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VILLAGE OF NAPOLEONVILLE

NAPOLEONVILLE, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS

December 31, 1998

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

Release Date 7-21-99

Leroy J. Chustz
Certified Public Accountant, APAC

VILLAGE OF NAPOLEONVILLE
Napoleonville, Louisiana

ANNUAL FINANCIAL REPORT

DECEMBER 31, 1998

VILLAGE OF NAPOLEONVILLE
 Napoleonville, Louisiana

Annual Financial Statements with Auditor's Report
 For the Year Ended December 31, 1998

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Mayor and Board of Aldermen
Village of Napoleonville
Napoleonville, Louisiana

I have audited the accompanying general purpose financial statements of Village of Napoleonville, Napoleonville, Louisiana, as of December 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 Napoleonville's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. Village of Napoleonville has included such disclosures in Note 10. Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Village of Napoleonville's disclosures with respect to the Year 2000 Issue made in Note 10. Further, I do not provide assurance that the Village of Napoleonville is or will be ready, that Village of Napoleonville's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Village of Napoleonville does business will be year 2000 ready.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Napoleonville, as of December 31, 1998, 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.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 17, 1999, on my consideration of the Village of Napoleonville's internal control structure and a report dated June 17, 1999, on its compliance with laws and regulations.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the Table of Contents and the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the general purpose financial statements of Village of Napoleonville. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


Leroy J. Chustz
Certified Public Accountant, APAC
June 17, 1999

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

To the Mayor and Board of Aldermen
Village of Napoleonville
Napoleonville, Louisiana

I have audited the financial statements of Village of Napoleonville, Napoleonville, Louisiana, as of and for the year ended December 31, 1998, and have issued my report thereon dated June 17, 1999. I conducted my audit in accordance with generally accepted auditing 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 Village of Napoleonville's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audits, I considered Village of Napoleonville's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of Village of Napoleonville's management, and federal awarding agencies and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.


Leroy J. Chustz
Certified Public Accountant, APAC
June 17, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF NAPOLEONVILLE
 COMBINED BALANCE SHEET — ALL FUND TYPES AND ACCOUNT GROUPS
 Statement A
 December 31, 1998

	GENERAL FUND	SPECIAL REVENUE FUND	ENTERPRISE FUNDS	GENERAL FIXED ASSET GROUP
ASSETS				
Current Assets				
Cash	\$ 225,171.95	\$ -	\$ 31,809.69	\$ -
Accounts receivable	2,271.94	-	6,234.54	-
Due from other funds	12,064.69	-	-	-
Due from other governments	-	-	-	-
Licenses receivable	33,274.45	-	-	-
Taxes receivable	16,653.65	-	-	-
Restricted Assets				
Cash	-	-	44,870.19	-
Fixed Assets				
Machinery and equipment - net	-	-	750,536.85	-
General Fixed Assets				
General fixed assets	-	-	-	746,622.11
TOTAL ASSETS	\$ 289,436.68	\$ -	\$ 833,451.27	\$ 746,622.11
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Curr Liab (from Curr Assets)				
Accounts payable	\$ 5,711.60	\$ -	\$ -	\$ -
Due to other funds	-	-	12,064.69	-
Due to other governments	301.74	-	-	-
Arrest bonds payable	733.00	-	-	-
Salaries and wages payable	37.72	-	-	-
Payroll taxes payable	7,289.85	-	26.76	-
Curr Liab (from Restr Assets)				
Bonds payable-current portion	-	-	3,806.05	-
Accrued interest payable	-	-	2,664.82	-
Long-Term Liabilities				
Bonds payable	-	-	307,943.11	-
TOTAL LIABILITIES	14,073.91	-	326,505.43	-

See accompanying notes to the financial statements.

Memorandum Only Current Year	Memorandum Only Prior Year
\$ 256,981.64	\$ 241,295.19
8,506.48	7,317.12
12,064.69	8,099.52
-	12,894.30
33,274.45	40,396.10
16,653.65	2,817.56
44,870.19	42,591.71
750,536.85	775,233.66
746,622.11	744,431.38
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\$ 1,869,510.06	\$ 1,875,076.54
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\$ 5,711.60	\$ 14,420.07
12,064.69	8,099.52
301.74	215.48
733.00	733.00
37.72	-
7,316.61	1,379.99
3,806.05	3,499.22
2,664.82	3,053.08
307,943.11	313,363.86
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340,579.34	344,764.22
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See accompanying notes to the financial statements.

VILLAGE OF NAPOLEONVILLE
 COMBINED BALANCE SHEET — ALL FUND TYPES AND ACCOUNT GROUPS
 Statement A
 December 31, 1998

	GENERAL FUND	SPECIAL REVENUE FUND	ENTERPRISE FUNDS	GENERAL FIXED ASSET GROUP
FUND EQUITY				
Contributed Capital				
Contributed capital	\$ -	\$ -	\$ 627,970.24	\$ -
Contribution from FmHA	-	-	7,964.95	-
Investment in Fixed Assets				
Investment in fixed assets	-	-	-	746,622.11
Retained Earnings				
Unreserved	-	-	(128,989.35)	-
Fund Balance				
Unreserved	275,362.77	-	-	-
TOTAL FUND EQUITY	275,362.77	-	506,945.84	746,622.11
TOTAL LIABILITIES AND FUND EQUITY	\$ 289,436.68	\$ -	\$ 833,451.27	\$ 746,622.11

See accompanying notes to the financial statements.

Memorandum Only Current Year	Memorandum Only Prior Year
\$ 627,970.24	\$ 627,970.24
7,964.95	7,964.95
746,622.11	744,431.38
(128,989.35)	(124,323.28)
275,362.77	274,269.03
1,528,930.72	1,530,312.32
\$ 1,869,510.06	\$ 1,875,076.54

See accompanying notes to the financial statements.

VILLAGE OF NAPOLEONVILLE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—
 ALL GOVERNMENTAL FUND TYPES
 Statement B
 Year Ended December 31, 1998

	GENERAL FUND	SPECIAL REVENUE FUND	Memorandum Only Current Year	Memorandum Only Prior Year
REVENUES				
Revenues				
Ad valorem tax	\$ 28,789.74	\$ -	\$ 28,789.74	\$ 17,348.53
Sales tax	117,645.56	-	117,645.56	108,333.18
Licenses and permits	54,654.99	-	54,654.99	72,900.07
Intergovernmental revenue	6,507.99	-	6,507.99	3,981.79
Federal grants	10,446.86	328,011.05	338,457.91	31,580.00
State grants	6,135.48	-	6,135.48	8,700.94
Fees, charges and commissions	45,462.92	-	45,462.92	44,311.26
Fines and forfeitures	17,974.50	-	17,974.50	39,262.32
Use of money and property	9,609.59	-	9,609.59	12,502.51
Miscellaneous revenue	6,318.61	-	6,318.61	5,017.89
TOTAL REVENUES	303,546.24	328,011.05	631,557.29	343,938.49
EXPENDITURES				
Current Expenditures				
Other general administration	113,683.29	-	113,683.29	117,530.45
Public safety	87,568.30	-	87,568.30	74,400.72
Public works	46,919.75	328,011.05	374,930.80	60,300.55
Health and welfare	32,889.59	-	32,889.59	31,842.28
Culture and recreation	17,394.81	-	17,394.81	16,519.55
Capital Outlay				
Public safety	3,996.76	-	3,996.76	-
Culture and recreation	-	-	-	7,462.17
TOTAL EXPENDITURES	302,452.50	328,011.05	630,463.55	308,055.72
Excess (deficiency) of revenues over expenditures	1,093.74	-	1,093.74	35,882.77
Excess (deficiency) of revenues over expenditures and other sources (uses)	1,093.74	-	1,093.74	35,882.77
Fund Balances at beginning of year	274,269.03	-	274,269.03	238,386.26
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	-	-	-	-
Fund Balances at end of year	\$ 275,362.77	\$ -	\$ 275,362.77	\$ 274,269.03

See accompanying notes to the financial statements.

VILLAGE OF NAPOLEONVILLE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES—
 BUDGET AND ACTUAL (GAAP BASIS) GENERAL AND SPECIAL REVENUE FUNDS
 Statement C
 Year Ended December 31, 1998

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenues			
Ad valorem tax	\$ 33,000.00	\$ 28,789.74	\$ (4,210.26)
Sales tax	100,000.00	117,645.56	17,645.56
Licenses and permits	81,650.00	54,654.99	(26,995.01)
Intergovernmental revenue	6,800.00	6,507.99	(292.01)
Federal grants	-	10,446.86	10,446.86
State grants	8,000.00	6,135.48	(1,864.52)
Fees, charges and commissions	37,000.00	45,462.92	8,462.92
Fines and forfeitures	22,000.00	17,974.50	(4,025.50)
Use of money and property	12,035.00	9,609.59	(2,425.41)
Miscellaneous revenue	14,300.00	6,318.61	(7,981.39)
TOTAL REVENUES	314,785.00	303,546.24	(11,238.76)
EXPENDITURES			
Current Expenditures			
Other general administration	115,923.00	113,683.29	2,239.71
Public safety	84,200.00	87,568.30	(3,368.30)
Public works	47,115.00	46,919.75	195.25
Health and welfare	26,000.00	32,889.59	(6,889.59)
Culture and recreation	16,800.00	17,394.81	(594.81)
Capital Outlay			
Public safety	-	3,996.76	(3,996.76)
TOTAL EXPENDITURES	290,038.00	302,452.50	(12,414.50)
Excess (deficiency) of revenues over expenditures	24,747.00	1,093.74	(23,653.26)
Excess (deficiency) of revenues over expenditures and other sources (uses)	24,747.00	1,093.74	(23,653.26)
Fund Balances at beginning of year	274,269.03	274,269.03	-
Residual Equity Transfers In	-	-	-
Residual Equity Transfers Out	-	-	-
Fund Balances at end of year	\$ 299,016.03	\$ 275,362.77	\$ (23,653.26)

See accompanying notes to the financial statements.

SPECIAL REVENUE FUND			Memorandum Only Current Year		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 33,000.00	\$ 28,789.74	\$ (4,210.26)
-	-	-	100,000.00	117,645.56	17,645.56
-	-	-	81,650.00	54,654.99	(26,995.01)
-	-	-	6,800.00	6,507.99	(292.01)
328,000.00	328,011.05	11.05	328,000.00	338,457.91	10,457.91
-	-	-	8,000.00	6,135.48	(1,864.52)
-	-	-	37,000.00	45,462.92	8,462.92
-	-	-	22,000.00	17,974.50	(4,025.50)
-	-	-	12,035.00	9,609.59	(2,425.41)
-	-	-	14,300.00	6,318.61	(7,981.39)
328,000.00	328,011.05	11.05	642,785.00	631,557.29	(11,227.71)
-	-	-	115,923.00	113,683.29	2,239.71
-	-	-	84,200.00	87,568.30	(3,368.30)
328,000.00	328,011.05	(11.05)	375,115.00	374,930.80	184.20
-	-	-	26,000.00	32,889.59	(6,889.59)
-	-	-	16,800.00	17,394.81	(594.81)
-	-	-	-	3,996.76	(3,996.76)
328,000.00	328,011.05	(11.05)	618,038.00	630,463.55	(12,425.55)
-	-	-	24,747.00	1,093.74	(23,653.26)
-	-	-	24,747.00	1,093.74	(23,653.26)
-	-	-	274,269.03	274,269.03	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 299,016.03	\$ 275,362.77	\$ (23,653.26)

See accompanying notes to the financial statements.

VILLAGE OF NAPOLEONVILLE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS--
ALL PROPRIETARY FUND TYPES
Statement D

Year Ended December 31, 1998

	ENTERPRISE FUNDS	Memorandum Only Current Year	Memorandum Only Prior Year
REVENUES			
Operating Revenues			
Fees, charges and commissions	\$ 89,889	\$ 89,889	\$ 89,746
Nonoperating Revenues			
Miscellaneous revenue	400	400	-
TOTAL REVENUES	90,289	90,289	89,746
EXPENDITURES			
Operating Expenses			
Health and welfare			
Unemployment insurance	3	3	-
Social security tax	-	-	3,918
Insurance	2,936	2,936	3,443
Billing and collecting fees	3,760	3,760	3,779
Salaries and wages	20,444	20,444	25,610
Repairs to system	6,022	6,022	3,316
Electricity	8,675	8,675	11,768
Tools and sundry equipment	74	74	499
Sewerage material and supply	6,997	6,997	9,038
Miscellaneous	634	634	2,212
Inspection and testing	1,385	1,385	1,279
Water	1,279	1,279	2,325
D E Q fees	667	667	620
Depreciation	24,697	24,697	24,697
Operation of plant	-	-	525
Legal and professional	373	373	30
Bond interest	17,009	17,009	21,144
TOTAL EXPENDITURES	94,955	94,955	114,203
Excess (deficiency) of revenues over expenditures	(4,666)	(4,666)	(24,457)
Excess (deficiency) of revenues over expenditures and other sources (uses)	(4,666)	(4,666)	(24,457)
Fund Balances at beginning of year	(124,323)	(124,323)	(99,868)
Fund Balances at end of year	\$ (128,989)	\$ (128,989)	\$ (124,325)

See accompanying notes to the financial statements.

VILLAGE OF NAPOLEONVILLE

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES
Statement E

For the Year Ended December 31, 1998
Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:	
Operating income (loss)	\$(4,666.07)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	24,696.81
(Increase) decrease in receivables	13,976.88
Increase (decrease) in accounts payable	557.43
Increase (decrease) in accrued liabilities	<u>(388.26)</u>
Net cash provided (used) by operating activities	<u>34,176.79</u>
Cash flows from capital financing activities:	
Bonds redeemed	<u>(5,113.92)</u>
Net cash provided (used) by capital financing activities	<u>(5,113.92)</u>
Net increase (decrease) in cash and equivalents	29,062.87
Cash and cash equivalents, beginning of year	<u>47,617.01</u>
Cash and cash equivalents, end of year	<u>\$76,679.88</u>

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$17,397.08
Income taxes	-0-

See accompanying notes to the financial statements.

VILLAGE OF NAPOLEONVILLE, LOUISIANA

Notes to the Financial Statements
For the Year Ended December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Napoleonville operates under a mayor - board of aldermen form of government in accordance with the provisions of the Village's charter. The accounting and reporting practices of the Village conform to generally accepted accounting principles as applicable to governmental units applied on a consistent basis between periods. Such accounting procedures also conform to the accounting requirements of the 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*, published by the American Institute of Certified Public Accountants.

The following is a summary of the more significant policies:

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 was determined on the basis of budget adoption, taxing authority, election or appointment of governing body, and other general oversight responsibility.

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, 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 following fund category, fund types, and account groups are used by the Village:

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 Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified 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

VILLAGE OF NAPOLEONVILLE, LOUISIANA
Notes to the Financial Statements, Continued
December 31, 1998

(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.

Account Group:

General Fixed Asset Account Group

This account group is established to account for fixed assets of the Village other than those accounted for in proprietary funds or trust funds. General fixed assets are accounted for in the General Fixed Asset Account Group rather than in the governmental funds.

Overview total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operation, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures 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 on the modified accrual basis of accounting, wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

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.

D. BUDGET AND BUDGETARY ACCOUNTING

The Village's budgetary procedures provide that the Clerk prepare a proposed budget which must be presented to the Mayor and Board of Aldermen prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to commencement of the fiscal year for which the budget is being adopted. All budgetary amendments involving the transfer of funds require approval of the Board of Aldermen. All budgetary appropriations lapse at the end of each fiscal year. Budgets for the General and Special Revenue funds were adopted on a basis consistent with generally accepted accounting principles.

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.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
Notes to the Financial Statements, Continued
December 31, 1998

E. FIXED ASSETS

Fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental fund types and capitalized at cost in the general fixed assets account group.

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

No depreciation has been recorded on general fixed assets.

All fixed assets of proprietary funds are valued at historical costs. It is the policy of the Village to capitalize interest costs incurred during the period of construction. During 1998, no interest was capitalized.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation is calculated using the straight line method with estimated lives ranging from ten to forty years. All infrastructure assets are accounted for and depreciated.

F. CASH

Cash includes demand deposits and interest bearing demand deposits which are fully secured through the pledge of bank-owned securities or federal deposit insurance. For purposes of the statement of cash flows, the Village considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 1998, the Village has cash and cash equivalents (book balances) totaling \$301,677 as follows:

Demand deposits	<u>\$ 301,677</u>
Total	<u>\$ 301,677</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits (bank balances) at December 31, 1998, are secured as follows:

VILLAGE OF NAPOLEONVILLE, LOUISIANA
Notes to the Financial Statements, Continued
December 31, 1998

Bank balances	<u>\$309,496</u>
Federal deposit insurance	\$100,000
Pledged securities (Category 1)	<u>209,496</u>
Total insurance and pledged securities	<u>\$309,496</u>
Unsecured deposits at 12/31/98	<u>\$ -0-</u>

G. REVENUE RECOGNITION POLICIES

The following describes the revenue recognition practices for the major revenue sources of the Village.

1. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the Village in September and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. There were \$10,524 in taxes receivable at December 31, 1998.

The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Assumption Parish.

For the year ended December 31, 1998, taxes of 14.04 mills were levied and were dedicated for general operating purposes.

2. SALES TAXES

Sales taxes, and licenses and permits are recognized as revenues whenever they are received by the collecting authority or collectibility has been clearly established. There were \$6,130 in sales taxes receivable as of December 31, 1998.

3. SERVICE FEE REVENUES

Charges for services are recognized as revenues when customers are billed for services as provided.

Substantially all other revenues are recognized when received.

H. VACATION AND SICK LEAVE

Vacation and sick leave are recorded as expenditures of the period in which they are paid. The amount of accumulated vacation and sick leave cannot be reasonably estimated at this time; however, it is immaterial in amount.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
Notes to the Financial Statements, Continued
December 31, 1998

I. INTERFUND TRANSFERS

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

J. UNCOLLECTIBLE ACCOUNTS

The statements contain no provision for uncollectible ad valorem taxes and other receivables. Village officials are of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

K. ESTIMATES

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

2. BOND RESERVE REQUIREMENTS

The Village is required to maintain the following reserves by the Farmers Home Administration as a condition of the loan made to the Village.

A. RESERVE BOND SINKING FUND

Each month the Village must transfer into the revenue bond sinking fund, a sum equal to one-twelfth of the interest falling due on the next interest payment date and, in addition, a sum equal to one-twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required as the same respectively become due. The fiscal agent bank shall make available from the revenue bond sinking fund to the paying agent for all installments on the bond payable from said fund, at least ten days in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and interest so falling due on such date.

B. SEWERAGE SYSTEM REVENUE BOND RESERVE FUND

Each month the Village must transfer into the reserve fund, a sum equal to five per cent of the sum required to be transferred in each month into the revenue bond sinking fund as required in the reserve bond sinking fund, the payments to continue until such time as there has been accumulated therein a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year on the outstanding principal of the bonds. The money in the reserve fund is to be retained solely for the purpose of paying the principal of and the interest on bonds payable from the revenue bond sinking fund as to which there would otherwise be default.

C. DEPRECIATION AND CONTINGENCY FUND

Each month the Village must transfer into the depreciation and contingency fund the sum of \$96.00. All monies in the depreciation and contingency fund may be drawn on and used by the Village for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, replacements, and extensions; and the costs of improvements to the sewerage system which will either enhance its revenue producing capacity or provide a higher degree of service.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
Notes to the Financial Statements, Continued
December 31, 1998

In accordance with the requirements of Paragraph A,B and C above, the Village has set aside the required reserves.

3. GENERAL FIXED ASSETS AND FIXED ASSETS USED IN PROPRIETARY FUNDS

A summary of general fixed assets at December 31, 1998, is as follows:

	<u>BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>END OF YEAR</u>
Buildings	\$420,975	\$ -0-	\$ -0-	\$420,975
Improvements other than buildings	205,532	-0-	-0-	205,532
Equipment	<u>117,924</u>	<u>3,997</u>	<u>1,806</u>	<u>120,115</u>
Total	<u>\$744,431</u>	<u>\$ 3,997</u>	<u>\$ 1,806</u>	<u>\$746,622</u>

A summary of fixed assets used in proprietary funds is as follows:

	<u>BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>END OF YEAR</u>
Sewer system	\$1,180,830	\$ -0-	\$ -0-	\$1,180,830
Equipment	5,550	-0-	-0-	5,550
Accumulated depreciation	<u>(411,147)</u>	<u>(24,697)</u>	<u>-0-</u>	<u>(435,843)</u>
Total	<u>\$ 775,233</u>	<u>\$ (24,697)</u>	<u>\$ -0-</u>	<u>\$ 750,537</u>

4. PENSION PLANS

MERS-

All of the Village of Napoleonville's full-time non police employees participate in the Municipal Employees Retirement System Plan "B" ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended December 31, 1998, was \$75,276; the Village's total payroll was \$160,484.

The system provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System. The System was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funding retirement system and under age sixty at date of employment.

Any member of Plan B can retire providing he meets one of the following criteria:

1. Age fifty-five with thirty years of creditable service.
2. Age sixty with a minimum of ten or more years of creditable service.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
Notes to the Financial Statements, Continued
December 31, 1998

3. Under age sixty with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two per cent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Covered employees are required by State statute to contribute five per cent of their salary to the plan. The Village was required by the same statute to contribute five to three and one-quarter per cent. The contribution requirement for the year ended December 31, 1998, was \$6,332, which consisted of \$2,571 from the Village and \$3,761 from employees. The actuarially determined contribution requirement for 1998 has not yet been provided by the retirement system.

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Municipal Employees Retirement System of Louisiana.

MPERS-

All of the Village of Napoleonville's full-time police employees participate in the Municipal Police Employees Retirement System ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended December 31, 1998, was \$51,309; the Village's total payroll was \$160,484.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he does not have to pay social security and providing he meets the statutory criteria.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Any member is eligible for normal retirement after he has been a member of the System for one year, if he has 25 years of creditable service at any age, or has 20 years of creditable service and is age 50, or has 12 years creditable service and is age 55.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

A member is eligible to receive disability benefits if he was an active contributing member of the system, or if he is no longer a member but has 20 years creditable service established in the System, and suffers disability which has been certified by examination by a member of the State-wide Medical Disability Board. A service related disability requires no certain number of years of creditable service; however, a non-service connected disability requires five years of creditable service.

The disability benefits are calculated at three percent of average final compensation multiplied by years of creditable service, but shall not be less than forty percent nor more than sixty of average final compensation. Upon reaching the age required for regular retirement, the disability pensioner receives the greater of disability benefit or accrued benefit earned to date of disability.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation.

VILLAGE OF NAPOLEONVILLE, LOUISIANA
Notes to the Financial Statements, Continued
December 31, 1998

A member is eligible upon receiving 25 years of credit regardless of age or 20 years of credit and attaining the age of 50, to elect to enter the deferred retirement option plan (DROP). Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is specified for a period of three years or less. If employment is terminated after the three year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the system shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis.

Covered employees are required by State statute to contribute five per cent of their salary to the plan. The Village was required by the same statute to contribute five to three and one-quarter per cent. The contribution requirement for the year ended December 31, 1998, was \$8,463, which consisted of \$4,616 from the Village and \$3,847 from employees. The actuarially determined contribution requirement for 1998 has not yet been provided by the retirement system.

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Municipal Employees Retirement System of Louisiana.

5. LONG-TERM DEBT

The following is a summary of loan transactions of the Village for the year ending December 31, 1998:

	<u>LOAN R-1</u>
Loan payable at December 31, 1997	\$ 316,863
New debt issued	-0-
Principal retired	<u>5,114</u>
Loan payable at December 31, 1998	<u>\$ 311,749</u>

Long-term debt consists of one loan made by the Village and held by the Farmers Home Administration. Loan R-1 in the amount of \$336,500 bears interest of six per cent per annum to be paid from the revenues of the sewer system.

Repayment is to be made as follows:

\$326,500 SEWERAGE SYSTEM LOAN NUMBER R-1

Only interest will be paid on the first annual payment starting on December 11, 1990. Payments of \$22,512 annually thereafter on each December 11th until principal and interest are fully paid, except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable on the last annual payment date, which is forty years from the date of the bond.

The annual requirements to amortize all long-term debt outstanding at December 31, 1998, including interest of \$686,180, are as follows:

VILLAGE OF NAPOLEONVILLE, LOUISIANA
Notes to the Financial Statements, Continued
December 31, 1998

<u>YEAR ENDED</u>	<u>LOAN R-1</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1999	3,806	18,705	22,511
2000	4,034	18,477	22,511
2001	4,276	18,235	22,511
2002	4,533	17,978	22,511
2003	4,805	17,706	22,511
2004 through maturity	<u>290,295</u>	<u>283,330</u>	<u>573,625</u>
TOTAL	<u>311,749</u>	<u>374,431</u>	<u>686,180</u>

6. CONTRIBUTED CAPITAL

Contributed capital is comprised of funding from a grant from the Farmers Home Administration and the fund balance of the Sewer fund previously reported as a special revenue fund.

8. PAYMENTS TO BOARD OF ALDERMEN

Board of Aldermen members are compensated at \$125.00 per month and the mayor is compensated at \$350.00 per month. The following payments were made to the Board members.

<u>BOARD MEMBER</u>	<u>MEETINGS ATTENDED</u>	<u>PER DIEM</u>
Darrel C. Jupiter, Mayor Post Office Box 400 Napoleonville, Louisiana 70390	15	\$3,150
Frank Couteau Post Office Box 487 Napoleonville, Louisiana 70390	14	1,500
Florentine Blanchard Post Office Box 350 Napoleonville, Louisiana 70390	15	1,500
Carl Heims Post Office Box 260 Napoleonville, Louisiana 70390	12	<u>1,500</u>
		<u>\$7,650</u>

VILLAGE OF NAPOLEONVILLE, LOUISIANA
Notes to the Financial Statements, Continued
December 31, 1998

9. CONTINGENCIES AND PENDING LITIGATION

According to legal counsel, there is no material litigation against the Village of Napoleonville.

10. YEAR 2000 COMPLIANCE (UNAUDITED)

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not correctly recognize "00" as the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be reprogrammed or replaced to make them year 2000 compliant.

The Village of Napoleonville is significantly dependent on computerized systems for essential operations and to provide services to citizens. As a continuing process, the Village is actively engaged in making necessary changes to its systems and equipment to achieve year 2000 compliance. Interfacing business partners are being surveyed to assess their compliance status and possible impact on district services. Other information technology projects have been re-prioritized and delayed when necessary to support continuing progress toward year 2000 compliance. These changes include system upgrades and equipment replacements. Contingency plans are also being considered.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
(SUPPLEMENTAL INFORMATION)

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

VILLAGE OF NAPOLEONVILLE
GENERAL FUND
Schedule 1
COMPARATIVE BALANCE SHEET

December 31, 1997 and 1998

	1998	1997
ASSETS		
<hr/>		
Current Assets		
Cash	\$ 225,171.95	\$ 236,269.89
Accounts receivable	2,271.94	-
Due from other funds	12,064.69	8,099.52
Licenses receivable	33,274.45	40,396.10
Taxes receivable	16,653.65	2,817.56
	<hr/>	<hr/>
TOTAL ASSETS	\$ 289,436.68	\$ 287,583.07
	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE		
<hr/>		
LIABILITIES		
Curr Liab (from Curr Assets)		
Accounts payable	\$ 5,711.60	\$ 10,985.57
Due to other governments	301.74	215.48
Arrest bonds payable	733.00	733.00
Salaries and wages payable	37.72	-
Payroll taxes payable	7,289.85	1,379.99
	<hr/>	<hr/>
TOTAL LIABILITIES	14,073.91	13,314.04
	<hr/>	<hr/>
FUND BALANCE		
Fund Balance		
Unreserved	275,362.77	274,269.03
	<hr/>	<hr/>
TOTAL FUND BALANCE	275,362.77	274,269.03
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 289,436.68	\$ 287,583.07
	<hr/>	<hr/>

VILLAGE OF NAPOLEONVILLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
CHANGES IN FUND BALANCE—BUDGET (GAAP BASIS)
Schedule 2

Year Ended December 31, 1998

With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance— favorable (unfavorable)	1997
	Budget	Actual		Actual
REVENUES				
Revenues				
Ad valorem tax	\$ 33,000.00	\$ 28,789.74	\$ (4,210.26)	\$ 17,348.53
Sales tax	100,000.00	117,645.56	17,645.56	108,333.18
Licenses and permits	81,650.00	54,654.99	(26,995.01)	72,900.07
Intergovernmental revenue	6,800.00	6,507.99	(292.01)	3,981.79
Federal grants	-	10,446.86	10,446.86	-
State grants	8,000.00	6,135.48	(1,864.52)	8,700.94
Fees, charges and commissions	37,000.00	45,462.92	8,462.92	44,311.26
Fines and forfeitures	22,000.00	17,974.50	(4,025.50)	39,262.32
Use of money and property	12,035.00	9,609.59	(2,425.41)	12,502.51
Miscellaneous revenue	14,300.00	6,318.61	(7,981.39)	5,017.89
TOTAL REVENUES	314,785.00	303,546.24	(11,238.76)	312,358.49
EXPENDITURES				
Current Expenditures				
Other general administration	115,923.00	113,683.29	2,239.71	117,530.45
Public safety	84,200.00	87,568.30	(3,368.30)	74,400.72
Public works	47,115.00	46,919.75	195.25	28,720.55
Health and welfare	26,000.00	32,889.59	(6,889.59)	31,842.28
Culture and recreation	16,800.00	17,394.81	(594.81)	16,519.55
Capital Outlay				
Public safety	-	3,996.76	(3,996.76)	-
Culture and recreation	-	-	-	7,462.17
TOTAL EXPENDITURES	290,038.00	302,452.50	(12,414.50)	276,475.72
Excess (deficiency) of revenues over expenditures	24,747.00	1,093.74	(23,653.26)	35,882.77
OTHER FINANCING SOURCES (USES)				
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	24,747.00	1,093.74	(23,653.26)	35,882.77

VILLAGE OF NAPOLEONVILLE
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES
 CHANGES IN FUND BALANCE—BUDGET (GAAP BASIS)
 Schedule 2
 Year Ended December 31, 1998
 With Comparative Actual Amounts for Year Ended December 31, 1997

	1998			1997 Actual
	Budget	Actual	Variance— favorable (unfavorable)	
Fund Balances at beginning of year	\$ 274,269.03	\$ 274,269.03	\$ -	\$ 238,386.26
Fund Balances at end of year	\$ 299,016.03	\$ 275,362.77	\$ (23,653.26)	\$ 274,269.03

SPECIAL REVENUE FUNDS

LCDBG FY 1996 Grant Fund

Special Revenue Funds-to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

VILLAGE OF NAPoleonVILLE
 LCDBG FY1996 GRANT FUND
 STATEMENT OF REVENUES, EXPENDITURES
 CHANGES IN FUND BALANCE—BUDGET (GAAP BASIS)
 Schedule 3

Year Ended December 31, 1998

With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance— favorable (unfavorable)	1997
	Budget	Actual		Actual
REVENUES				
Revenues				
Federal grants	\$ 328,000.00	\$ 328,011.05	\$ 11.05	\$ 31,580.00
TOTAL REVENUES	328,000.00	328,011.05	11.05	31,580.00
EXPENDITURES				
Current Expenditures				
Public works	328,000.00	328,011.05	(11.05)	31,580.00
TOTAL EXPENDITURES	328,000.00	328,011.05	(11.05)	31,580.00
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund Balances at beginning of year	-	-	-	-
Fund Balances at end of year	\$ -	\$ -	\$ -	\$ -

ENTERPRISE FUNDS

Sewer Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or 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.

VILLAGE OF NAPOLEONVILLE
SEWER FUND
Schedule 4
COMPARATIVE BALANCE SHEET

December 31, 1998 and 1997

	1998	1997
ASSETS		
<hr/>		
Current Assets		
Cash	\$ 31,809.69	\$ 5,025.30
Accounts receivable	6,234.54	7,317.12
Due from other governments	-	12,894.30
Restricted Assets		
Cash	44,870.19	42,591.71
Fixed Assets		
Machinery and equipment - net	750,536.85	775,233.66
	<hr/>	<hr/>
TOTAL ASSETS	\$ 833,451.27	\$ 843,062.09
	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE		
<hr/>		
LIABILITIES		
Curr Liab (from Curr Assets)		
Accounts payable	\$ -	\$ 3,434.50
Due to other funds	12,064.69	8,099.52
Payroll taxes payable	26.76	-
Curr Liab (from Restr Assets)		
Bonds payable-current portion	3,806.05	3,499.22
Accrued interest payable	2,664.82	3,053.08
Long-Term Liabilities		
Bonds payable	307,943.11	313,363.86
	<hr/>	<hr/>
TOTAL LIABILITIES	326,505.43	331,450.18
	<hr/>	<hr/>
FUND BALANCE		
Contributed Capital		
Contributed capital	627,970.24	627,970.24
Contribution from FmHA	7,964.95	7,964.95
Retained Earnings		
Unreserved	(128,989.35)	(124,323.28)
	<hr/>	<hr/>
TOTAL FUND BALANCE	506,945.84	511,611.91
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 833,451.27	\$ 843,062.09
	<hr/>	<hr/>

VILLAGE OF NAPOLEONVILLE
SEWER FUND
STATEMENT OF REVENUES, EXPENDITURES
CHANGES IN FUND BALANCE—BUDGET (GAAP BASIS)

Statement 5

Year Ended December 31, 1998

With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance— favorable (unfavorable)	1997
	Budget	Actual		Actual
REVENUES				
Operating Revenues				
Fees, charges and commissions				
Sewerage fees	\$ -	\$ 89,889.18	\$ 89,889.18	\$ 89,745.73
Nonoperating Revenues				
Miscellaneous revenue				
Miscellaneous revenue	-	400.00	400.00	-
TOTAL REVENUES	-	90,289.18	90,289.18	89,745.73
EXPENDITURES				
Operating Expenses				
Health and welfare				
Unemployment insurance	-	3.33	(3.33)	-
Social security tax	-	-	-	3,918.33
Insurance	-	2,935.99	(2,935.99)	3,443.30
Billing and collecting fees	-	3,760.25	(3,760.25)	3,778.71
Salaries and wages	-	20,443.59	(20,443.59)	25,610.02
Repairs to system	-	6,021.77	(6,021.77)	3,316.33
Electricity	-	8,674.85	(8,674.85)	11,768.12
Tools and sundry equipment	-	73.68	(73.68)	498.55
Sewerage material and supply	-	6,996.56	(6,996.56)	9,038.34
Miscellaneous	-	636.46	(636.46)	2,209.02
Inspection and testing	-	1,385.00	(1,385.00)	1,279.00
Water	-	1,278.56	(1,278.56)	2,325.44
D E Q fees	-	666.58	(666.58)	620.10
Depreciation	-	24,696.81	(24,696.81)	24,696.81
Operation of plant	-	-	-	525.00
Legal and professional	-	373.00	(373.00)	30.00
Bond interest	-	17,008.82	(17,008.82)	21,143.68
TOTAL EXPENDITURES	-	94,955.25	(94,955.25)	114,200.75
Excess (deficiency) of revenues over expenditures	-	(4,666.07)	(4,666.07)	(24,455.02)
OTHER FINANCING SOURCES (USES)				

VILLAGE OF NAPOLEONVILLE
 SEWER FUND
 STATEMENT OF REVENUES, EXPENDITURES
 CHANGES IN FUND BALANCE—BUDGET (GAAP BASIS)
 Statement 5
 Year Ended December 31, 1998
 With Comparative Actual Amounts for Year Ended December 31, 1997

	1998			1997 Actual
	Budget	Actual	Variance— favorable (unfavorable)	
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures and other sources (uses)	-	(4,666.07)	(4,666.07)	(24,455.02)
Fund Balances at beginning of year	-	(124,323.28)	(124,323.28)	(99,868.26)
Fund Balances at end of year	\$ -	\$ (128,989.35)	\$ (128,989.35)	\$ (124,323.28)

OTHER REPORTS REQUIRED BY

OMB CIRCULAR A-133

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by OMB Circular A-133. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

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

To the Mayor and Board of Aldermen
Village of Napoleonville
Napoleonville, Louisiana

Compliance

I have audited the compliance of Village of Napoleonville, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1998. Village of Napoleonville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Village of Napoleonville's management. My responsibility is to express an opinion on Village of Napoleonville's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Napoleonville's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Village of Napoleonville's compliance with those requirements.

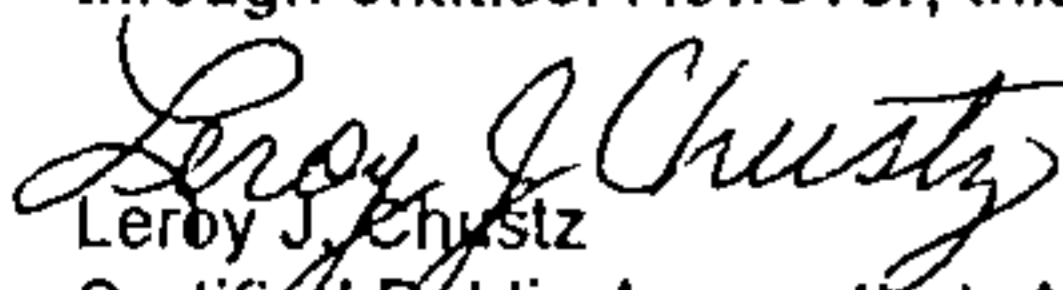
In my opinion, Village of Napoleonville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.

Internal Control Over Compliance

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

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

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


Leroy J. Chustz
Certified Public Accountant, APAC
June 17, 1999

VILLAGE OF NAPOLEONVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 1998

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Housing and Urban Development Passed through State of Louisiana Division of Administration, Office of Community Development, Community Development Block Grant	14.219	N/A	\$ 328,011.05
U.S. Department of Justice Office of Community Oriented Policing Services, Cops Universal Hiring Supplemental Award	16.710	N/A	\$ 10,446.86
TOTAL			<u>\$338,457.91</u>

VILLAGE OF NAPOLEONVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 1998

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Village of Napoleonville and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

VILLAGE OF NAPOLEONVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1998

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the general purpose financial statements of Village of Napoleonville.
2. No instances of noncompliance material to the financial statements of Village of Napoleonville were disclosed during the audit.
3. No reportable conditions relating to the audit of the major federal award programs are reported in the OMB Circular A-133 Compliance and Internal Control Report.
4. The auditor's report on compliance for Community Development Blocks Grant Program expresses an unqualified opinion.
5. There are no audit findings relative to the major federal award programs for Village of Napoleonville.
6. The programs tested as major programs include: U.S. Housing and Urban Development.
7. The threshold for distinguishing Types A and B programs was \$300,000.
8. Village of Napoleonville was not determined to be low-risk auditee.

FINDINGS-FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None