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VILLAGE OF TURKEY CREEK

Financial Report

Year Ended June 30, 1999

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Release Date JAN 05 2000

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INDEPENDENT AUDITORS' REPORT

The Honorable Blain J. Janet, Mayor,
and Members of the Board of Alderman
Turkey Creek, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Turkey Creek, Louisiana, as of and for the year ended June 30, 1999, 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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.

The Village of Turkey Creek has not maintained adequate internal accounting controls or detailed accounting records for the general fixed assets account group. These inadequacies made it impractical to extend our auditing procedures to enable us to express an opinion on the general fixed assets account group or on the changes in fixed assets as presented in Note 5 to the financial statements.

In our opinion, except for the item discussed in the third paragraph above, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Turkey Creek, Louisiana, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The year 2000 supplementary information (page 21) is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Village of Turkey Creek is or will become year 2000 compliant, that the Village's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Village does business are or will become year 2000 compliant.

The supplemental information (pages 23-27) is presented for purposes of additional analysis. Such information, except for the 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.

In accordance with Government Auditing Standards, we have also issued a report dated September 14, 1999, on our consideration of the Village of Turkey Creek's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

The financial information for the preceding year which is included for comparative purposes was taken from the predecessor auditor's report dated December 21, 1998 in which their opinion was qualified due to the inability to present a statements of revenues, expenditures and changes in fund balance – budget and actual.

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

Ville Platte, Louisiana
September 14, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

VILLAGE OF TURKEY CREEK, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group
June 30, 1999

	Governmental Fund Types		Proprietary Fund Type Enterprise	Account Group	Totals	
	General	Special Revenue		General Fixed Assets (Unaudited)	(Memorandum Only)	
					1999	1998
ASSETS						
Cash	\$ 140	\$ -	\$ 498	\$ -	\$ 638	\$ 780
Interest-bearing deposits	24,227	24,582	90,705	-	139,514	134,760
Receivables:						
Accounts receivable	-	-	37,968	-	37,968	38,189
Sales tax receivable	-	2,448	-	-	2,448	2,392
Accrued interest	-	-	583	-	583	603
Prepaid insurance	-	-	-	-	-	6,737
Other assets	-	-	2,867	-	2,867	2,867
Restricted assets:						
Interest-bearing deposits	-	-	39,786	-	39,786	32,027
Fixed assets (net of accumulated depreciation)	-	-	1,827,014	224,046	2,051,060	1,977,807
Total assets	<u>\$24,367</u>	<u>\$27,030</u>	<u>\$1,999,421</u>	<u>\$224,046</u>	<u>\$2,274,864</u>	<u>\$2,196,162</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	\$ 837	\$ -	\$ 18,917	\$ -	\$ 19,754	\$ 13,512
Accrued expenses	1,274	-	4,365	-	5,639	6,041
Payable from restricted assets-						
Certificates of indebtedness	-	-	60,000	-	60,000	55,000
Accrued interest	-	-	13,104	-	13,104	14,396
Long-term debt-						
Certificates of indebtedness	-	-	455,000	-	455,000	510,000
Total liabilities	<u>2,111</u>	<u>-</u>	<u>551,386</u>	<u>-</u>	<u>553,497</u>	<u>598,949</u>
Fund Equity:						
Contributed capital	-	-	1,101,006	-	1,101,006	989,524
Investment in general fixed assets	-	-	-	224,046	224,046	224,046
Retained earnings:						
Unreserved	-	-	347,029	-	347,029	344,362
Fund balances:						
Unreserved	22,256	27,030	-	-	49,286	39,281
Total fund equity	<u>22,256</u>	<u>27,030</u>	<u>1,448,035</u>	<u>224,046</u>	<u>1,721,367</u>	<u>1,597,213</u>
Total liabilities and fund equity	<u>\$24,367</u>	<u>\$27,030</u>	<u>\$1,999,421</u>	<u>\$224,046</u>	<u>\$2,274,864</u>	<u>\$2,196,162</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF TURKEY CREEK, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended June 30, 1999

	General	Special Revenue	Totals (Memorandum Only)	
			1999	1998
Revenues:				
Taxes	\$ 15,277	\$29,922	\$45,199	\$41,109
Licenses and permits	6,446	-	6,446	7,039
Intergovernmental	17,783	-	17,783	17,552
Fines and forfeits	5,312	-	5,312	1,977
Miscellaneous	1,255	-	1,255	2,369
Interest	256	483	739	604
Total revenues	<u>46,329</u>	<u>30,405</u>	<u>76,734</u>	<u>70,650</u>
Expenditures:				
Current:				
General government	54,983	-	54,983	49,018
Culture and recreation	7,590	-	7,590	5,283
Public safety - police	2,087	-	2,087	1,034
Capital outlay	-	26,900	26,900	12,539
Total expenditures	<u>64,660</u>	<u>26,900</u>	<u>91,560</u>	<u>67,874</u>
Excess (deficiency) of revenues over expenditures	<u>(18,331)</u>	<u>3,505</u>	<u>(14,826)</u>	<u>2,776</u>
Other financing sources (uses):				
Operating transfers out	-	-	-	(9,982)
Operating transfers in	24,831	-	24,831	29,194
Sale of assets	-	-	-	775
Total other financing sources (uses)	<u>24,831</u>	<u>-</u>	<u>24,831</u>	<u>19,987</u>
Excess of revenues and other sources over expenditures and other uses	6,500	3,505	10,005	22,763
Fund balance, beginning	<u>15,756</u>	<u>23,525</u>	<u>39,281</u>	<u>16,517</u>
Fund balance, ending	<u>\$22,256</u>	<u>\$27,030</u>	<u>\$49,286</u>	<u>\$39,280</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF TURKEY CREEK

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 For the Year Ended June 30, 1999
 With comparative Actual Amounts for the Year Ended June 30, 1998

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		
Revenues:				
Taxes	\$ 15,500	\$ 15,277	\$ (223)	\$15,086
Licenses and permits	5,000	6,446	1,446	7,039
Intergovernmental	2,500	17,783	15,283	17,552
Fines	5,000	5,312	312	1,977
Miscellaneous	1,350	1,511	161	2,662
Total revenue	<u>29,350</u>	<u>46,329</u>	<u>16,979</u>	<u>\$44,316</u>
Expenditures:				
Current -				
General government	40,367	54,983	(14,616)	49,018
Public safety - police	16,300	2,087	14,213	1,034
Culture and recreation	7,150	7,590	(440)	5,283
Capital outlay	-	-	-	12,539
Total expenditures	<u>63,817</u>	<u>64,660</u>	<u>(843)</u>	<u>67,874</u>
Excess (deficiency) of revenues over expenditures	<u>(34,467)</u>	<u>(18,331)</u>	<u>16,136</u>	<u>(23,558)</u>
Other financing sources (uses):				
Operating transfers in	35,000	24,831	(10,169)	29,194
Sale of assets	-	-	-	775
Total other financing sources	<u>35,000</u>	<u>24,831</u>	<u>(10,169)</u>	<u>29,969</u>
Excess of revenues and other sources over expenditures and other uses	533	6,500	5,967	6,411
Fund Balance, beginning	<u>15,756</u>	<u>15,756</u>	-	<u>9,345</u>
Fund Balance, ending	<u>\$ 16,289</u>	<u>\$ 22,256</u>	<u>\$ 5,967</u>	<u>\$15,756</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF TURKEY CREEK, LOUISIANA

Enterprise Fund
Comparative Balance Sheet
June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Current assets:		
Cash	\$ 498	\$ 498
Interest-bearing deposits	90,705	96,518
Accounts receivable	37,968	38,189
Prepaid insurance	-	6,737
Interest receivable	583	603
Other assets	<u>2,867</u>	<u>2,867</u>
Total current assets	<u>132,621</u>	<u>145,412</u>
Restricted assets:		
1995 Certificate of indebtedness sinking	22,365	325
Water well #3 construction	3,506	24,779
1997 Certificate of indebtedness sinking	<u>13,915</u>	<u>6,923</u>
Total restricted assets	<u>39,786</u>	<u>32,027</u>
Property, plant and equipment, at cost, net of accumulated depreciation	<u>1,827,014</u>	<u>1,753,761</u>
Total assets	<u>\$1,999,421</u>	<u>\$1,931,200</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets)-		
Accounts payable	\$ 18,917	\$ 12,758
Accrued expenses	<u>4,365</u>	<u>5,161</u>
Total current liabilities (payable from current assets)	<u>23,282</u>	<u>17,919</u>
Current liabilities (payable from restricted assets)-		
Certificates of indebtedness	60,000	55,000
Accrued interest payable	<u>13,104</u>	<u>14,396</u>
Total current liabilities (payable from restricted assets)-	<u>73,104</u>	<u>69,396</u>
Long-term liabilities-		
Certificates of indebtness	<u>455,000</u>	<u>510,000</u>
Total liabilities	<u>551,386</u>	<u>597,315</u>
Fund Equity:		
Contributed capital	1,101,006	989,524
Retained earnings-		
Unreserved	<u>347,029</u>	<u>344,361</u>
Total fund equity	<u>1,448,035</u>	<u>1,333,885</u>
Total liabilities and fund equity	<u>\$1,999,421</u>	<u>\$1,931,200</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF TURKEY CREEK, LOUISIANA

Proprietary Fund - Enterprise Fund
 Comparative Statement of Revenues, Expenses and Changes in Retained Earnings
 Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services -		
Customer service charges	\$305,690	\$292,552
Connection fees	7,150	6,650
Installations	10,250	14,300
Miscellaneous	<u>25,538</u>	<u>11,692</u>
Total operating revenues	<u>348,628</u>	<u>325,194</u>
Operating expenses:		
Salaries	87,790	87,464
Retirement expense	4,476	4,583
Payroll taxes	1,511	1,850
Outside services	3,229	8,581
Gas and oil	4,880	5,676
Insurance	29,559	18,566
Advertising	393	1,539
Telephone	3,512	4,189
Utilities	18,121	23,345
Repairs and maintenance	36,043	46,137
Supplies and parts	21,367	25,652
Office expense	5,579	5,517
Depreciation expense	66,197	59,225
Professional fees	10,024	16,323
Miscellaneous	<u>818</u>	<u>4,120</u>
Total operating expenses	<u>293,499</u>	<u>312,767</u>
Operating income	<u>55,129</u>	<u>12,427</u>
Nonoperating revenues (expenses):		
Interest income	5,053	6,995
Interest expense	<u>(32,683)</u>	<u>(26,291)</u>
Total nonoperating revenues (expenses)	<u>(27,630)</u>	<u>(19,296)</u>
Income before operating transfers	27,499	(6,869)
Operating transfers:		
Operating transfers out	<u>(24,831)</u>	<u>(19,212)</u>
Net income (loss)	2,668	(26,081)
Retained earnings, beginning of year	<u>344,361</u>	<u>370,442</u>
Retained earnings, end of year	<u>\$347,029</u>	<u>\$344,361</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF TURKEY CREEK, LOUISIANA

Proprietary Fund - Enterprise Fund
 Comparative Statement of Cash Flows
 Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Net income	\$ 55,129	\$ 12,427
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation	66,197	59,225
(Increase) decrease in receivables	241	(9,318)
(Increase) decrease in prepaid expenses	6,737	(2,502)
Increase (decrease) in payables	<u>5,362</u>	<u>19,669</u>
Net cash provided by operating activities	<u>133,666</u>	<u>79,501</u>
Cash flows from noncapital financing activities:		
Payments (to) from other funds	<u>(24,831)</u>	<u>(19,212)</u>
Cash flows from capital and related financing activities:		
Proceeds of certificates of indebtedness, series 1997	-	290,000
Payments for property, plant and equipment	(139,449)	(263,968)
Note principal payments	(50,000)	(30,000)
Interest paid	(33,975)	(26,291)
Capital contributed from state	<u>111,482</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(111,942)</u>	<u>(30,259)</u>
Cash flows from investing activities:		
Interest received	<u>5,053</u>	<u>6,995</u>
Net increase in cash and cash equivalents	1,946	37,025
Cash and cash equivalents, beginning of period	<u>129,043</u>	<u>92,018</u>
Cash and cash equivalents, end of period	<u>\$ 130,989</u>	<u>\$ 129,043</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Village of Turkey Creek was incorporated December 18, 1956 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), highway and streets, culture-recreation, public improvements and general administrative services.

The following is a summary of certain significant accounting policies and practices.

A. Basis of Presentation

The accompanying financial statements of the Village of Turkey Creek have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting practices.

B. 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.

C. Fund Accounting

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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Financial Statements (Continued)

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.

Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of a 2% sales and use tax that is legally restricted to expenditures for specific purposes.

Proprietary Funds -

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Basis of Accounting

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting 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, fines and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Sales taxes, 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 TURKEY CREEK, LOUISIANA

Notes to Financial Statements (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are 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.

E. Budgets and Budgetary Accounting

The Village follows the following procedures in establishing the budget:

1. A Council meeting is held no later than fifteen days prior to the beginning of the fiscal year in order to adopt the budget. For the fiscal year end June 30, 1999 a budget for the general fund was prepared. A budget for the special revenue fund was not prepared. The budget was not made available for public inspection 15 days prior to the beginning of the fiscal year.
2. Anticipated changes from the prior year are taken into account and reflected in the projections.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Alderman.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. A budget was prepared for the general fund utilizing generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Alderman.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Village as an extension of formal budgetary integration in the funds.

G. 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 measurement focus. 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

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Financial Statements (Continued)

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. The Village has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. 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 fair value on the date donated. At June 30, 1999 all fixed assets were recorded based upon historical cost.

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 non-current 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.

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 non-current) 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 (expense) in net total assets.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Financial Statements (Continued)

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:

Utility system and improvements	40-60 years
Equipment	3-20 years

H. Restricted Assets

These assets consist of cash restricted for Enterprise Fund Debt Service and contingencies.

I. Definition of Cash and Cash Equivalents Used in the Statement of Cash Flows

For the purpose of the Statement of Cash Flows presented in the enterprise funds, cash and cash equivalents are defined as follows:

Cash and highly liquid investments that are both:

1. Readily convertible to known amounts of cash.
2. So near maturity that they present insignificant risk of changes in value because of change in interest rates.

J. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Although sick leave accumulates and is available for employees when needed, it does not vest, nor is it payable at termination of employment. Vacation must be taken in the year accrued and cannot be carried over. Although this method is not in conformity with generally accepted accounting principals (GAAP), no accrual for compensated absences was made due to immateriality at June 30, 1999.

K. Bad Debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting practices (GAAP), no allowance for uncollectible receivables was made due to immateriality at June 30, 1999.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Financial Statements (Continued)

L. 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 cash flow 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.

M. 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) Cash and interest-bearing deposits

At June 30, 1999, the Village had cash and interest-bearing deposits (book balances) totaling \$179,938 as follows:

Demand deposits	\$ 638
Interest-bearing deposits	<u>179,300</u>
Total	<u>\$179,938</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 1999, the Village has \$183,804 in deposits (collected bank balances). These deposits are secured from risk by \$101,110 of federal deposit insurance and \$82,694 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered collateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Financial Statements (Continued)

(3) Ad valorem 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 ad valorem 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 Evangeline Parish.

For the year ended June 30, 1999, taxes of 6.46 mills were levied on property with assessed valuations totaling \$820,110 and were dedicated for general corporate purposes.

Total taxes levied were \$5,298 with uncollected taxes at June 30, 1999 of \$-0-.

(4) Restricted Assets – Proprietary Fund Types

Restricted assets consisted of interest-bearing demand deposits in the following accounts at June 30, 1999:

1995 Cert. of Indebt. Sinking Fund	\$ 22,365
Well #3 Construction Account	3,506
1997 Cert. of Indebt. Sinking Fund	13,915
	<u>\$ 39,786</u>

(5) Fixed Assets

Summary of changes in General Fixed Assets follows:

	<u>Balance 7/1/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/99</u>
Land	\$ 36,000	\$ -	\$ -	\$ 36,000
Buildings	38,977	-	-	38,977
Improvements other than buildings	76,989	-	-	76,989
Equipment	72,080	-	-	72,080
Total general fixed assets	<u>\$ 224,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,046</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Financial Statements (Continued)

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

Land	\$ 14,400
Buildings and improvements	28,841
Systems and extensions	2,182,849
Furniture and fixtures	14,633
Equipment	203,517
Vehicles	40,965
	<u>2,485,205</u>
Less accumulated depreciation	<u>(658,191)</u>
Net property, plant and equipment	<u>\$ 1,827,014</u>

(6) Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 1999:

	<u>Certificates of Indebtedness</u>
Long-term debt, July 1, 1998	\$ 565,000
Additions	-
Deletions	<u>50,000</u>
Long-term debt, June 30, 1999	<u>\$ 515,000</u>

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Financial Statements (Continued)

Bonds payable at June 30, 1999 are comprised of the following individual issues:

\$360,000 Certificates of Indebtedness, Series 1995 dated February 1, 1995, due in annual installments of \$35,000 - \$50,000 through February 1, 2005; interest at 6.5%.	\$245,000
\$290,000 Certificates of Indebtedness, Series 1997 dated August 1, 1997, due in annual installments of \$25,000 - \$35,000 through August 1, 2007; interest at 5.75%.	<u>270,000</u>
	<u>\$515,000</u>

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$134,187 are as follows:

Year Ending June 30,	
2000	\$ 90,731
2001	87,019
2002	88,306
2003	89,125
2004	89,800
2005-2007	<u>204,206</u>
	<u>\$ 649,187</u>

(7) Pension Plan

Substantially all employees of the Village of Turkey Creek are members of the Municipal Employees Retirement System of Louisiana. The system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Plan Description – The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Village are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age

VILLAGE OF TURKEY CREEK, LOUISIANA

Notes to Financial Statements (Continued)

with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final average salary is the employees's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy – Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Village is required to contribute at an actuarially determined rate. The current rate is 6.25% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Village of Turkey Creek are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Turkey Creek's contributions to the System for the years ending June 30, 1999 and 1998 were \$5,519 and \$5,328, respectively, equal to the required contributions for the year.

(8) Contingent Liabilities

At June 30, 1999, the Village was not involved in litigation.

(9) Compensation Paid Board Members

The Village paid the mayor and aldermen the following per diem:

W.L. Chapelle	\$ 2,400
W.M. Johnson	2,400
Kurry Stewart	2,400
	<u>\$ 7,200</u>

SUPPLEMENTAL INFORMATION

**VILLAGE OF TURKEY CREEK
Ville Platte, Louisiana**

Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Village of Turkey Creek has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the Village's operations. The utility billing and collection system has been tested and validated for year 2000 compliance.

Because of the unprecedented nature of the Year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Village is or will be Year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be year 2000 ready.

COMPLIANCE AND INTERNAL CONTROL

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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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 Blain J. Janet, Mayor
and Members of the Board of Aldermen
Turkey Creek, Louisiana

We have audited the general purpose financial statements of the Village of Turkey Creek, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 14, 1999. In our report, our opinion was qualified due to the inability to determine the accuracy of general fixed assets at June 30, 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 Turkey Creek'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 an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of current and prior year audit findings as item 99-1(C).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Turkey Creek's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 consider 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 Turkey Creek's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of current and prior year audit findings and corrective action plan as item 99-2(IC).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected *within a timely period by employees in the normal course of performing their assigned functions*. 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, of the reportable conditions described above, we consider item 99-2 (IC) to be a material weakness. We have also noted other matters involving the internal control over financial reporting that we have reported to management of the Village of Turkey Creek in a separate letter dated September 14, 1999.

This report is intended solely for the information of management and Village Council and is not intended to be and should not be used by anyone other than these specified parties.

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

Ville Platte, Louisiana
September 14, 1999

VILLAGE OF TURKEY CREEK, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 1999

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
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CURRENT YEAR (6/30/99) --

Compliance:

99-1 (C)	Unknown	The Village violated R.S. 39:1304 of the Louisiana Local Government Budget Act when it did not prepare a budget for the Special Revenue Fund.	Yes	The Village of Turkey Creek will follow all requirements of the Louisiana Local Government Budget Act.	Blain J. Janet, Mayor	6/30/00
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Internal control:

99-2(IC)	Unknown	Due to the small number of employees, the Village did not have adequate segregation of functions within the accounting system.	N/A	Based on the size of the administrative office and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Blain J. Janet, Mayor	N/A
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Management letter:

99-3(ML) Item 1	1999	Expenditures for contract labor over \$600 to individuals were not reported to the IRS on Form 1099.	No	The Village will issue 1099's to all individuals with whom it contracts services in excess of \$600.	Blain J. Janet, Mayor	12/31/99
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(continued)

VILLAGE OF TURKEY CREEK, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 1999

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
----------	--	------------------------	-------------------------	---------------------------	------------------------	-----------------------------

Management letter (continued):

99-4(ML) Item 2	1999	Management should maintain documentation on all revenues received by the Village. Also, efforts should be made to ensure that information on the park reservations calendar log is maintained properly in order to determine the correct amount of park receipts received during the year.	No	All recommendations regarding revenues will be adhered to in order to correctly document the proper amount of revenues received.	Blain J. Janet, Mayor	Effective immediately
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99-5(ML) Item 3	6/30/99	The Village should maintain all documentation regarding the procurement of bids. The advertisement for the bid and the actual bids should be maintained in order to determine whether the requirements of Louisiana Bid Law R.S. Title 38:2212 have been followed.	No	The Village will follow all requirements of LSA-RS Title 38:2212.	Blain J. Janet, Mayor	Effective immediately
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(continued)

VILLAGE OF TURKEY CREEK, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 1999

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
----------	--	------------------------	-------------------------	---------------------------	------------------------	-----------------------------

PRIOR YEAR (6/30/98) --

Compliance:

98-1 (C)	Unknown	The Village failed to make monthly deposits into the Certificates of Indebtedness, Series 1995, Sinking Fund as required by the debt agreement.	Yes	N/A	Blain J. Janet, Mayor	N/A
98-2 (C)	Unknown	The Village did not formally adopt budgets for its General and Special Revenue Fund for the year ended June 30, 1998.	Partial	The General Fund budget for fiscal year ending June 30, 1999 was prepared. A budget for the Special Revenue Fund was not prepared.	Blain J. Janet, Mayor	6/30/00

Internal control:

98-3 (IC)	See 99-3 (IC) above.					
98-4 (IC)	Unknown	Delinquent utility bills (water and sewer) were allowed for some residents of the Village without disconnecting them from service.	Yes	N/A		

Management Letter:

There were no management letter comments for fiscal year ended June 30, 1998.

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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The Honorable Blain J. Janet, Mayor
and Members of the Board of Alderman
Turkey Creek, Louisiana

During our audit of the financial statements of the Village of Turkey Creek for the year ended June 30, 1999, we noted certain areas in which improvements in the accounting system and financial practices of the Village should be considered.

1. Expenditures for contract labor over \$600 to individuals should be reported to the I.R.S. on Form 1099.
2. Management should maintain documentation on all revenues received by the Village. Also, efforts should be made to ensure that information on the park reservations calendar log is maintained properly in order to determine the correct amount of park receipts received during the year.
3. The Village should maintain all documentation regarding the procurement of bids. The advertisement for the bid and the actual bids should be maintained in order to determine whether the requirements of Louisiana Bid Law R.S. Title 38:2212 have been followed.

We would like to express our appreciation to you and your office staff for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance in implementing the above recommendations, please feel free to contact us.

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

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

Release Date _____

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA