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**VILLAGE OF CHOUDRANT
CHOUDRANT, LOUISIANA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998**

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

Release Date ~~DEC 23 1998~~

**VILLAGE OF CHOUDRANT
CHOUDRANT, LOUISIANA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998**

CONTENTS

	PAGE
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	2-3
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined Balance Sheet-All Fund Types and Account Groups	5-8
Combined Statement of Revenues, Expenditures, & Changes In Fund Balances - All Governmental Fund Types	9-10
Combined Statement of Revenues, Expenditures, & Changes in Fund Balances - Budget (GAAP Basis) & Actual - All Governmental Fund Types	11-12
Statement of Revenues, Expenditures, & Changes in Retained Earnings - Proprietary Fund Type	13
Statement of Cash Flows - Proprietary Fund Type	14-15
Notes to Financial Statements	16-27
SINGLE AUDIT SECTION	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29-30

**VILLAGE OF CHOUDRANT
CHOUDRANT, LOUISIANA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998**

CONTENTS

	PAGE
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A -- 133	32-33
Schedule of Findings and Question Costs	34
Schedule of Federal Financial Assistance	35

FINANCIAL SECTION

RADIAN L. HENNIGAN
Certified Public Accountant
1503 Goodwin Road
Ruston, LA 71270
318-255-9305

Independent Auditor's Report

To the Board of Alderman
Village of Choudrant
Choudrant, Louisiana 71227

We have audited the accompanying general purpose financial statements of Village of Choudrant, Louisiana as of and for the year ended June 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of Village of Choudrant, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Choudrant, Louisiana as of June 30, 1998, and the results of its operations and the 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*, we have also issued our report dated November 25, 1998, on our consideration of Village of Choudrant, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial

statements taken as a whole. 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 is not a required part of the general purpose financial statements of Village of Choudrant, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Respectfully,

A handwritten signature in cursive script that reads "Radian L. Hennigan". The signature is written in black ink and is positioned above the printed name and title.

Radian L. Hennigan
Certified Public Accountant

Choudrant, Louisiana
November 25, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF CHOUDRANT, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	SPECIAL PROJECTS
<u>ASSETS</u>			
Cash	29,752	61,621	2,204
Investments, at Cost	96,317	0	0
Accounts Receivable	0	0	0
Prepaid Expenses	1,597	1,010	0
Due from Other Funds	10,970	5,176	0
Due from Other Governmental Units	0	559	0
Property, Plant & Equipment Net	0	0	0
TOTAL ASSETS	138,636	68,366	2,204
<u>LIABILITIES & FUND EQUITY</u>			
LIABILITIES			
Accounts Payable	1,531	442	0
Due to Other Funds	976	0	13,770
Loan - Bond	0	0	0
TOTAL LIABILITIES	2,507	442	13,770
FUND EQUITY			
Contributed Capital			
Investment in General Fixed Assets			
RETAINED EARNINGS			
Unreserved			

The accompanying notes are an integral part of these statements.

VILLAGE OF CHOUDRANT, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

PROPRIETARY FUND TYPE ENTERPRISE	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)	
	GENERAL	JUNE 30	JUNE 30
	FIXED ASSETS	1998	1997
97,297		190,874	388,119
0		96,317	91,584
10,151		10,151	9,094
410		3,017	3,017
15,702		31,848	31,848
0		559	1,253
<u>1,693,791</u>	<u>293,531</u>	<u>1,987,322</u>	<u>1,353,991</u>
<u><u>1,817,351</u></u>	<u><u>293,531</u></u>	<u><u>2,320,088</u></u>	<u><u>1,878,906</u></u>
15,317		17,290	7,566
17,102		31,848	31,849
296,000		296,000	305,000
<u>328,419</u>	<u>0</u>	<u>345,138</u>	<u>344,415</u>
1,594,860		1,594,860	1,095,985
	293,531	293,531	290,566
(105,928)		(105,928)	(28,962)

The accompanying notes are an integral part of these statements.

VILLAGE OF CHOUDRANT, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	SPECIAL PROJECTS
FUND BALANCE			
Unreserved			
Designated			
Undesignated	136,129	67,924	(11,566)
TOTAL FUND EQUITY	136,129	67,924	(11,566)
TOTAL LIABILITIES & FUND EQUITY	138,636	68,366	2,204

The accompanying notes are an integral part of these statements.

VILLAGE OF CHOUDRANT, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

<u>PROPRIETARY</u> <u>FUND TYPE</u> <u>ENTERPRISE</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS</u> <u>(MEMORANDUM ONLY)</u>	
	GENERAL	JUNE 30	JUNE 30
	FIXED ASSETS	1998	1997
		<u>192,487</u>	<u>176,902</u>
<u>1,488,932</u>	<u>293,531</u>	<u>1,974,950</u>	<u>1,534,491</u>
<u><u>1,817,351</u></u>	<u><u>293,531</u></u>	<u><u>2,320,088</u></u>	<u><u>1,878,906</u></u>

The accompanying notes are an integral part of these statements.

VILLAGE OF CHOUDRANT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 1998

	GOVERNMENTAL FUND		
	TYPES		
	GENERAL	SPECIAL REVENUE	SPECIAL PROJECTS
REVENUES			
Licenses & Permits	32,171	0	0
Intergovernmental	6,382	22,926	0
Miscellaneous	5,189	0	8,075
TOTAL REVENUES	43,742	22,926	8,075
EXPENDITURES			
Current:			
General Government	13,381	0	0
Public Safety	21,178	0	0
Health & Sanitation	0	12,001	0
Capital Outlay	0	0	12,598
TOTAL EXPENDITURES	34,559	12,001	12,598
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,183	10,925	(4,523)
FUND BALANCES, JULY 1	126,946	56,999	(7,043)
FUND BALANCES, JUNE 30	136,129	67,924	(11,566)

The accompanying notes are an integral part of these statements.

VILLAGE OF CHOUDRANT, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES
CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 1998

TOTALS	
(MEMORANDUM ONLY)	
JUNE 30	JUNE 30
<u>1998</u>	<u>1997</u>
32,171	29,450
29,308	28,560
<u>13,264</u>	<u>14,995</u>
<u>74,743</u>	<u>73,005</u>
13,381	20,236
21,178	16,495
12,001	11,570
<u>12,598</u>	<u>11,243</u>
<u>59,158</u>	<u>59,544</u>
15,585	13,461
176,902	163,441
<u>192,487</u>	<u>176,902</u>

The accompanying notes are an integral part of these statements.

VILLAGE OF CHOUDRANT, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1998

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Licenses & Permits	28,750	32,171	3,421
Intergovernmental	4,885	6,382	1,497
Miscellaneous	150	5,189	5,039
TOTAL REVENUES	33,785	43,742	9,957
<u>EXPENDITURES</u>			
Current:			
General Government	17,429	13,381	4,048
Public Safety	21,505	21,178	327
Health & Sanitation	0	0	0
Capital Outlay	0	0	0
TOTAL EXPENDITURES	38,934	34,559	4,375
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	(5,149)	9,183	14,332
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In			
Operating Transfers Out			
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0
<u>EXCESS (DEFICIENCY) OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES</u>	(5,149)	9,183	14,332
FUND BALANCES, BEGINNING	149,500	126,946	
CONTRIBUTIONS TO <FROM> SPECIAL PROJECTS	0	0	
FUND BALANCES, ENDING	144,351	136,129	

The accompanying notes are an integral part of these statements.

VILLAGE OF CHOUDRANT, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1998

SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
0	0	0	28,750	32,171	3,421
25,804	22,926	(2,878)	30,689	29,308	(1,381)
0	0	0	150	5,189	5,039
25,804	22,926	(2,878)	59,589	66,668	7,079
0	0	0	17,429	13,381	4,048
0	0	0	21,505	21,178	327
12,466	12,001	465	12,466	12,001	465
2,000	0	2,000	2,000	0	2,000
14,466	12,001	2,465	53,400	46,560	6,840
11,338	10,925	(413)	6,189	20,108	13,919
0	0	0	0	0	0
11,338	10,925	(413)	6,189	20,108	13,919
34,133	56,999		183,633	183,945	
0	0		0	0	
<u>45,471</u>	<u>67,924</u>		<u>189,822</u>	<u>204,053</u>	

The accompanying notes are an integral part of these statements.

VILLAGE OF CHOUDRANT, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENSES, CHANGES IN
RETAINED EARNINGS - PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 1998 AND 1997

	YEAR ENDED JUNE 30	
	1998	1997
OPERATING REVENUES		
Charges for Services		
Water & Sewer Sales	92,732	76,453
OPERATING EXPENSES		
Accounting	283	200
Advertising	8	780
Audit	0	0
Bad Debts	0	0
Depreciation	104,722	72,267
Dues	150	650
Insurance	492	519
Labor	3,854	4,838
Materials	677	0
Miscellaneous	4,920	10,000
Repairs	11,247	6,339
Sales Tax	0	(391)
Supplies	8,064	9,910
Taxes - Payroll	205	163
Utilities - Water & Sewer Pumps	19,197	20,407
TOTAL OPERATING EXPENSES	153,819	125,682
TOTAL OPERATING INCOME (LOSS)	(61,087)	(49,229)
NONOPERATING INCOME		
Non-Governmental Contribution	0	0
Block Grant	0	56,283
Interest Income	8,341	4,117
Interest Expense	(24,220)	0
NET INCOME (LOSS)	(76,966)	11,171
RETAINED EARNINGS, BEGINNING	(28,962)	(40,133)
RETAINED EARNINGS, ENDED	(105,928)	(28,962)

The accompanying notes are an integral part of these statements.

**VILLAGE OF CHOUDRANT, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 1998 AND 1997**

	Year Ended June 30	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	(76,966)	11,171
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	104,722	72,267
Changes in Assets & Liabilities		
Accrued Interest Receivable	0	0
Accounts Receivable	(1,057)	(1,296)
Prepaid Expense	0	27
Due To/From Other Funds	0	9,624
Accounts Payable	10,168	186
Deferred Revenue	0	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	36,867	91,979
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Purchase of Equipment	(735,088)	(151,451)
Grant Proceeds	498,875	305,000
Principle Payments	(9,000)	0

The accompanying notes are an integral part of these statements.

**VILLAGE OF CHOUDRANT, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 1998 AND 1997**

	Year Ended June 30	
	1998	1997
NET CASH FLOWS FROM CAPITAL & FINANCING ACTIVITIES	(245,213)	153,549
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase <Decrease> in Investments	0	0
Receipts from Other Funds	0	0
NET CASH PROVIDED BY INVESTING ACTIVITIES	0	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(208,346)	245,528
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	305,643	60,115
CASH AND CASH EQUIVALENTS AT END OF YEAR	97,297	305,643

The accompanying notes are an integral part of these statements.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Choudrant, Louisiana was reorganized in 1949, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units, except as noted elsewhere in this report. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the Village's reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basis--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Village and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Village and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Choudrant Volunteer Fire Department has been included within the General Fund.

This report includes all funds and account groups which meet the above criteria. No other potential component units have been included or excluded in this report.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

B. Fund Accounting

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types," as described below.

(1) General Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

a. General Fund

This fund is established to account for resources devoted to financing the general services that the Village performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Village are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.

b. Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes.

c. Capital Projects Funds

Capital Projects Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Principle sources of revenue are municipal long-term debt proceeds, interest income and various types of grants.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

(2) Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. Included in this category are the Enterprise Funds.

a. Enterprise Funds

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

(3) General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the *Enterprise funds*.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

Those revenues susceptible to accrual are franchise taxes, solid waste distribution, interest revenue, grants and charges for services.

The accrual basis of accounting is utilized by proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Village reports deferred revenue (water revenue paid in advance) on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgetary Data

Formal budgetary accounting is employed as a management control for the General, Special Revenue and Enterprise Funds of the Village. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required, and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. A budget for the Capital Projects fund is not adopted and is therefore not presented in the accompanying combined and combining financial statements. Budgetary control is exercised at the departmental level or by projects.

All encumbered budget appropriations lapse at the end of each fiscal year.

E. Cash & Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Certificates of deposit and other securities with original maturities over three months are classified as short-term investments and stated at cost, which approximates market value.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

F. Receivables

All receivables are reported at their gross value. The Village uses the direct charge off method for uncollectible accounts rather than an allowance for such losses. This method is not in accordance with generally accepted accounting principles. However, when use of this method has little effect on the financial statements, it is not a departure from GAAP.

G. Due to and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

H. Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All fixed assets are stated at cost except assets acquired by gift or bequest which are recorded at their fair market value on the date of transfer.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings and equipment in the proprietary fund type is computed using the straight-line method.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

J. Expenditure Recognition

Inventory items (materials and supplies) are considered expenditures when purchased (purchase method) due to the insignificant amounts.

Expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures of the period of acquisition.

K. Compensated Absences

No accrual was made as prescribed in FASB 43 for employees compensation for future absences (vacation pay) since these rights do not vest or accumulate.

L. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

M. Memorandum Only - Total Columns

Total columns on the general purpose financial 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.

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

N. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

2. STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY

GAAP requires that general purpose financial statements include a combined statement of revenues, expenditures, and changes in fund balances (budget and actual) for the general and special revenue fund types and for similar governmental fund types for which annual budgets have been legally adopted. Annual budgets were legally adopted for the General Fund, Special Revenue Fund and the Enterprise Funds.

3. CASH & INVESTMENTS

CASH

At year end, the Village's deposits of \$287,293 were fully insured by federal depository insurance.

The Village is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana or any other federally insured investment, or in guaranteed investment contracts issued by a financial institution having one of the two highest rating categories or in mutual or trust fund institutions which are registered with the SEC and which have underlying investments consisting solely of and limited to securities of government or its agencies

The Village's investments are categorized below to give an indication of the level of risk assumed by the Village at year end. Category 1 provides for investments insured or registered, or securities held by the Village or its agents in the Village's name. Category 2 provides for uninsured and unregistered securities held by the counterparty's trust department

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

or agent in the Village's name. Category 3 includes uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Village's name. (In accordance with GASB 3, this category includes certificates of deposit or money market accounts that are collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Village's name although balances so collateralized meet the requirements of state law. Of the amount shown in Category 3, \$96,317.00 is collateralized by securities held by the pledging financial institution's agent but not in the Village's name.)

	<u>CATEGORY</u>			<u>CARRYING</u> <u>AMOUNT</u>	<u>MARKET</u> <u>VALUE</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Savings and Certificates of deposit	<u>-0-</u>	<u>-0-</u>	<u>96,317</u>	<u>96,317</u>	<u>96,317</u>

4. RECEIVABLES

Receivables at June 30, 1998 consist of the following:

	<u>Receivables</u>		
	<u>Accounts</u>	<u>Intergovernmental</u>	<u>Total</u>
General	\$ -0-	\$ -0-	\$ -0-
Special Revenue	-0-	559	559
Enterprise	<u>10,151</u>	<u>-0-</u>	<u>10,151</u>
Totals	<u>10,151</u>	<u>559</u>	<u>10,710</u>

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

5. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets account group during the fiscal year:

	Balance <u>6-30-97</u>	Additions <Deletions>	Balance <u>6-30-98</u>
Buildings	\$20,373	\$ -0-	20,373
Improvements Other than Buildings	144,954	-0-	144,954
Equipment	125,239	2,965	128,204
Construction in Progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Total General Fixed Assets	 <u>290,566</u>	 <u>2,965</u>	 <u>293,531</u>

The following is a summary of proprietary fund-type assets at June 30, 1998:

	<u>Enterprise Fund</u>
Construction in Progress	-0-
Vehicles	1,506
Sewer Plant System	1,010,305
Land	10,281
Water & Sewer Distribution System	1,102,107
Equipment	<u>43,070</u>
Total	2,167,269
Accumulated Depreciation	<u><473,478></u>
Total	<u>1,693,791</u>

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Improvements Other Than Buildings	10-40 Years
Equipment	5 Years

Depreciation on the proprietary fund totaled \$104,722 for the fiscal year.

6. INTERFUND ASSETS/LIABILITIES

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
SOLID WASTE FUND	\$ 5,176	\$ -0-
WATER	15,702	17,102
GENERAL FUND	10,970	976
SPECIAL PROJECTS	<u> </u>	<u>13,770</u>
TOTALS	\$ 31,848	\$ 31,848

7. CONTRIBUTED CAPITAL

Contributed Capital consists of the following:

Federal Grant – HUD	\$1,390,174
Federal Grant – EPA	6,030
Contributed by General Fund	<u>198,656</u>
Total	<u><u>1,594,860</u></u>

8. WATER & SEWER REVENUE

The Village has approximately 278 customers on the Village Waterworks system. These metered customers are charged according to the following rate table:

Up to 4,000 gallons	8.00 Minimum
Next 96,000 gallons	1.00 per 1,000 gallons
All over 100,000 gallons	.75 per 1,000 gallons

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

The Village offers sewer service within the Village limits to its citizens. The sewer service is paid for with a flat fee of \$12 per month. There are approximately 117 customers currently on the sewer system.

9. COMPENSATION PAID TO COUNCIL MEMBERS

Per diem paid to the Council Members for the current year is as follows:

Joe R. Aswell	\$120
Phillip Johnson	120
B. W. Hogan	<u>120</u>
Total	<u>\$360</u>

10. COMMITMENTS AND CONTINGENCIES

Grant Audit

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

Litigation

The management of the Village is unaware of any pending or threatened litigation involving the Village of Choudrant.

11. RESTRICTED ASSETS, ENTERPRISE FUND

The Village maintains a customer Deposit fund. These monies are collected from new water and sewer customers, as follows:

\$20 - Water Customer
\$20 - Sewer Customer

VILLAGE OF CHOUDRANT, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1998

These deposits are maintained on account until customer leaves Village water and sewer system or is disconnected for non-payment. The current balance of Meter deposits at June 30, 1998 is \$3,200.00.

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

RADIAN L. HENNIGAN
Certified Public Accountant
1503 Goodwin Road
Ruston, LA 71270
318-255-9305

**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 Board of Alderman
Village of Choudrant
Choudrant, Louisiana 71227

We have audited the general purpose financial statements of Village of Choudrant, Louisiana as of and for the year ended June 30, 1998, and have issued our report thereon dated November 25, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Village of Choudrant, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Choudrant, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the

design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of 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.

Respectfully,

A handwritten signature in black ink, appearing to read "Radian L. Hennigan". The signature is written in a cursive style with a prominent initial "R".

Radian L. Hennigan
Certified Public Accountant

tw

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

RADIAN L. HENNIGAN
Certified Public Accountant
1503 Goodwin Road
Ruston, LA 71270
318-255-9305

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

To the Board of Alderman
Village of Choudrant
Choudrant, Louisiana 71227

Compliance

We have audited the compliance of Village of Choudrant, Louisiana, 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 the Village of Choudrant, Louisiana's major federal program for the year ended June 30, 1998. The Village of Choudrant, Louisiana's major federal program is 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 the federal program is the responsibility of the Village of Choudrant, Louisiana's management. Our responsibility is to express an opinion on the Village of Choudrant, Louisiana's compliance based on our audit.

We conducted our 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 we 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 Choudrant, Louisiana compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Village of Choudrant, Louisiana compliance with those requirements.

In our opinion, Village of Choudrant, Louisiana, 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 June 30, 1998.

Internal Control Over Compliance

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

Our 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 of 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. We noted no matters involving the internal control over compliance and its operation that we 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.

Respectfully,



Radian Hennigan
Certified Public Accountant

Choudrant, LA
November 25, 1998

**VILLAGE OF CHOUDRANT, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTION COSTS
FOR THE YEAR ENDED JUNE 30, 1998**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Village Choudrant, Louisiana.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements.
3. No instances of noncompliance material to the general purpose financial statements of Village of Choudrant, Louisiana, were disclosed during the audit.
4. No reportable condition was disclosed during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for Village of Choudrant, Louisiana expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Village of Choudrant, Louisiana are reported in Part C. of this Schedule.
7. The program tested as a major program included:

1997 Local Community Development Block Grant	
Fire Protection Improvements.	14.228
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Village of Choudrant, Louisiana was not determined to be low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

VILLAGE OF CHOUDRANT, LOUISIANA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1998

GRANTOR/PROGRAM TITLE	Federal CFDA Number	Grantor's Number	Program or award Amount	Fund Balance 7/1/97	Revenue	Expenditures	Fund Balance 6/30/98
Department of Housing and Urban Development							
Passed through the Division of Administration							
Local Community Development Block Grant Program	14.228	CFMS516548	540,590	0	540,590	540,590	0

The accompanying notes are an integral part of this statement.