with state law, these deposits and investments are fully secured by federal deposit insurance and investments designated by the banks.

VILLAGE OF HESSMER, LOUISIANA
Notes to Financial Statements (Continued)

Deposits

At year end, the carrying amount of the Village's deposits was \$296,348 and the bank balance was \$318,024. Cash on the Balance Sheet also included \$100 of cash on hand.

Investments

The Villages investments were interest bearing certificates of deposit and savings. The market value approximates the carrying amount which is \$246,356.

(3) Property Taxes

Property taxes attach as an enforceable lien on property as of January 2 of each year. Taxes are levied by the Village in October. Billed taxes become delinquent on January 1 of the following year. Revenues from property taxes are budgeted in the year billed. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish.

For the year ended August 31, 1998, taxes of 3.0 mills were levied on property with assessed valuations totaling \$1,264,210 and were dedicated as follows:

<u>Description</u>	<u>Assessment (Mills)</u>	<u>Tax Revenues</u>
Sewerage Dist. #1 Bonds	1.50	\$1,897
Sewerage Public Improvements Bonds	<u>1.50</u>	<u>1,897</u>
	<u>3.00</u>	<u>\$3,794</u>

Total taxes levied were \$3,794 with collections of penalty and interest of \$-0-. All taxes were collected at August 31, 1998.

VILLAGE OF HESSMER, LOUISIANA
Notes to Financial Statements (Continued)

(4) Accounts Receivable

Receivables consisted of the following:

	General Fund	Water System Fund	Sewer System Fund	Total
Beer taxes	\$ 653	\$ -	\$ -	\$ 653
Unbilled receivables	-	3,347	1,149	4,496
Utility billings	-	12,545	3,552	16,097
	<u>\$ 653</u>	<u>\$15,892</u>	<u>\$4,701</u>	<u>\$21,246</u>

(5) Interfund Receivables, Payables

	Interfund Receivables	Interfund Payables
General Fund	\$ 7,216	\$ 1,956
Debt Service Fund	12,158	-
Capital Projects Fund	75,247	-
Water System Fund	326	82,463
Sewer System Fund	1,956	12,484
	<u>\$96,903</u>	<u>\$96,903</u>

VILLAGE OF HESSMER, LOUISIANA
Notes to Financial Statements (Continued)

(6) Restricted Assets – Proprietary Fund Types

Restricted assets consisted of cash and short-term investments in the following accounts at August 31, 1998:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Customer Deposit Fund			
Cash	\$10,990	\$ 5,367	\$ 16,357
Investments	12,500	-	12,500
Accrued interest receivable	366	-	366
	<u>23,856</u>	<u>5,367</u>	<u>29,223</u>
State Grant Funds			
Investments	-	62,264	62,264
Accrued interest receivable	-	178	178
	<u>-</u>	<u>62,442</u>	<u>62,442</u>
Bond Debt Service			
Revenue Bond Fund	-	62,460	62,460
Revenue Bond Reserve Fund	-	30,821	30,821
Replacement and Depreciation Fund	1,918	8,866	10,784
	<u>1,918</u>	<u>102,147</u>	<u>104,065</u>
	<u>\$25,774</u>	<u>\$169,956</u>	<u>\$195,730</u>

The cash and investments in the customer deposit funds must at least equal the liability for customer deposits. See note (8) for restrictions on bond accounts.

VILLAGE OF HESSMER, LOUISIANA
Notes to Financial Statements (Continued)

(7) Fixed Assets

A summary of changes in General Fixed Assets follows:

	<u>Balance</u> <u>09/01/97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>08/31/98</u>
Land	\$ 39,492	\$ -	\$ -	\$ 39,492
Buildings and improvements	86,588	3,267	-	89,855
Equipment	33,721	4,552	-	38,273
Vehicles	<u>27,905</u>	<u>13,270</u>	<u>-</u>	<u>41,175</u>
	<u>\$187,706</u>	<u>\$21,089</u>	<u>\$ -</u>	<u>\$208,795</u>

A summary of changes in proprietary fund type property, plant and equipment is as follows:

	<u>Balance</u> <u>09/01/97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>08/31/98</u>
Water System	\$1,147,189	\$ 2,550	\$ -	\$1,149,739
Sewer System	<u>650,817</u>	<u>-</u>	<u>-</u>	<u>650,817</u>
Total	1,798,006	2,550	-	1,800,556
Less Accumulated Depreciation	<u>(588,477)</u>	<u>(45,278)</u>	<u>-</u>	<u>(633,755)</u>
	<u>\$1,209,529</u>	<u>\$(42,728)</u>	<u>\$ -</u>	<u>\$1,166,801</u>

VILLAGE OF HESSMER, LOUISIANA
Notes to Financial Statements (Continued)

(8) Changes in Long-Term Debt

The following is a summary of bond and note transactions of the Village for the year August 31, 1998:

	General Obligation Bonds	Sewer Revenue Bonds	Total
Bonds Payable at 9/1/97	\$34,000	\$134,000	\$168,000
Less: Bonds Retired	(2,000)	(5,000)	(6,000)
Bonds Payable at 8/31/98	\$32,000	\$129,000	\$162,000

Bonds payable at August 31, 1998 are comprised of the following individual issues:

General Obligation Bonds

\$30,000 - 1974 Sewer System Improvement Serial bonds due in annual installments of \$1,000 through January 1, 2014; interest rate at 5%, funded by property taxes.

\$ 16,000

\$30,000 - 1974 Sewer System Improvement serial bonds due in annual installments of \$1,000 through January 1, 2014; interest rate at 5%, funded by property taxes.

16,000

\$ 32,000

Sewer Revenue Bonds

\$188,000 - 1974 Sewer Revenue serial bonds due in annual installments of \$5,000 to \$11,000 through January 1, 2014; interest rate at 5%.

\$129,000

The above revenue bonds are secured by sewer system revenues.

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

The annual requirements to amortize all bond debt outstanding at August 31, 1998 are as follows:

<u>Year Ending August 31,</u>	General Obligation Bonds			
	Series 1974		Series 1974	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1999	\$ 1,000	\$ 800	\$ 1,000	\$ 800
2000	1,000	750	1,000	750
2001	1,000	700	1,000	700
2002	1,000	650	1,000	650
2003	1,000	600	1,000	600
2004-2008	5,000	2,250	5,000	2,250
2009-2003	5,000	1,000	5,000	1,000
2014	<u>1,000</u>	<u>50</u>	<u>1,000</u>	<u>50</u>
Total	<u>\$16,000</u>	<u>\$6,800</u>	<u>\$16,000</u>	<u>\$6,800</u>

<u>Year Ending August 31,</u>	Sewer Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>
1999	\$ 5,000	\$ 6,450
2000	5,000	6,200
2001	6,000	5,950
2002	6,000	5,650
2003	6,000	5,350
2004-2008	39,000	21,600
2009-2013	51,000	10,650
2014	<u>11,000</u>	<u>550</u>
Total	<u>\$129,000</u>	<u>\$62,400</u>

\$25,156 is available in the Debt Service Fund to retire general obligation bonds.

A. Dedication of Water and Sewer Revenues and Sinking Fund Requirements

The 1963 Water Revenue Bonds were paid off during the fiscal year ended August 31, 1987.

VILLAGE OF HESSMER, LOUISIANA
Notes to Financial Statements (Continued)

B. 1974 Sewer System Revenue Bonds

The revenues of the sewer system are partially pledged to retire the sewer revenue bonds dated September 16, 1974.

The bond resolution of the 1974 Issue of Bonds requires the establishment and maintenance of the following bank accounts:

- A. Sewer Revenue Bond and Interest Sinking Fund
- B. Sewer Reserve Fund
- C. Sewer Depreciation Fund

The Sewer Fund is to transfer to the Sewer Revenue and Interest Sinking Fund on a monthly basis, a sum not less than one-twelfth (1/2th) of the amount of the principal which will become due on the next following payment date and not less than one-sixth (1/6th) of the amount of the interest due on the next following payment date. In addition to these transfers the Sewer Fund is to transfer to the Sewer Reserve Fund five percent (5%) of the amount to be paid to the Sinking Fund until a total of \$12,650 is accumulated therein. In addition, the Sewer Fund is to transfer \$40 per month into the Sewer Depreciation Fund.

For the year ended August 31, 1998, all required transfers were adequate.

In regards to compliance with revenue bond resolutions, a summary of the applicable activity in the accounts is as follows:

<u>August 31, 1996</u>	<u>Transfers (T) or Minimum (M) Balance Required</u>	<u>Transfers During Year</u>	<u>Over (Under) Requirements</u>
Sewer Revenue Bond and Interest Sinking Fund	\$11,535 (T)	\$13,200	\$ 1,667
Sewer Reserve Fund	12,650 (M)	30,821	13,171
Sewer Depreciation Fund	480 (T)	480	-

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

(9) Retirement Commitments

As of August 31, 1998 all employees of the Village are members of the Social Security System. All required payments into this fund have been paid for the year ended August 31, 1998. Social security taxes in the amount of \$7,305 was paid on qualified payroll of \$95,487.

(10) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. There were no encumbrances outstanding at year end.

(11) Designation of Fund Balance

In the General Fund, unreserved fund balance has been designated for subsequent year's expenditures in the amount of \$27,953. This designation represents \$8,818 of prepaid insurance at August 31, 1998 for which the Village had already expended funds. Also, unexpended grant funds for a Youth Program were on hand at August 31, 1998 in the amount of \$19,135.

(12) Litigation

The Village is not involved in any litigation as of August 31, 1998.

(13) Grant Proceeds

During the year ended August 31, 1993, the Village received \$50,000 of state grant monies to be used for the upgrading of the sewer system. As of the end of the year the Village had not expended these funds. Therefore, there has been a reservation of retained earnings of \$62,264 at year end which includes interest earned on this money.

(14) Expenditures in Excess of Appropriations

For the year ended August 31, 1998, the following funds had actual expenditures over budgeted appropriations.

	<u>Budgeted Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund	\$193,700	\$202,222	\$(8,522)
Debt Service Fund	\$ 4,200	\$ 4,329	\$ (129)

VILLAGE OF HESSMER, LOUISIANA
Notes to Financial Statements (Continued)

(15) Segment Information for Enterprise Funds

The Village maintains two Enterprise Funds. Segment information for these funds for the year ended August 31, 1998 follows:

	<u>Water System Fund</u>	<u>Sewer System Fund</u>	<u>Total</u>
Operating revenues	\$ 133,146	\$ 44,567	\$ 177,713
Depreciation	30,836	14,442	45,278
Operating income (loss)	29,268	(6,885)	22,383
Net income (loss)	(71,522)	(5,441)	(76,963)
Current capital contributions	-	-	-
Plant property & equipment net additions	2,550	-	2,550
Net working capital	104,837	84,710	189,547
Total assets	1,021,036	628,674	1,649,710
Long-term liabilities payable from operating revenues	-	124,000	124,000
Total Equity	914,336	477,642	1,391,978

(16) Mayor and Aldermen Compensation

The following is a schedule of the compensation paid to the Mayor and Aldermen for the year ended August 31, 1998.

	<u>Amount</u>	<u>Term Expires</u>
Mayor, Mark Jeansonne	\$1,500	December 31, 2000
Aldermen		
Lynn Bordelon	-	December 31, 2000
Susan Jeansonne	600	December 31, 2000
Scott Kelly	600	December 31, 2000
	<u>\$2,700</u>	

VILLAGE OF HESSMER, LOUISIANA

Notes to Financial Statements (Continued)

(17) LCDBG Grant Information

The Village entered into a 1996 Demonstrated Needs LCDBG grant in the amount of \$224,535.

	<u>1996 LCDBG Amount</u>
Grant Budget:	
Acquisition of Real Property	\$ 3,350
Construction Costs	196,185
Administration	<u>25,000</u>
 Total Grant Amount	 <u>224,535</u>
 Funds Expended:	
Administration	13,550
Other costs	3,350
Construction costs	
Contractor Costs	196,185
Engineering	<u>11,450</u>
 Total funds expended through 08/31/98	 <u>224,535</u>
 Unexpended funds through 08/31/98	 <u><u>\$ -</u></u>

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUP

GENERAL FUND

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

VILLAGE OF HESSMER, LOUISIANA

General Fund
Comparative Balance Sheet
August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash	\$ 68,481	\$ 45,470
Investments	15,000	60,000
Receivables -		
Accounts	653	436
Accrued interest	246	588
Due from other funds	7,216	7,149
Prepaid insurance	<u>8,818</u>	<u>10,345</u>
TOTAL ASSETS	<u><u>\$100,414</u></u>	<u><u>\$123,988</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 4,298	\$ 19,992
Contracts payable	-	16,549
Due to other funds	<u>1,956</u>	<u>1,956</u>
Total liabilities	<u>6,254</u>	<u>38,497</u>
Fund Balance		
Designated	27,953	58,911
Unreserved - undesignated	<u>66,207</u>	<u>26,580</u>
Total fund balance	<u>94,160</u>	<u>85,491</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$100,414</u></u>	<u><u>\$123,988</u></u>

VILLAGE OF HESSMER, LOUISIANA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -

Budget (GAAP Basis) and Actual

Fiscal Year Ended August 31, 1998

With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997
	Budget	Actual		Actual
REVENUES				
Taxes	\$ 17,900	\$ 19,790	\$ 1,890	\$ 18,447
Licenses and permits	21,000	28,655	7,655	30,357
Intergovernmental	38,600	63,149	24,549	29,182
Fines & forfeits	10,000	7,042	(2,958)	5,628
Miscellaneous	47,200	76,255	29,055	102,120
Total Revenue	<u>134,700</u>	<u>194,891</u>	<u>60,191</u>	<u>185,734</u>
Expenditures				
Current -				
General government	28,500	29,597	(1,097)	28,546
Public Safety:				
Police	50,500	54,014	(3,514)	43,514
Fire	17,800	23,560	(5,760)	18,229
Streets and sanitation	31,650	34,223	(2,573)	53,311
Recreation	51,750	33,874	17,876	2,522
Capital outlay	13,500	26,954	(13,454)	64,035
Total Expenditures	<u>193,700</u>	<u>202,222</u>	<u>(8,522)</u>	<u>210,157</u>
Excess (Deficiency) of Revenues Over Expenditures	(59,000)	(7,331)	51,669	(24,423)
Other Financing Sources				
Operating transfers in	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>34,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(43,000)	8,669	51,669	9,577
Fund Balance, Beginning	<u>75,914</u>	<u>85,491</u>	<u>9,577</u>	<u>75,914</u>
Fund Balance, Ending	<u>\$ 32,914</u>	<u>\$ 94,160</u>	<u>\$ 61,246</u>	<u>\$ 85,491</u>

VILLAGE OF HESSMER, LOUISIANA

General Fund

Statement of Revenues -budget (GAAP Basis) and Actual

Fiscal Year Ended August 31, 1998

With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Taxes				
Franchise	<u>\$ 17,900</u>	<u>\$ 19,790</u>	<u>\$ 1,890</u>	<u>\$ 18,447</u>
Licenses and Permits				
Occupational	<u>21,000</u>	<u>28,655</u>	<u>7,655</u>	<u>30,357</u>
Intergovernmental				
Tobacco taxes	3,100	3,125	25	3,125
Beer taxes	2,700	2,567	(133)	2,368
2% Fire insurance	5,900	6,159	259	5,953
Rural fire	1,200	1,200	-	1,200
Mowing-State contracts	2,700	2,671	(29)	2,671
Safe & sober program	-	1,400	1,400	800
DOTD grant	15,000	15,497	497	4,503
Rural development grant	-	26,000	26,000	-
Video poker	<u>8,000</u>	<u>4,530</u>	<u>(3,470)</u>	<u>8,562</u>
Total intergovernmental	<u>38,600</u>	<u>63,149</u>	<u>24,549</u>	<u>29,182</u>
Fines & Forfeits	<u>10,000</u>	<u>7,042</u>	<u>(2,958)</u>	<u>5,628</u>
Miscellaneous				
Grand Casino funds	40,000	61,115	21,115	47,077
Rapides foundation	-	-	-	51,600
American hometown grant	5,000	5,000	-	-
Other	200	6,631	6,431	884
Interest income	2,000	3,009	1,009	2,334
Sale of general fixed assets	-	500	500	225
Total miscellaneous	<u>47,200</u>	<u>76,255</u>	<u>29,055</u>	<u>102,120</u>
Total revenues	<u>\$134,700</u>	<u>\$194,891</u>	<u>\$60,191</u>	<u>\$185,734</u>

VILLAGE OF HESSMER, LOUISIANA

General Fund
 Statement of Expenditures - Budget (GAAP Basis) and Actual
 Fiscal Year Ended August 31, 1998
 With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997
	Budget	Actual		Actual
GENERAL GOVERNMENT -				
Salaries and per diem	\$ 5,400	\$ 7,697	\$ (2,297)	\$ 7,463
Per diem - Mayor and Aldermen	2,700	2,700	-	2,900
Legal and professional	3,000	2,925	75	3,288
Repairs & maintenance	-	109	(109)	140
Printing	1,800	1,683	117	2,262
Payroll taxes	450	446	4	589
Dues & subscriptions	350	305	45	379
Insurance	2,500	3,398	(898)	2,611
Office administration	2,500	2,858	(358)	2,348
Utilities & telephone	2,100	2,418	(318)	2,791
Adopt-A-Flag program	1,100	1,043	57	956
American Hometown grant	4,000	510	3,490	-
Travel and convention	2,500	3,504	(1,004)	2,292
Miscellaneous	100	1	99	527
Total general government	<u>28,500</u>	<u>29,597</u>	<u>(1,097)</u>	<u>28,546</u>
PUBLIC SAFETY -				
Police Department:				
Salaries	29,800	29,379	421	23,432
Supplies	400	732	(332)	1,652
Fuel and oil	3,000	2,609	391	2,755
Payroll taxes	2,550	2,347	203	2,036
Insurance	9,000	7,870	1,130	6,620
Prisoner expense	100	126	(26)	264
Uniforms	550	1,407	(857)	746
Repairs & maintenance	1,000	2,236	(1,236)	1,190
Miscellaneous	200	20	180	192
Telephone	600	562	38	559
Health insurance	3,300	5,619	(2,319)	3,092
Safe & sober program	-	-	-	270
Law enforcement	-	1,107	(1,107)	706
Total police department	<u>50,500</u>	<u>54,014</u>	<u>(3,514)</u>	<u>43,514</u>
Fire Department:				
Supplies	5,000	4,720	280	4,721
Repairs & maintenance	1,850	3,050	(1,200)	1,993
Fuel and oil	1,500	2,705	(1,205)	1,694
Utilities & telephone	-	2,094	(2,094)	676
Insurance	8,000	7,487	513	7,305
Rural development	-	1,503	(1,503)	-
Miscellaneous	1,450	2,001	(551)	1,840
Total fire department	<u>17,800</u>	<u>23,560</u>	<u>(5,760)</u>	<u>18,229</u>

(Continued)

VILLAGE OF HESSMER, LOUISIANA

General Fund

Statement of Expenditures - Budget (GAAP Basis) and Actual (Continued)

Fiscal Year Ended August 31, 1998

With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997
	Budget	Actual		Actual
STREETS & SANITATION -				
Salaries	\$ 600	\$ 600	\$ -	\$ 2,634
Repairs & maintenance	4,500	1,920	2,580	2,661
Fuel and oil	200	127	73	215
Supplies	1,000	542	458	1,334
Payroll taxes	50	49	1	233
Insurance	1,000	798	202	1,173
Utilities	-	89	(89)	99
Street lights	9,200	8,879	321	9,323
Sidewalk project	15,000	18,561	(3,561)	15,191
Street project	-	2,658	(2,658)	20,448
Miscellaneous	100	-	100	-
Total streets & sanitation	<u>31,650</u>	<u>34,223</u>	<u>(2,573)</u>	<u>53,311</u>
RECREATION -				
Youth program	46,600	31,107	15,493	1,822
Playground	1,300	-	1,300	-
Instructors & DJ services	2,000	1,125	875	-
Miscellaneous	650	504	146	700
Utilities-park & court	1,200	1,138	62	-
Total recreation	<u>51,750</u>	<u>33,874</u>	<u>17,876</u>	<u>2,522</u>
CAPITAL OUTLAY -				
General government	5,000	3,267	1,733	53,345
Police department	2,500	5,438	(2,938)	2,687
Fire department	-	9,770	(9,770)	1,812
Street department	6,000	-	6,000	3,550
Recreation department	-	8,479	(8,479)	2,641
Total capital outlay	<u>13,500</u>	<u>26,954</u>	<u>(13,454)</u>	<u>64,035</u>
TOTAL EXPENDITURES	<u>\$193,700</u>	<u>\$202,222</u>	<u>\$ (8,522)</u>	<u>\$210,157</u>

CAPITAL PROJECTS FUND

1996 LCDBG GRANT - DEMONSTRATED NEEDS WATERWELL

To account for construction of a new waterwell. Financing is provided by a LCDBG grant and local funds.

VILLAGE OF HESSMER, LOUISIANA

Capital Projects Fund
Comparative Balance Sheet
August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash	\$ 50	\$1,180
Receivables -		
Due from other governmental agencies	8,368	-
Due from Water System Fund	<u>75,247</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$83,665</u>	 <u>\$1,180</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	285	50
Contracts payable	56,621	-
Retainage payable	<u>26,759</u>	<u>-</u>
Total liabilities	83,665	50
Fund Balance		
Designated for Capital Outlay	<u>-</u>	<u>1,130</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$83,665</u>	 <u>\$1,180</u>

VILLAGE OF HESSMER, LOUISIANA

Capital Projects Fund

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenues		
Grant revenues	<u>\$189,815</u>	<u>\$34,720</u>
Expenditures		
Capital outlay -		
Grant administration	-	13,550
Legal fees	2,038	-
Engineering fees	10,765	18,670
Construction costs	267,590	-
Acquisition costs	3,350	850
Testing	234	520
Miscellaneous	<u>195</u>	<u>-</u>
Total Expenditures	<u>284,172</u>	<u>33,590</u>
Excess (Deficiency) of Revenues Over Expenditures	(94,357)	1,130
Other Financing Sources		
Operating transfer in	<u>93,227</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(1,130)	1,130
Fund Balance, Beginning	<u>1,130</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 1,130</u>

DEBT SERVICE FUND

1974 Sewer System Improvement Fund

To accumulate monies from ad valorem taxes for payment of the 1974 \$30,000 Sewer System Improvement Bonds.

VILLAGE OF HESSMER, LOUISIANA

Debt Service Fund
Comparative Balance Sheet
August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash	\$ 473	\$ 1,023
Investments	12,496	11,853
Receivables -		
Due from other funds	12,158	12,158
Accrued interest	<u>29</u>	<u>28</u>
TOTAL ASSETS	<u><u>\$25,156</u></u>	<u><u>\$25,062</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ -	\$ 18.00
FUND BALANCE		
Reserved for debt service	<u>25,156</u>	<u>25,044</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$25,156</u></u>	<u><u>\$25,062</u></u>

VILLAGE OF HESSMER, LOUISIANA

Debt Service Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 Fiscal Year Ended August 31, 1998
 With Comparative Actual Amounts for the Fiscal Year Ended August 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997
	Budget	Actual		Actual
Revenues				
Ad valorem taxes	\$ 3,500	\$ 3,794	\$ 294	\$ 3,578
Late penalties and interest	-	-	-	15
Interest on investments	500	647	147	605
Total revenues	<u>4,000</u>	<u>4,441</u>	<u>441</u>	<u>4,198</u>
Expenditures				
Debt Service -				
Bond principal retirement	2,000	2,000	-	2,000
Interest	1,700	1,700	-	1,800
Assessors charge and postage	500	629	(129)	737
Total expenditures	<u>4,200</u>	<u>4,329</u>	<u>(129)</u>	<u>4,537</u>
Excess (Deficiency) of Revenues Over Expenditures	(200)	112	312	(339)
Fund Balance, Beginning	<u>14,400</u>	<u>25,044</u>	<u>10,644</u>	<u>25,383</u>
Fund Balance, Ending	<u>\$14,200</u>	<u>\$25,156</u>	<u>\$10,956</u>	<u>\$25,044</u>

ENTERPRISE FUNDS

WATER SYSTEM FUND

To account for the provision of water 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 collections.

SEWER SYSTEM FUND

To account for the provision of 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 collections.

VILLAGE OF HESSMER, LOUISIANA

Enterprise Funds
 Combining Balance Sheet
 August 31, 1998 and 1997

	Water System Fund	Sewer System Fund	Totals	
			1998	1997
ASSETS				
Current Assets				
Cash	\$ 46,105	\$ 60,917	\$ 107,022	\$ 86,929
Investments	117,363	26,733	144,096	137,473
Accounts receivable	15,892	4,701	20,593	19,918
Accrued interest receivable	565	627	1,192	1,120
Inventory, at cost	8,287	1,356	9,643	9,643
Due from other funds	326	1,956	2,282	2,282
Prepaid expenses	1,610	741	2,351	1,523
Total current assets	<u>190,148</u>	<u>97,031</u>	<u>287,179</u>	<u>258,888</u>
Restricted Assets				
Cash	12,908	107,514	120,422	114,327
Investments	12,500	62,264	74,764	73,287
Accrued interest receivable	366	178	544	1,573
Total restricted assets	<u>25,774</u>	<u>169,956</u>	<u>195,730</u>	<u>189,187</u>
Plant and Equipment, at Cost				
Plant and equipment	1,149,739	650,817	1,800,556	1,798,006
Less accumulated depreciation	<u>(344,625)</u>	<u>(289,130)</u>	<u>(633,755)</u>	<u>(588,477)</u>
Total fixed assets	<u>805,114</u>	<u>361,687</u>	<u>1,166,801</u>	<u>1,209,529</u>
TOTAL ASSETS	<u><u>\$1,021,036</u></u>	<u><u>\$ 628,674</u></u>	<u><u>\$ 1,649,710</u></u>	<u><u>\$1,657,604</u></u>

	Water System Fund	Sewer System Fund	Totals	
			1998	1997
LIABILITIES AND FUND EQUITY				
Current Liabilities (Payable From Current Assets)				
Accounts payable	\$ 2,848	\$ 15	\$ 2,863	\$ 4,986
Due to other funds	82,463	12,484	94,947	19,633
Total current liabilities payable from current assets	<u>85,311</u>	<u>12,499</u>	<u>97,810</u>	<u>24,619</u>
Current Liabilities (Payable From Restricted Assets)				
Customer's meter deposits	21,389	5,238	26,627	25,749
Accrued interest payable	-	4,295	4,295	4,295
Bonds payable	-	5,000	5,000	5,000
Total current liabilities payable from restricted assets	<u>21,389</u>	<u>14,533</u>	<u>35,922</u>	<u>35,044</u>
Total current liabilities	<u>106,700</u>	<u>27,032</u>	<u>133,732</u>	<u>59,663</u>
Long-term Liabilities				
Bonds payable (net of current portion)	-	124,000	124,000	129,000
Total liabilities	<u>106,700</u>	<u>151,032</u>	<u>257,732</u>	<u>188,663</u>
Fund Equity				
Contributed capital, net	<u>500,241</u>	<u>209,821</u>	<u>710,062</u>	<u>727,601</u>
Retained earnings -				
Unreserved	414,095	112,705	526,800	593,342
Reserved	-	155,116	155,116	147,998
Total retained earnings	<u>414,095</u>	<u>267,821</u>	<u>681,916</u>	<u>741,340</u>
Total fund equity	<u>914,336</u>	<u>477,642</u>	<u>1,391,978</u>	<u>1,468,941</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$1,021,036</u></u>	<u><u>\$ 628,674</u></u>	<u><u>\$ 1,649,710</u></u>	<u><u>\$1,657,604</u></u>

VILLAGE OF HESSMER, LOUISIANA

Enterprise Funds

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

Fiscal Year Ended August 31, 1998

With Comparative Totals for the Fiscal Year Ended August 31, 1997

	Water	Sewer	Totals	
	System Fund	System Fund	1998	1997
Operating Revenues				
Charges for services	<u>\$133,146</u>	<u>\$ 44,567</u>	<u>\$177,713</u>	<u>\$ 170,217</u>
Operating Expenses				
Salaries and labor	20,171	14,575	34,746	25,280
Payroll taxes	1,543	1,115	2,658	2,164
Depreciation	30,836	14,442	45,278	33,213
Maintenance and repairs	13,679	12,794	26,473	10,467
Office supplies	2,974	537	3,511	3,255
Legal and professional	1,863	925	2,788	6,226
Insurance	3,570	1,929	5,499	5,021
Fuel and oil	1,868	-	1,868	1,243
Chemicals and supplies	15,478	1,826	17,304	12,291
Utilities	10,013	-	10,013	9,668
Laboratory testing	-	782	782	818
Other	1,883	2,527	4,410	4,343
Total operating expenses	<u>103,878</u>	<u>51,452</u>	<u>155,330</u>	<u>113,989</u>
Operating Income (Loss)	<u>29,268</u>	<u>(6,885)</u>	<u>22,383</u>	<u>56,228</u>
Nonoperating Revenues (Expenses)				
Interest on investments	7,912	8,144	16,056	16,414
Interest expense	-	(6,700)	(6,700)	(6,601)
Miscellaneous	525	-	525	-
Total nonoperating revenues	<u>8,437</u>	<u>1,444</u>	<u>9,881</u>	<u>9,813</u>
Income (Loss) Before Other Financing Sources (Uses)	<u>37,705</u>	<u>(5,441)</u>	<u>32,264</u>	<u>66,041</u>
Operating Transfers In (Out)				
Operating transfers in	-	-	-	300
Operating transfers out	<u>(109,227)</u>	<u>-</u>	<u>(109,227)</u>	<u>(34,300)</u>
Total operating transfers out	<u>(109,227)</u>	<u>-</u>	<u>(109,227)</u>	<u>(34,000)</u>
Net Income (Loss)	<u>(71,522)</u>	<u>(5,441)</u>	<u>(76,963)</u>	<u>32,041</u>
Depreciation on Fixed Assets Acquired By Grants, Entitlements, and Shared Revenues Externally Restricted For Capital Acquisition and Construction That Reduces Contributed Capital	10,959	6,580	17,539	12,353
Retained Earnings, Beginning	<u>474,658</u>	<u>266,682</u>	<u>741,340</u>	<u>696,946</u>
Retained Earnings, Ending	<u>\$414,095</u>	<u>\$267,821</u>	<u>\$681,916</u>	<u>\$ 741,340</u>

VILLAGE OF HESSMER, LOUISIANA

Enterprise Funds

Combining Statement of Cash Flows

Fiscal Year Ended August 31, 1998

With Comparative Totals for the Fiscal Year Ended August 31, 1997

	Water	Sewer	Totals	
	System Fund	System Fund	1998	1997
Cash flows from operating activities:				
Operating income (loss)	<u>\$ 29,268</u>	<u>\$ (6,885)</u>	<u>\$ 22,383</u>	<u>\$ 56,228</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation	30,836	14,442	45,278	33,213
Changes in assets and liabilities :				
(Increase) decrease in accounts receivable	(711)	36	(675)	(614)
(Increase) decrease in prepaid insurance	(501)	(327)	(828)	241
Increase in inventory	-	-	-	(1,820)
(Decrease) increase in accounts payable	(1,189)	(934)	(2,123)	446
Increase in customer deposits	857	21	878	1,685
Total adjustments	<u>29,292</u>	<u>13,238</u>	<u>42,530</u>	<u>33,151</u>
Net Cash flows provided by operating activities	<u>58,560</u>	<u>6,353</u>	<u>64,913</u>	<u>89,379</u>
Cash flows from noncapital financing activities:				
Advances from other funds	-	-	-	928
Other	525	-	525	-
Transfers out	<u>(33,913)</u>	<u>-</u>	<u>(33,913)</u>	<u>(34,300)</u>
Net cash used by noncapital financing activities	<u>(33,388)</u>	<u>-</u>	<u>(33,388)</u>	<u>(33,372)</u>
Cash flow from capital and related financing activities:				
Grant proceeds	-	-	-	495,573
Principal paid on bonds	-	(5,000)	(5,000)	(4,000)
Interest paid on bonds	-	(6,700)	(6,700)	(6,900)
Purchase of fixed assets	<u>(2,550)</u>	<u>-</u>	<u>(2,550)</u>	<u>(536,950)</u>
Net cash used by capital and related financing activities	<u>(2,550)</u>	<u>(11,700)</u>	<u>(14,250)</u>	<u>(52,277)</u>
Cash flows from investing activities:				
Purchase of investments	<u>(6,037)</u>	<u>(2,063)</u>	<u>(8,100)</u>	<u>(10,266)</u>
Interest earned on investments	9,067	7,946	17,013	16,631
Net cash provided by investing activities	<u>3,030</u>	<u>5,883</u>	<u>8,913</u>	<u>6,365</u>
Net increase in cash	25,652	536	26,188	10,095
Cash and cash equivalents, beginning of year	<u>33,361</u>	<u>167,895</u>	<u>201,256</u>	<u>191,161</u>
Cash and cash equivalents, end of year	<u>\$ 59,013</u>	<u>\$168,431</u>	<u>\$227,444</u>	<u>\$ 201,256</u>

VILLAGE OF HESSMER, LOUISIANA

Water System - Enterprise Fund
 Comparative Balance Sheet
 August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Current Assets		
Cash	\$ 46,105	\$ 21,367
Investments	117,363	111,326
Accounts receivable	15,892	15,181
Accrued interest receivable	565	513
Inventory, at cost	8,287	8,287
Due from other funds	326	326
Prepaid expenses	1,610	1,109
Total current assets	<u>190,148</u>	<u>158,109</u>
Restricted Assets		
Cash	12,908	11,994
Investments	12,500	12,500
Accrued interest receivable	366	1,573
Total restricted assets	<u>25,774</u>	<u>26,067</u>
Plant and Equipment, at Cost		
Plant and equipment	1,149,739	1,147,189
Less accumulated depreciation	<u>(344,625)</u>	<u>(313,789)</u>
Total plant and equipment	<u>805,114</u>	<u>833,400</u>
 TOTAL ASSETS	 <u>\$1,021,036</u>	 <u>\$ 1,017,576</u>

LIABILITIES AND FUND EQUITY	<u>1998</u>	<u>1997</u>
Current Liabilities (Payable From Current Assets)		
Accounts payable	\$ 2,848	\$ 4,037
Due to other funds	<u>82,463</u>	<u>7,149</u>
Total current liabilities payable from current assets	85,311	11,186
Current Liabilities (Payable From Restricted Assets)		
Customer's meter deposits	<u>21,389</u>	<u>20,532</u>
Total current liabilities	<u>106,700</u>	<u>31,718</u>
Fund Equity		
Contributed capital, net	500,241	511,200
Retained earnings - Unreserved	<u>414,095</u>	<u>474,658</u>
Total fund equity	<u>914,336</u>	<u>985,858</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$1,021,036</u></u>	<u><u>\$1,017,576</u></u>

VILLAGE OF HESSMER, LOUISIANA

Water System - Enterprise Fund
 Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
 Fiscal Years Ended August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating Revenues		
Charges for services	<u>\$ 133,146</u>	<u>\$ 126,028</u>
Operating Expenses		
Salaries and casual labor	20,171	21,782
Payroll taxes	1,543	1,881
Depreciation	30,836	19,447
Maintenance and repairs	13,679	6,764
Office supplies	2,974	2,810
Legal and professional	1,863	5,276
Insurance	3,570	4,077
Fuel and oil	1,868	1,243
Chemicals	15,478	9,895
Utilities	10,013	9,668
Other	1,883	1,798
Total operating expenses	<u>103,878</u>	<u>84,641</u>
Operating Income	<u>29,268</u>	<u>41,387</u>
Nonoperating Revenues		
Interest on investments	7,912	7,208
Miscellaneous income	525	-
Total nonoperating revenues	<u>8,437</u>	<u>7,208</u>
Income Before Other Financing Uses	37,705	48,595
Other Financing Uses		
Operating transfers out	<u>(109,227)</u>	<u>(34,300)</u>
Net Income (Loss)	(71,522)	14,295
Depreciation on Fixed Assets Acquired By Grants, Entitlements, and Shared Revenues Externally Restricted For Capital Acquisition and Construction That Reduces Contributed Capital	10,959	4,607
Retained Earnings, Beginning	<u>474,658</u>	<u>455,756</u>
Retained Earnings, Ending	<u>\$ 414,095</u>	<u>\$ 474,658</u>

VILLAGE OF HESSMER, LOUISIANA

Water System - Enterprise Fund
 Comparative Statement of Cash Flows
 Fiscal Years Ended August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating income	\$ 29,268	\$ 41,387
Adjustments to reconcile operating income to net cash provided by operating activities -		
Depreciation	30,836	19,447
Changes in assets and liabilities :		
Increase in accounts receivable	(711)	(480)
Increase (decrease) in prepaid insurance	(501)	469
Increase in inventory	-	(1,102)
(Decrease) increase in accounts payable	(1,189)	231
Increase in customer deposits	857	1,597
Total adjustments	<u>29,292</u>	<u>20,162</u>
Net Cash flows provided by operating activities	<u>58,560</u>	<u>61,549</u>
Cash flows from noncapital financing activities:		
Advances from other funds	-	588
Other	525	-
Transfers out	<u>(33,913)</u>	<u>(34,300)</u>
Net cash used by noncapital financing activities	<u>(33,388)</u>	<u>(33,712)</u>
Cash flow from capital and related financing activities:		
Grant proceeds	-	495,573
Purchase of fixed assets	<u>(2,550)</u>	<u>(516,950)</u>
Net cash used by capital and related financing activities	<u>(2,550)</u>	<u>(21,377)</u>
Cash flows from investing activities:		
Purchase of investments	(6,037)	(5,496)
Interest earned on investments	<u>9,067</u>	<u>6,258</u>
Net cash provided by investing activities	<u>3,030</u>	<u>762</u>
Net increase in cash	25,652	7,222
Cash and cash equivalents, beginning of year	<u>33,361</u>	<u>26,139</u>
Cash and cash equivalents, end of year	<u>\$ 59,013</u>	<u>\$ 33,361</u>

VILLAGE OF HESSMER, LOUISIANA

Sewer System - Enterprise Fund
 Comparative Balance Sheet
 August 31, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Current Assets		
Cash	\$ 60,917	\$ 65,562
Investments	26,733	26,147
Accounts receivable	4,701	4,737
Accrued interest receivable	627	607
Inventory	1,356	1,356
Due from other funds	1,956	1,956
Prepaid insurance	741	414
Total current assets	<u>97,031</u>	<u>100,779</u>
Restricted Assets		
Cash	107,514	102,333
Investments	62,264	60,787
Accrued interest receivable	178	-
Total Restricted Assets	<u>169,956</u>	<u>163,120</u>
Plant and Equipment, at Cost	650,817	650,817
Less accumulated depreciation	<u>(289,130)</u>	<u>(274,688)</u>
Net plant and equipment	<u>361,687</u>	<u>376,129</u>
 TOTAL ASSETS	 <u>\$ 628,674</u>	 <u>\$ 640,028</u>

	<u>1998</u>	<u>1997</u>
LIABILITIES AND FUND EQUITY		
Current Liabilities (Payable From Current Assets)		
Accounts payable	\$ 15	\$ 949
Due to other funds	<u>12,484</u>	<u>12,484</u>
Total current liabilities payable from current assets	<u>12,499</u>	<u>13,433</u>
Current Liabilities (Payable From Restricted Assets)		
Bonds payable	5,000	5,000
Accrued interest	4,295	4,295
Customer deposits	<u>5,238</u>	<u>5,217</u>
Total current liabilities payable from restricted assets	<u>14,533</u>	<u>14,512</u>
Total current liabilities	<u>27,032</u>	<u>27,945</u>
Long-term Liabilities		
Bonds payable (net of current portion)	<u>124,000</u>	<u>129,000</u>
Total liabilities	<u>151,032</u>	<u>156,945</u>
Fund Equity		
Contributed Capital, net	<u>209,821</u>	<u>216,401</u>
Retained earnings -		
Reserved for Grant Expenditures	62,264	60,787
Reserved for Bond Debt Service	83,986	79,531
Reserved for Bond Contingency	8,866	7,680
Unreserved	<u>112,705</u>	<u>118,684</u>
Total retained earnings	<u>267,821</u>	<u>266,682</u>
Total fund equity	<u>477,642</u>	<u>483,083</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 628,674</u></u>	<u><u>\$ 640,028</u></u>

VILLAGE OF HESSMER, LOUISIANA

Sewer System - Enterprise Fund
 Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
 Fiscal Years Ended August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating Revenues		
Charges for services	\$ 44,567	\$ 44,189
Operating Expenses		
Salaries	14,575	3,498
Payroll taxes	1,115	283
Depreciation	14,442	13,766
Maintenance and repairs	12,794	3,703
Office	537	445
Legal and professional fees	925	950
Insurance	1,929	944
Chemicals and supplies	1,826	2,396
Laboratory testing	782	818
Other	2,527	2,545
Total operating expenses	<u>51,452</u>	<u>29,348</u>
Operating Income (Loss)	<u>(6,885)</u>	<u>14,841</u>
Nonoperating Revenues (Expenses)		
Interest income	8,144	9,206
Interest expense	(6,700)	(6,601)
Total nonoperating revenues	<u>1,444</u>	<u>2,605</u>
Other Financing Sources		
Operating transfers in	<u>-</u>	<u>300</u>
Net Income (Loss)	(5,441)	17,746
Depreciation on Fixed Assets Acquired By Grants, Entitlements, and Shared Revenues Externally Restricted For Capital Acquisition and Construction That Reduces Contributed Capital	6,580	7,746
Retained Earnings, Beginning	<u>266,682</u>	<u>241,190</u>
Retained Earnings, Ending	<u>\$267,821</u>	<u>\$266,682</u>

VILLAGE OF HESSMER, LOUISIANA

Sewer System - Enterprise Fund
 Comparative Statement of Cash Flows
 Fiscal Years Ended August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating income (loss)	\$ (6,885)	\$ 14,841
Adjustments to reconcile operating (income) loss to net cash provided by operating activities		
Depreciation	14,442	13,766
Changes in assets and liabilities -		
Decrease (increase) in accounts receivable	36	(134)
Decrease in prepaid insurance	(327)	(718)
Decrease in inventory	-	(228)
(Increase) decrease in accounts payable	(934)	215
Increase in customer deposits	21	88
Total adjustments	<u>13,238</u>	<u>12,989</u>
Net cash provided by operating activities	6,353	27,830
Cash flows from noncapital financing activities:		
Advances from other funds	<u>-</u>	<u>340</u>
Cash flows from capital and related financing activities:		
Principal paid on bonds	(5,000)	(4,000)
Payment of interest on bonds	(6,700)	(6,900)
Purchase of fixed assets	<u>-</u>	<u>(20,000)</u>
Net Cash flows used by capital and related financing activities	<u>(11,700)</u>	<u>(30,900)</u>
Cash flows from investing activities:		
Purchase of investments	(2,063)	(4,770)
Interest earned on investments	7,946	10,373
Net cash provided by investing activities	<u>5,883</u>	<u>5,603</u>
Net increase in cash	536	2,873
Cash and cash equivalents, beginning of year	<u>167,895</u>	<u>165,022</u>
Cash and cash equivalents, end of year	<u>\$ 168,431</u>	<u>\$ 167,895</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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

VILLAGE OF HESSMER, LOUISIANA

Comparative Statement of General Fixed Assets
August 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General fixed assets, at cost:		
Land	\$ 39,492	\$ 39,492
Buildings	89,855	86,588
Equipment	38,273	33,721
Vehicles	<u>41,175</u>	<u>27,905</u>
Total general fixed assets	<u>\$ 208,795</u>	<u>\$ 187,706</u>
Investment in general fixed assets		
Property acquired from -		
General fund revenues	136,564	115,475
Revenue sharing	16,485	16,485
Municipality	4,975	4,975
Other	<u>50,771</u>	<u>50,771</u>
Total investment in general fixed assets	<u>\$ 208,795</u>	<u>\$ 187,706</u>

VILLAGE OF HESSMER, LOUISIANA

Statement of Changes in General Fixed Assets
Fiscal Year Ended August 31, 1998

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
General fixed assets, beginning of year	\$ 39,492	\$ 86,588	33,721	\$27,905	\$ 187,706
Additions:	-	3,267	4,552	13,270	21,089
Deletions:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General fixed assets, end of year	<u>\$ 39,492</u>	<u>\$ 89,855</u>	<u>\$38,273</u>	<u>\$41,175</u>	<u>\$ 208,795</u>

INTERNAL CONTROL AND COMPLIANCE

AND

OTHER INFORMATION

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA
Chris Rainey, CPA
Conrad D. Chapman, CPA
P. Troy Courville, CPA

Penny Angelle Scruggins, CPA
Mary T. Thibodeaux, CPA
Gerald A. Thibodeaux, Jr., CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA

234 Rue Beauregard
Lafayette, LA 70508
Phone (318) 232-4141
Fax (318) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (318) 332-4020
Fax (318) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (504) 384-2020
Fax (504) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (318) 363-2792
Fax (318) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (318) 639-4737
Fax (318) 639-4568

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 Mark Jeansonne
and The Board of Aldermen
Village of Hessmer, Louisiana

We have audited the general purpose financial statements of the Village of Hessmer, Louisiana, as of and for the year ended August 31, 1998, and have issued our report thereon dated January 27, 1999. 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 Hessmer, Louisiana's general purpose 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 Hessmer, Louisiana'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we considered to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Hessmer, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as items 98-1.

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

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

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Marksville, Louisiana
January 27, 1999

OTHER INFORMATION

VILLAGE OF HESSMER, LOUISIANA

Schedule of Findings, Questioned Costs and Corrective Action
Fiscal Year Ended August 31, 1998

<u>Fund Involved</u>	<u>Findings</u>	<u>Questioned Cost</u>
All funds	98-1 <u>Inadequate Segregation of Duties</u> Finding: Due to the small number of accounting employees, the Village did not have adequate segregation of functions within the accounting system. Recommendation: Based upon the size of the accounting operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. Response and/or Corrective Action: No response and/or corrective action necessary.	N/A

VILLAGE OF HESSMER, LOUISIANA

Prior Year Audit Findings
Fiscal Year Ended August 31, 1998

During the audit of the August 31, 1997 general purpose financial statements one finding was noted. The following list indicates the August 31, 1997 finding and/or comment and the status of it as of August 31, 1998.

<u>Finding</u>	<u>Status at August 31, 1998</u>
Inadequate segregation of duties	Finding in current year, but not cost-effective to correct

VILLAGE OF HESSMER, LOUISIANA

Sewer System - Enterprise Fund
 Statement of Changes in Assets
 Restricted For Revenue Bond Debt Service
 Fiscal Year Ended August 31, 1998

	Bond and Interest Sinking Fund	Sewer Reserve Fund	Sewer Depreciation Fund	Total
Cash and investments - beginning of year	<u>\$58,915</u>	<u>\$29,911</u>	<u>\$8,160</u>	<u>\$ 96,986</u>
Cash receipts -				
Transfers from operating account	13,200	-	480	13,680
Interest on investments	<u>2,045</u>	<u>910</u>	<u>226</u>	<u>3,181</u>
Total cash receipts	<u>15,245</u>	<u>910</u>	<u>706</u>	<u>16,861</u>
Total cash and investments available	<u>74,160</u>	<u>30,821</u>	<u>8,866</u>	<u>113,847</u>
Cash disbursements				
Bond principal payments	5,000	-	-	5,000
Bond interest payments	<u>6,700</u>	<u>-</u>	<u>-</u>	<u>6,700</u>
Total cash disbursements	<u>11,700</u>	<u>-</u>	<u>-</u>	<u>11,700</u>
Cash and investments - end of year	<u><u>\$62,460</u></u>	<u><u>\$30,821</u></u>	<u><u>\$8,866</u></u>	<u><u>\$102,147</u></u>

VILLAGE OF HESSMER
Enterprise Funds
Water and Sewer System Funds

Schedule of Number of Utility Customers
(Unaudited)
August 31, 1998

Records maintained by the Village indicated the following number of customers were being served during the month of August, 1998:

<u>Department</u>	<u>1998</u>
Water:	
Commercial	20
Residential	<u>832</u>
Total	<u>852</u>
Sewer:	
Commercial	20
Residential	<u>238</u>
Total	<u>258</u>

VILLAGE OF HESSMER

Schedule of Insurance in Force
(Unaudited)
August 31, 1998

<u>Description of Coverage</u>	<u>Asset Covered</u>	<u>Ins. Co.</u>	<u>Policy #</u>	<u>Expiration Date</u>
Workmen's Comp	Employees	Risk Management	WC-0210	1/1/99
Fire:	Water Plant	Prejean	CFP533298	1/16/99
	Community Center	LB Coco	CFP537543	9/30/98
	City Hall	LB Coco	CFP537543	9/30/98
General Liability	n/a	Risk Management	LMC-272	4/1/99
Physical Damage	Police Car	Prejean	APD801716	5/4/99
Inland Marine	Town Equipment	Prejean	IMC300926	10/20/98
Blanket Bond	Clerk	Cenla Ins. Exchange	181-984-37	3/3/00