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VILLAGE OF DUBBERLY, LOUISIANA

FINANCIAL REPORT

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 1-28-99

VILLAGE OF DUBBERLY, LOUISIANA
Financial Report
Year Ended December 31, 1998

ACCOUNTANTS' COMPILATION REPORT	1
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	2
LOUISIANA ATTESTATION QUESTIONNAIRE	6
MANAGEMENT LETTER	8
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined Balance Sheet - All Fund Types and Account Groups	11
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	12
Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	13
Statement of Cash Flows - Proprietary Fund Type	14
Notes to Financial Statements	15
SUPPLEMENTAL INFORMATION SCHEDULES:	
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS	24
SUMMARY OF PRIOR YEAR FINDINGS	25
CORRECTIVE ACTION PLAN	26

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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANTS' COMPILATION REPORT

The Honorable Joe Butler, Mayor, and the
Board of Aldermen
Village of Dubberly, Louisiana

We have compiled the accompanying financial statements of the Village of Dubberly, Louisiana, as of and for the year ended December 31, 1998 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements information that is the representation of management. We have not audited or reviewed the compiled financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated July 19, 1999, on the results of our agreed-upon procedures.

Jamieson Wise + Martin

Minden, Louisiana

July 19, 1999

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Joe Butler, Mayor, and the Members of
the Board of Aldermen
Village of Dubberly, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Dubberly, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Dubberly's compliance with certain laws and regulations during the year ended December 31, 1998, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

For the year ended December 31, 1998, we noted one expenditure for materials and supplies exceeding \$15,000. We examined documentation which indicated this expenditure had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251. No expenditures for public works exceeding \$100,000 were noted.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget for the year ended December 31, 1998. There were no amendments.

6. Traced the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on December 8, 1997.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceeded budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted revenues by 5% or more. Expenditures for the year did exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the periods under examination and:
 - (a) trace payments to supporting documentation as to proper amount and payee

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account;

All six payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities

Inspection of documentation supporting each of the six disbursements and a review of the minutes of Village meetings, indicated proper approval from the Mayor and Board of Aldermen.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than scanning a file containing copies of the notices posted during the year.

Debt

10. Examine bank deposits for the periods under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the periods under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have made to employees which may constitute bonuses, advance, or gifts.

The payroll records and minutes did not indicate any payments made to employees that constituted bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Village of Dubberly, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Jamieon Wise & Math

Minden, Louisiana
July 19, 1999

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)**

7/16/99 (Date Transmitted)

Jamieson, Wise, and Martin
601 Main Street
Minden, Louisiana 71055
(Auditors)

In connection with your compilation of our financial statements as of December 31, 1998 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/respresentation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes No

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Janie Robinson Secretary 7/16/99 Date

Joe Butler Treasurer _____ Date

Joe Butler Mayor ~~President~~ 7/16/99 Date

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MANAGEMENT LETTER

July 19, 1999

To the Honorable Joe Butler, Mayor, and the Members of
the Board of Aldermen
Village of Dubberly, Louisiana

We have performed the agreed-upon procedure attestation/compilation of the Village of Dubberly, Louisiana as of December 31, 1998.

In addition to our agreed-upon procedures, we noted matters concerning the management of the Village that we submit for your consideration.

1. Late Filing of 1998 Financial Report

State law [Louisiana Revised Statute (R.S.) 24:513] requires that the 1998 financial report be submitted to the Louisiana Legislative Auditor's office no later than June 30, 1999. Information necessary to complete the attestation/compilation by June 30, 1999, was not submitted to our office in a timely manner. As a result, the 1998 financial report is filed late which violates state law. In the future, the Village should make every effort to submit the required information in a timely manner to comply with the state law filing deadline.

2. Outstanding Transfers from Waterworks System Operations to Special Funds

The Village's Waterworks System is required to make certain transfers from operations to special funds under the terms of the bond indentures on outstanding Water System Revenue Bonds. At December 31, 1998, we noted the following outstanding transfers which have not been deposited in the related special funds bank accounts and remain outstanding in the operations bank account.

<u>Check No.</u>	<u>Date</u>	<u>Amount</u>	<u>Payee</u>
<u>Transfers from Operations to Sinking Fund</u>			
3792	11/30/98	2,250.00	Sinking Fund
3758	9/30/98	2,250.00	Sinking Fund
3559	12/29/97	2,250.00	Sinking Fund
3536	11/30/97	2,250.00	Sinking Fund

Transfers from Operations to Reserve Fund

3794	11/30/98	85.50	Reserve Fund
3757	9/30/98	85.50	Reserve Fund
Unavailable	Unavailable	85.50	Reserve Fund
Unavailable	Unavailable	85.50	Reserve Fund

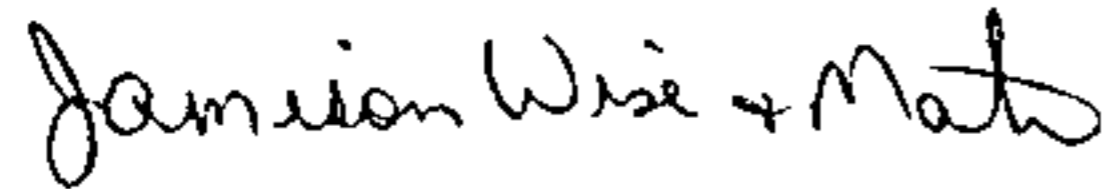
Transfers from Operations to Depreciation Fund

3793	11/30/98	174.50	Depreciation Fund
3756	9/30/98	174.50	Depreciation Fund
Unavailable	Unavailable	174.50	Depreciation Fund
Unavailable	Unavailable	174.50	Depreciation Fund

The outstanding transfers shown above should be appropriately resolved as soon as possible. Required transfers in the future should be promptly deposited. Furthermore, we recommend management review the terms of the bond indenture covenants to ascertain the required transfers to special funds are being made.

Should there be any questions concerning these comments or the attestation/compilation report, please let us know.

Sincerely,



Jamieson, Wise & Martin

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF DUBBERLY, LOUISIANA

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

	Governmental Fund Type General Fund	Proprietary Fund Type Enterprise Fund	Account Group General Fixed Assets	Total (Memorandum Only)
ASSETS				
Cash and cash equivalents	\$ 40,047	5,345	-	45,392
Certificate of deposit	43,665	-	-	43,665
Accounts receivable	-	13,970	-	13,970
Restricted assets -				
Cash and interest-bearing bank deposits	-	69,397	-	69,397
Land	-	5,519	5,912	11,431
Buildings	-	-	8,798	8,798
Improvements other than buildings	-	-	23,993	23,993
Equipment	-	7,546	1,195	8,741
Utility plant and equipment	-	506,860	-	506,860
Accumulated depreciation	-	(191,881)	-	(191,881)
Total assets	\$ 83,712	416,756	39,898	540,366
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -	1,678	-	1,678
Payable from restricted assets:				
Customer deposits	-	12,291	-	12,291
Revenue bonds payable	-	76,493	-	76,493
Revenue notes payable	-	220,789	-	220,789
Total liabilities	-	311,251	-	311,251
Fund equity:				
Contributed capital	-	46,000	-	46,000
Investment in general fixed assets	-	-	39,898	39,898
Retained earnings- unreserved	-	59,505	-	59,505
Fund balance- unreserved	83,712	-	-	83,712
Total fund equity	83,712	105,505	39,898	229,115
Total liabilities and fund equity	\$ 83,712	416,756	39,898	540,366

See accompanying notes and accountants' report.

VILLAGE OF DUBBERLY, LOUISIANA
GENERAL FUND
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended December 31, 1998

	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:			
Franchise taxes	\$ 3,800	4,494	694
Occupational licenses	8,000	7,742	(258)
Intergovernmental -			
Tobacco taxes	1,370	1,026	(344)
Grant	-	8,566	8,566
Royalties	225	647	422
Interest	3,100	5,009	1,909
Total revenues	16,495	27,484	10,989
EXPENDITURES			
General government -			
Current -			
Salaries	609	609	-
Office supplies and expense	525	1,193	(668)
Utilities	3,475	3,181	294
Insurance	1,000	130	870
Dues and subscriptions	150	140	10
Professional fees	-	548	(548)
Other	114	80	34
Grant expenditures	-	12,000	(12,000)
Total expenditures	5,873	17,881	(12,008)
EXCESS OF REVENUES OVER EXPENDITURES	10,622	9,603	(1,019)
FUND BALANCE - BEGINNING OF YEAR	74,109	74,109	-
FUND BALANCE - END OF YEAR	\$ 84,731	83,712	(1,019)

See accompanying notes and accountants' report.

VILLAGE OF DUBBERLY, LOUISIANA
Statement of Revenues, Expenses and Changes in
Retained Earnings - Proprietary Fund Type
Year Ended December 31, 1998

Operating revenues:	
Water sales	\$ 86,602
Tapping fees	1,335
Other	20
Total operating revenues	<u>87,957</u>
Operating expenses:	
Salaries	17,534
Insurance	2,120
Utilities	11,176
Office supplies	1,556
Operating supplies	6,587
Repairs and maintenance	17,016
Employee expense	641
Advertising	86
Payroll taxes	2,073
Depreciation	13,729
Dues and subscriptions	350
Professional fees	2,627
Sales tax	2,484
Other	348
Total operating expenses	<u>78,327</u>
Operating income	<u>9,630</u>
Non-operating revenues (expenses):	
Interest income	1,852
Interest expense	<u>(15,794)</u>
Total non-operating revenues (expenses)	<u>(13,942)</u>
Net (loss)	(4,312)
Retained earnings - beginning of year	<u>63,817</u>
Retained earnings - end of year	<u>\$ 59,505</u>

See accompanying notes and accountants' report.

VILLAGE OF DUBBERLY, LOUISIANA
Statement of Cash Flows
Proprietary Fund Type
Year Ended December 31, 1998

Cash flows from operating activities:	
Cash received from customers	\$ 88,432
Cash payments for supplies and services	(47,063)
Cash payments to employees for services	(17,534)
Other operating revenues	20
Net cash provided by operating activities	<u>23,855</u>
 Cash flows from noncapital financing activities:	
Net increase in meter deposits	<u>965</u>
Net cash provided by noncapital financing activities	<u>965</u>
 Cash flows from capital and related financing activities:	
Purchase of equipment	(17,142)
Principal paid on revenue bonds and notes	(10,829)
Interest paid on revenue bonds and notes	<u>(15,794)</u>
Net cash used for capital and related financing activities	<u>(43,765)</u>
 Cash flows from investing activities:	
Interest on interest-bearing deposits	<u>1,852</u>
 Net decrease in cash and cash equivalents	(17,093)
 Cash and cash equivalents at beginning of year	<u>91,835</u>
 Cash and cash equivalents at end of year	<u>\$ 74,742</u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 9,630
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	13,730
Changes in assets and liabilities:	
Decrease in accounts receivable	495
Increase in accounts payable	<u>-</u>
 Net cash provided by operating activities	<u>\$ 23,855</u>

See accompanying notes and accountants' report.

VILLAGE OF DUBBERLY, LOUISIANA
Notes to Financial Statements
December 31, 1998

The Village of Dubberly is incorporated under the provisions of the Lawrason Act. The Village is located in the Parish of Webster, being in the northwest corner of the State of Louisiana. The Village operates under a Mayor-Board of Aldermen form of government.

1. **Summary of significant accounting policies**

- A. **Basis of presentation** - The accounting and reporting policies of the Village of Dubberly conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and 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.
- B. **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, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Dubberly for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a) The ability of the municipality to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organization for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the foregoing criteria, there were no entities that were determined to be a component unit of the Village of Dubberly.

- C. **Fund accounting** - The accounts of the Village of Dubberly 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

VILLAGE OF DUBBERLY, LOUISIANA
Notes to Financial Statements
December 31, 1998

comprises 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 categories as follows:

Governmental fund -

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.

Proprietary fund -

Enterprise Fund - 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 the 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 related 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. Most revenues are recorded when cash is received. Expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due.

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

- E. Budgets and budgetary accounting - Louisiana Revised Statutes 39:1301-1314 require the Village to prepare a budget each year. The Village follows these procedures in establishing budgetary data reflected in these financial statements:

- a) The Village clerk prepares a proposed budget and submits same to the Mayor and the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called.

VILLAGE OF DUBBERLY, LOUISIANA
Notes to Financial Statements
December 31, 1998

- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
 - d) After the holding of the public hearing and completion of all action necessary to finalized and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
 - e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Board of Aldermen.
 - f) All budgetary appropriations lapse at the end of each fiscal year.
- F. Encumbrances - The Village does not employ encumbrance accounting in the governmental funds. Management does not believe that the use of encumbrance accounting would serve any significant benefit for budgetary purposes.
- G. Cash and cash equivalents - For purposes of the statement of cash flows, cash and cash equivalents include cash, demand deposits and certificates of deposit. Cash and cash equivalents are stated at cost.

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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

- H. Accounts receivable - The Village considers substantially all customers' utility receivables and other receivables to be fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, in the opinion of management, they are charged to operations at that time.
- I. Fixed assets and long-term liabilities - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund is 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 or current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Groups, and recorded as expenditures in the

VILLAGE OF DUBBERLY, LOUISIANA
Notes to Financial Statements
December 31, 1998

governmental fund types when purchased. No depreciation has been provided on general fixed assets.

Long-term liabilities to be financed from revenues of the proprietary fund are accounted for in the balance sheet of that fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Water Utility -	
Wells	40 years
Storage tanks	40 years
Distribution system	40 years
Other equipment	10 years

All fixed assets are stated at historical cost.

- J. Accumulated unpaid vacation - Due to immateriality, accumulated unpaid vacation is not recorded as a liability.
- K. Total columns on combined statements - Total columns on combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Cash and cash equivalents and investments

At December 31, 1998, the Village had cash and cash equivalents with book balances totaling \$158,454, as follows:

Interest-bearing demand deposits	\$114,789
Certificate of deposit	<u>43,665</u>
Total	<u>\$158,454</u>

VILLAGE OF DUBBERLY, LOUISIANA
Notes to Financial Statements
December 31, 1998

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 at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the Village had \$187,636 in deposits of collected bank balances. These deposits were secured from risk by \$172,837 of federal deposit insurance and \$800,000 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 uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 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.

3. Accounts receivable - utilities customers

Accounts receivable - utilities customers are analyzed periodically and accounts considered to be uncollectible are charged off. For the year ended December 31, 1998, no accounts receivable were charged off.

4. Flow of funds, restrictions on use - utilities revenues

Under the terms of the Revenue Promissory Note dated November 14, 1967, an amount of net revenues from the Waterworks System sufficient to pay the principal of and interest on the notes as they become due and payable, is to be pledged for that purpose and is to be set aside into a special fund identified as "Waterworks Revenue Note Fund." Such fund was not established at December 31, 1998. However, the required transfers were made to the Waterworks Revenue Bond and Interest Sinking Fund. Under the terms of the bond indentures on outstanding Water System Revenue Bonds dated April 1, 1974 and September 30, 1979, income and revenues derived from the operation of the Village's Waterworks System are pledged in amounts sufficient for the payment of principal and interest on the bonds as they become due and payable, and are to be set aside into the following special funds:

Waterworks Revenue Fund - All of the income and revenues earned from the operation of the Waterworks System shall be deposited as collected into the Waterworks Revenue Fund. Current expenses of the Waterworks System shall be paid from the Revenue Fund as they become due and payable.

Waterworks Revenue Bond and Interest Sinking Fund - Each month, there shall be transferred from the Waterworks Revenue Fund into the Waterworks Revenue Bond and Interest Sinking Fund an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due.

VILLAGE OF DUBBERLY, LOUISIANA
Notes to Financial Statements
December 31, 1998

Waterworks Reserve Fund - There shall also be transferred from the Waterworks Revenue Fund into the Waterworks Reserve Fund an amount at least equal to five (5) per cent of the amount required to be paid monthly into the aforesaid Waterworks Revenue Bond and Interest Sinking Fund, until such time as there has been accumulated in the Waterworks Reserve Fund the sum of \$15,392. Such amounts may be used for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Revenue Sinking Fund, and as to which there would otherwise be default.

Waterworks Depreciation Fund - Funds will also be set aside into a Waterworks Depreciation Fund at the rate of \$46 each month. Money in this fund may be used for extension, additions, improvements and replacements necessary to properly operate the system. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

The balance of the excess funds on deposit in the Waterworks Revenue Fund may be used for the purpose of calling and/or paying bonds or for such other lawful corporate purposes as the governing authority of the System may determine.

Amounts sufficient for the payment of principal and interest on the Water System Revenue Promissory Note and Revenue Bonds were transferred monthly to the Waterworks Revenue Bond and Interest Sinking Fund. Transfers to the Waterworks Reserve Fund for the year ended December 31, 1998, amounted to \$855, in excess of the requirement of \$368. Transfers to the Waterworks Depreciation Fund during 1998 amounted to \$1,745, in excess of the requirement of \$552.

Restricted assets were applicable to the following at December 31, 1998:

Bond and Interest Sinking Fund	\$ 27,952
Bond Reserve Fund	10,562
Depreciation Fund	14,256
Customers' Deposits	<u>16,627</u>
	<u>\$69,397</u>

5. Long-term debt

The following is a summary of long-term debt transactions of the Village of Dubberly for the year ended December 31, 1998:

Bonds and notes payable - December 31, 1997	\$308,110
New bonds and notes	-
Bonds and notes retired	<u>(10,828)</u>
Bonds and notes payable - December 31, 1998	<u>\$297,282</u>

VILLAGE OF DUBBERLY, LOUISIANA
Notes to Financial Statements
December 31, 1998

Long-term debt at December 31, 1998, consisted of the following:

\$70,500 Revenue Promissory Note Payable to the Farmers Home Administration, United States Department of Agriculture; dated November 15, 1967; due in annual installments of \$3,731 through November 15, 2007; interest at 4%; secured by pledge of net revenues and a mortgage on the Waterworks System constructed with the proceeds from the sale of the note.	\$ 18,344
\$103,000 Revenue Bonds payable to the Farmers Home Administration, United States Department of Agriculture; dated April 1, 1974; due in annual installments of \$1,000 to \$6,000 through January, 2014; interest at 5%.	63,995
\$22,000 Revenue Bonds payable to the Farmers Home Administration, United States Department of Agriculture; dated September 20, 1979; due in annual installments of \$500 to \$1,000 through January, 2019; interest at 5%.	12,498
\$200,000 Revenue Bonds payable to the Farmers Home Administration, United States Department of Agriculture; dated February 28, 1994; due in annual installments of \$12,354 through January, 2034; interest at 5.37%.	192,852
\$50,000 Revenue Bonds payable to the Farmers Home Administration, United States Department of Agriculture; dated February 28, 1994; due in annual installments of \$3,038 through January, 2034; interest at 5.25%.	<u>9,593</u>
Total long-term debt	<u>\$297,282</u>

The annual requirement to amortize all debt outstanding as of December 31, 1998, including interest payments of \$312,112, are as follows:

Year ending December 31	Revenue Promissory Note	Revenue Bonds	Total
1999	\$16,837	6,989	23,826
2000	16,837	6,989	23,826
2001	16,837	6,989	23,826
2002	16,837	6,989	23,826
2003	18,946	6,989	25,935
Thereafter	<u>406,271</u>	<u>81,884</u>	<u>488,155</u>
	<u>\$492,565</u>	<u>116,829</u>	<u>609,394</u>

VILLAGE OF DUBBERLY, LOUISIANA
Notes to Financial Statements
December 31, 1998

6. Fixed assets

A summary of proprietary fund type property, plant and equipment at December 31, 1998, follows:

Water Utility	
Land	\$ 5,519
Office Equipment	7,546
Utility Plant & Equipment	<u>506,860</u>
Total	519,925
Less accumulated depreciation	<u>(191,881)</u>
Net property, plant and equipment	<u>\$328,044</u>

7. Contingent liabilities

The Village makes no unemployment insurance contributions to be Louisiana Department of Labor for Village employees. Consequently, the Village may be liable for any claims for unemployment compensation.

8. Year 2000 issue

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the Year 2000 issue is expected to extend beyond systems that produce financial information. It encompasses all computer systems and any equipment that is dependent upon on microchip technology.

The execution of the activities of the Village generally do not rely directly upon microchip technology, since these services are not automated in nature. However, the effects of the Year 2000 issue upon the Village's vendors, revenue providers, and other entities with which it interacts has not been entirely determined. As a result, the effect of any of these entities' noncompliance with the Year 2000 issue upon the Village has also not been determined.

For the year ended December 31, 1998, the Village incurred no remediation costs concerning the Year 2000 issue. No significant loss due to impairment of equipment that is not Year 2000 compliant was recognized for the year ended December 31, 1998.

SUPPLEMENTAL INFORMATION SCHEDULES

VILLAGE OF DUBBERLY, LOUISIANA

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 1998

The following serve the Village of Dubberly without compensation:

Joe Butler	Mayor
Dyann Plunkett	Alderman
Curtis Hirth	Alderman
Johnny Brown	Alderman

VILLAGE OF DUBBERLY, LOUISIANA

Summary of Prior Year Findings For the year ended December 31, 1998

Agreed-upon Procedures Findings

97-1 - Open Meeting Law

Finding - The Village is required to post notices concerning meetings and document that these notices were posted. The Village failed to post notices concerning public meetings for the year ended December 31, 1997.

Planned Corrective Action - We will attempt to maintain a folder beginning in November 1998 and document in the Village minutes that the notices were posted in advance of the meetings.

Corrective Action Taken - Corrective action was implemented. No similar findings are noted for the year ended December 31, 1998.

97-2 - Budgets

Finding - Under state law the Village is required to adopt a budget in a public meeting which details the use of the Village funds. The Village did not adopt a budget for the year ended December 31, 1997.

Planned Corrective Action - After the comment, the Village adopted a budget for 1998 on December 8, 1997.

Corrective Action Taken - Corrective action was implemented. No similar findings are noted for the year ended December 31, 1998.

Management Letter Findings

97-3 - State Financial Reporting

Finding - Under state law, the Village is required to report its financial statements to the Legislative Auditor within 6 months of the year-end. For the year ended December 31, 1997, the Village failed to meet this deadline.

Planned Corrective Action - We understand the reporting requirements and will work to maintain the accounting records in a manner so that the year end reporting can be prepared in a timely manner.

Corrective Action Taken - No corrective action was taken. A similar finding is noted for the year ended December 31, 1998.

VILLAGE OF DUBBERLY, LOUISIANA

Corrective Action Plan for Current Year Findings
As of and for the year ended December 31, 1998

Section I - Agreed-Upon Procedures Attestation/Compilation

98-1 - FINDING: *Budgeting*

Expenditures exceeded budgeted amounts by more than 5%.

Planned Corrective Action:

Management intends to monitor revenues and expenditures more closely in order to make necessary amendments to the budget for unfavorable variances noted, as required by LSA-RS 39:1310.

Section II - Management Letter

98-2 - FINDING: *Late Filing of 1998 Financial Report*

Information necessary to complete the attestation/compilation by June 30, 1999 was not submitted to the CPA firm's office in a timely manner. As a result, the 1998 financial report is filed late which violates state law.

Planned Corrective Action:

Management intends to provide all required information in a timely manner to comply with the state law filing deadline of June 30.

98-3 - FINDING: *Outstanding Transfers from Waterworks System Operations to Special Funds*

The Village's Waterworks System is required to make certain transfers from operations to special funds under the terms of the bond indentures on outstanding Water System Revenue Bonds. At December 31, 1998, there were outstanding transfers which had not been deposited in the related special funds bank accounts and remain outstanding in the operations bank account.

Planned Corrective Action:

Management intends to immediately deposit any outstanding transfers and to promptly deposit transfers in the future. Management intends to review the terms of the bond indenture covenants for assurance that the required transfers to special funds are being made.