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FINANCIAL REPORT
OF THE
VILLAGE OF PINE PRAIRIE, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-11-04

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INDEPENDENT AUDITOR'S REPORT

To the Board of Alderman
Village of Pine Prairie, Louisiana

I have audited the accompanying general-purpose financial statements of the Village of Pine Prairie, Louisiana, as of and for the year ended December 31, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Village of Pine Prairie, Louisiana's, management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

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

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Pine Prairie, Louisiana, as of December 31, 2003, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Village of Pine Prairie, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, are fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued my report dated July 21, 2004, on my consideration of the Village of Pine Prairie, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Michael W. Johnson

Michael W. Johnson
Certified Public Accountant

Eunice, Louisiana
July 21, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

(Combined Statements – Overview)

VILLAGE OF PINE PRAIRIE
COMBINED BALANCE SHEET –
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

	<u>Governmental</u>		<u>Debt</u>	<u>Proprietary</u>	<u>Account</u>	
	<u>Fund Types</u>			<u>Fund</u>	<u>Groups</u>	
	<u>General</u>	<u>Special</u>	<u>Service</u>	<u>Enterprise</u>	<u>General</u>	<u>General</u>
		<u>Revenue</u>	<u>Fund</u>	<u>Fund</u>	<u>Fixed</u>	<u>Long-Term</u>
					<u>Assets</u>	<u>Debt</u>
<u>ASSETS</u>						
Cash on Deposit:						
Operating Accounts	\$ 45,664	\$ 84,900	\$	\$ 48,024	\$	\$
Savings & Certificates of						
Deposit	72,469	166,063		359,516		
Property Taxes Receivable	24,968	42,033				
Grants Receivable		15,000				
A/R, Sewer Fees				7,612		
Due from Other Funds	7,658	39,816				
Restricted Assets, Savings			9,776	54,120		
Fixed Assets, Net of Allowance						
for Depreciation (2003,						
\$306,856)				446,215	2,807,571	
Amount Available in Debt						
Service Fund						9,776
Amount to be Provided for						
Retirement of General						
Long-Term Debt						698,224
TOTAL ASSETS	<u>\$150,759</u>	<u>\$347,812</u>	<u>\$ 9,776</u>	<u>\$915,487</u>	<u>\$2,807,571</u>	<u>\$708,000</u>
<u>LIABILITIES AND FUND</u>						
<u>EQUITY:</u>						
<u>Liabilities</u>						
Accounts Payable	\$	\$	\$	\$ 2,915	\$	\$
Withholding & Taxes Payable	4,638	2,094		372		
Accrued Interest Payable				11,551		
Security Deposits Payable				13,160		
Notes Payable – USDA				274,657		
Due to Other Funds	29,235	4,324		13,915		
Revenue Bonds						708,000
Total Liabilities	<u>\$ 33,873</u>	<u>\$ 6,418</u>	<u>\$ 0</u>	<u>\$316,570</u>	<u>\$ 0</u>	<u>\$708,000</u>
<u>Fund Equity:</u>						
Investment in General						
Fixed Assets	\$	\$	\$	\$	\$2,807,571	\$
Contributions from LCDBG						
(net of amortization for						
capital grants)				499,246		
Fund Balance/Retained						
Earnings:						
Reserved for Debt Retirement			9,776	49,725		
Unreserved	116,886	341,394		49,946		
Total Fund Balance/						
Retained Earnings	<u>\$116,886</u>	<u>\$341,394</u>	<u>\$ 9,776</u>	<u>\$ 99,671</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Fund Equity	<u>\$116,886</u>	<u>\$341,394</u>	<u>\$ 9,776</u>	<u>\$598,917</u>	<u>\$2,807,571</u>	<u>\$ 0</u>
TOTAL LIABILITIES						
AND FUND EQUITY	<u>\$150,759</u>	<u>\$347,812</u>	<u>\$ 9,776</u>	<u>\$915,487</u>	<u>\$2,807,571</u>	<u>\$708,000</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PINE PRAIRIE
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>			Total
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>(Memorandum</u>
		<u>Revenue</u>	<u>Service</u>	<u>Only)</u>
			<u>Fund</u>	<u>Only)</u>
	\$	\$	\$	\$
Revenues:				
Taxes: Property	36,372	42,665	-	79,037
Franchise	34,185			34,185
Sales		153,086		153,086
Licenses	20,813			20,813
Fines and Forfeits	191,523			191,523
Prison Fees	101,283			101,283
Grants	10,262			10,262
Bond Proceeds		742,000		742,000
Miscellaneous	4,804	157		4,961
Total Revenues	<u>\$ 399,242</u>	<u>\$ 937,908</u>	<u>\$ 0</u>	<u>\$1,337,150</u>
Expenditures:				
Current:				
General Government	80,135	104,085	-	184,220
Public Safety	213,750			213,750
Street Department	10,629	12,639		23,268
Capital Outlay	250,902	781,895		1,032,797
Debt Service			66,566	66,566
Total Expenditures:	<u>\$ 555,416</u>	<u>\$ 898,619</u>	<u>\$66,566</u>	<u>\$1,520,601</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interest Income	2,867	13,561	134	16,562
Operating Transfers In	50,981	49,430	76,208	176,619
Operating Transfers Out	(53,232)	(126,526)		(179,758)
Total Other Financing Sources/(Uses)	<u>\$ 616</u>	<u>\$(63,535)</u>	<u>\$76,342</u>	<u>\$ 13,423</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$(155,558)</u>	<u>\$(24,246)</u>	<u>\$ 9,776</u>	<u>\$(170,028)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>272,444</u>	<u>365,640</u>	<u>0</u>	<u>638,084</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 116,886</u>	<u>\$341,394</u>	<u>\$ 9,776</u>	<u>\$ 468,056</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PINE PRAIRIE
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (BUDGET AND ACTUAL) –
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>GENERAL FUND</u>		<u>SPECIAL REVENUE</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<u>Revenues:</u>				
Taxes: Property	\$ 36,000	\$ 36,372	\$ 42,000	\$ 42,665
Franchise	34,000	34,185		
Sales			136,000	153,086
Licenses	21,000	20,813		
Fines and Forfeits	193,000	191,523		
Prison Fees	97,000	101,283		
Grants	10,000	10,262		
Bond Proceeds			742,000	742,000
Miscellaneous	2,210	4,804		157
Total Revenues	<u>\$ 393,210</u>	<u>\$ 399,242</u>	<u>\$ 920,000</u>	<u>\$ 937,908</u>
<u>Expenditures:</u>				
<u>Current:</u>				
General Government	\$ 96,650	\$ 80,135	\$ 116,500	\$ 104,085
Public Safety	223,300	213,750		
Street Department	11,500	10,629	28,100	12,639
Debt Service			100,000	
Capital Outlay	<u>240,000</u>	<u>250,902</u>	<u>877,220</u>	<u>781,895</u>
Total Expenditures:	<u>\$ 571,450</u>	<u>\$ 555,416</u>	<u>\$1,121,820</u>	<u>\$ 898,619</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interest Income	\$ 1,000	\$ 2,867	\$	\$ 13,561
Operating Transfers In		50,981	29,000	49,430
Operating Transfers Out	<u>(52,000)</u>	<u>(53,232)</u>		<u>(126,526)</u>
Total Other Financing Sources/(Uses)	<u>\$ (51,000)</u>	<u>\$ 616</u>	<u>\$ 29,000</u>	<u>\$(63,535)</u>
<u>EXCESS OF REVENUES AND OTHER</u>				
<u>FINANCING SOURCES OVER</u>				
<u>EXPENDITURES, AND OTHER</u>				
<u>FINANCING USES</u>				
	\$(229,240)	\$(155,558)	\$(172,820)	\$(24,246)
<u>FUND BALANCE, BEGINNING OF</u>				
<u>YEAR</u>				
	<u>272,444</u>	<u>272,444</u>	<u>365,640</u>	<u>365,640</u>
<u>FUND BALANCE, END OF YEAR</u>				
	<u>\$ 43,204</u>	<u>\$ 116,886</u>	<u>\$ 192,820</u>	<u>\$341,394</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PINE PRAIRIE
PROPRIETARY FUND TYPE
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2003

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
<u>Current Assets:</u>		
Cash, Operating Accounts	\$ 48,024	\$ 94,436
Cash, Savings and CD's	359,516	358,634
Accounts Receivable, Net of Allowance for Uncollectible (2003, \$-0-; 2002, \$-0-)	<u>7,612</u>	<u>7,382</u>
Total Current Assets	<u>\$415,152</u>	<u>\$460,452</u>
<u>Restricted Assets:</u>		
Cash on Deposit for:		
Note Sinking Fund	\$ 21,647	\$ 22,884
Note Reserve Fund	14,875	13,718
Note Contingency Fund	<u>17,598</u>	<u>16,227</u>
Total Restricted Assets	<u>\$ 54,120</u>	<u>\$ 52,829</u>
<u>Long-Term Assets:</u>		
Fixed Assets, Net of Accumulated Depreciation (2003, \$306,856; 2002, \$282,784)	<u>\$446,215</u>	<u>\$430,879</u>
Total Long-Term Assets	<u>446,215</u>	<u>\$430,879</u>
TOTAL ASSETS	<u>\$915,487</u>	<u>\$944,160</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Current Liabilities:</u>		
(Payable from Current Assets)		
Accounts Payable	\$ 2,915	\$ 1,590
Withholding and Taxes Payable	372	434
Accrued Interest Payable	11,551	11,165
Security Deposits Payable	<u>13,160</u>	<u>12,800</u>
Total	<u>\$ 27,998</u>	<u>\$ 25,989</u>
(Payable from Restricted Assets)		
Current Notes Payable	<u>\$ 4,395</u>	<u>\$ 4,724</u>
Total	<u>\$ 4,395</u>	<u>\$ 4,724</u>
Total Current Liabilities	<u>\$ 32,393</u>	<u>\$ 30,713</u>
 <u>Long-Term Liabilities:</u>		
Note Payable -USDA	<u>\$270,262</u>	<u>\$275,349</u>
Total Long-Term Liabilities	<u>\$270,262</u>	<u>\$275,349</u>

(Continued)

VILLAGE OF PINE PRAIRIE
PROPRIETARY FUND TYPE
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2003
(Continued)

	<u>2003</u>	<u>2002</u>
<u>Due to Other Funds</u>		
Due to Sales Tax Fund	\$ 6,257	\$ 6,257
Due to General Fund	<u>7,658</u>	<u>7,658</u>
Total	<u>\$ 13,915</u>	<u>\$ 13,915</u>
Total Liabilities	<u>\$316,570</u>	<u>\$319,977</u>
<u>Fund Equity:</u>		
Contributions from LCDBG (net of amortization for capital grants)	\$499,246	\$517,968
Retained Earnings		
Reserved for Debt Retirement	49,725	48,105
Unreserved	<u>49,946</u>	<u>58,110</u>
Total Retained Earnings	<u>\$ 99,671</u>	<u>\$106,215</u>
Total Fund Equity	<u>\$598,917</u>	<u>\$624,183</u>
Total Liabilities and Fund Balance	<u>\$915,487</u>	<u>\$944,160</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PINE PRAIRIE
PROPRIETARY FUND TYPE
ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
<u>Revenues:</u>		
Sewer Fees	\$ 63,775	\$ 63,880
Miscellaneous Revenue	325	192
Total Revenues	<u>\$ 64,100</u>	<u>\$ 64,072</u>
<u>Operating Expenses:</u>		
Dues & Fees	\$ 200	\$ 300
Depreciation Expense	24,072	19,011
Insurance	6,559	103
Office Expense	4,184	2,179
Repairs and Maintenance	2,054	2,172
Salaries	19,294	12,089
Taxes	1,475	924
Miscellaneous	21,109	15,667
Utilities	9,510	7,016
Total Operating Expenses	<u>\$ 88,457</u>	<u>\$ 59,461</u>
Operating Income (Loss)	\$(24,357)	\$ 4,611
<u>Non-Operating Revenues/(Expenses):</u>		
Interest Revenue	\$ 9,729	\$ 14,413
Interest Expense	(13,776)	(14,047)
Operating Transfers In	3,801	3,504
Operating Transfer Out	(663)	
Total Non-Operating Revenues/(Expenses)	<u>\$ (909)</u>	<u>\$ 3,870</u>
Net Income (Loss)	\$(25,266)	\$ 8,481
Add: Depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	<u>18,722</u>	<u>18,722</u>
Increase/(Decrease) in Retained Earnings	\$ (6,544)	\$ 27,203
<u>RETAINED EARNINGS, BEGINNING OF YEAR</u>	<u>106,215</u>	<u>79,012</u>
<u>RETAINED EARNINGS, END OF YEAR</u>	<u>\$ 99,671</u>	<u>\$106,215</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PINE PRAIRIE
COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
<u>Cash flows from operating activities:</u>		
Net income (loss) from operating activities	\$ (24,357)	\$ 4,611
Adjustments to reconcile net income/(loss) to net cash provided (used) by operating activities:		
Depreciation/Amortization	24,072	19,011
(Increase)/Decrease in receivables	(230)	(645)
Increase/(Decrease) in accounts payable	1,325	211
Increase/(Decrease) in other accrued expenses	298	1,721
Net Operating Transfers In	<u>3,138</u>	<u>3,504</u>
Total adjustments	<u>\$ 28,603</u>	<u>\$ 23,802</u>
Net cash provided by operating activities	<u>\$ 4,246</u>	<u>\$ 28,413</u>
 <u>Cash flows from capital and related financing activities:</u>		
Note principal payments	\$ (5,416)	\$ (4,314)
Payments for plant and equipment	<u>(39,408)</u>	<u>(16,182)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$(44,824)</u>	<u>\$(20,496)</u>
 <u>Cash flows from investing activities:</u>		
Interest received	\$ 9,729	\$ 14,413
Interest paid	<u>(13,390)</u>	<u>(14,492)</u>
Net cash provided by investing activities	<u>\$ (3,661)</u>	<u>\$ (79)</u>
 Net increase in cash and cash equivalents	\$(44,239)	\$ 7,838
 Cash and cash equivalents at beginning of year	<u>505,899</u>	<u>498,061</u>
Cash and cash equivalents at end of year	<u>\$461,660</u>	<u>\$505,899</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PINE PRAIRIE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Pine Prairie was incorporated in 1959 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

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

Reporting Entity - In evaluating how to define the government, 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 basic – 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 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 government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government 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 Village of Pine Prairie had no other significant managerial responsibility over any other governmental unit that is not included in the financial statements.

Fund Accounting – The accounts of the Village of Pine Prairie are organized in the basis of funds, which are considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two governmental fund types, one proprietary fund type, and an account group as listed below:

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

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 sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for special purposes.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation and payment of monies for the general long-term debt.

Proprietary Funds – Utility Fund – Utility Funds are used to account for the proceeds of sewer collection fees from the sewer system completed in 1990. These fees are used to operate and maintain the sewer system and pay the note from USDA.

Account Groups – Fixed Assets and Long-Term Liabilities – The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or “financial flow” measurement focus and only current assets and current liabilities are generally 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 Group, and are recorded as expenditures in the governmental fund types when purchased. The Village has elected to capitalize public domain (“Infrastructure”) fixed assets consisting of certain improvements. No depreciation has been provided on general fixed assets. All fixed assets are recorded at historical cost.

Long-term liabilities expected to be financed from Governmental Funds are accounted for in the General Long-Term Debt Account Group.

The account groups are not “funds”. They are concerned only with measurement of financial position. They are not involved with measurement of results of operations.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund Balance Sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

Sewerage Utility:

Disposal Plant	40 Years
Equipment	10 Years

Basis of Accounting – Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the Financial Statements. Basis of Accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Agency Funds are accounted for using the Modified-Accrual Basis of Accounting. Their revenues are recognized when they become measurable and available as net current assets. Property taxes are recorded as revenue when levied even though a portion of the taxes may be collected in subsequent years. Miscellaneous revenues are recorded when received. Franchise Taxes, Sales Taxes, Inter-Governmental Revenue, and Interest Income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Gross Sales Taxes are considered “measurable” when collected and are recognized as revenue at that time.

Expenditures are generally recognized under the Modified-Accrual Basis of Accounting when the related fund liability is incurred.

All Proprietary Funds are accounted for using the Accrual Basis of Accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Budgets and Budgetary Accounting – The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Village clerk prepares a proposed budget and submits same to the Mayor and Board of Alderman no later than fifteen days prior to the beginning of each fiscal year.
2. The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D**

4. All budgetary appropriations lapse at the end of each fiscal year.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

Investments – Investments are in bank savings accounts and in certificates of deposit.

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

Comparative data for the prior year is presented for the year ended December 31, 2002. All data for the current year is presented for the year ended December 31, 2003.

Total Columns on Financial Statements – Overview – Total columns on the financial statements – overview are captioned memorandum only to indicate that they are presented only to facilitate analysis.

Data in these columns do not present financial position and results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B – AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of March 16 of each year. Taxes are levied by the Village in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on March 16 of the following year. Revenues from ad valorem taxes are recorded in the year billed.

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

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D**

For the twelve months ended December 31, 2003, the 2003 tax roll taxes of 22.23 mills were levied on property with assessed valuations totaling \$3,555,420 and were dedicated as follows:

General Corporate Purposes	5.30	Mills
Street Maintenance	7.00	Mills
Street Construction	5.00	Mills
Police Protection	2.00	Mills
Recreation	<u>2.93</u>	Mills
Total	<u>22.23</u>	Mills

Total taxes levied were \$79,036.99

NOTE C – DEDICATION OF PROCEEDS – 2% SALES AND USE TAX

Proceeds of the two percent (2%) sales and use tax are dedicated to the following purposes:

After paying the necessary cost of collection and administration, for the purpose of construction, maintenance, and repairs of all public streets and roadways within the Village of Pine Prairie.

The two percent (2%) sales tax is in effect for a period of twenty years, beginning January 1, 1998 and ending December 31, 2017.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE D – INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>General Fund</u>	\$	\$ 579
Due to Street Maintenance		28,197
Due to Sales Tax		459
Due to Street Construction		
Due from Sewer Funds	7,658	
<u>Special Revenue Funds</u>		
<u>Street Maintenance Fund</u>		
Due from General Fund	579	
Due to Sales Tax Fund		499
Due to Street Construction Fund		2,000
<u>Street Construction Fund</u>		
Due from General Fund	459	
Due from Street Maintenance Fund	2,000	
Due to Sales Tax		1,825
<u>Sales Tax Fund</u>		
Due from General Fund	28,197	
Due from Street Maintenance Fund	499	
Due from Sewer Fund	6,257	
Due from Street Construction	1,825	
<u>Enterprise Funds</u>		
<u>Sewer Fund</u>		
Due to Sales Tax Fund		6,257
Due to General Fund		7,658
TOTALS	<u>\$47,474</u>	<u>\$47,474</u>

NOTE E – LITIGATION

In the opinion of the Village attorneys, the potential claims against the Village not covered by insurance would not materially affect the financial statements of the Village.

NOTE F – COMPENSATION OF MAYOR AND BOARD OF ALDERMEN

A schedule of compensation paid to the Mayor and Board of Aldermen is as follows:

Terrel McCauley (Mayor)	\$ 6,180
O.L. Fuselier	3,000
Ricky Cole	3,000
Terry Savant	3,000
Total	<u>\$15,180</u>

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE G – LONG-TERM DEBT

Enterprise Fund – The Village borrowed \$320,000 on a USDA Rural Development note for the construction of a sewer system. The note is a forty year, five percent note with annual payments of \$18,806 beginning in 1992.

Principal payments to maturity are as follows:

<u>Year</u>	<u>Amounts</u>
2004	\$ 4,395
2005	5,292
2006	5,556
2007	5,834
2008	6,126
2009-2030	<u>247,454</u>
Total	<u>\$274,657</u>

Debt Service Fund – The Village issued \$742,000 Revenue Bonds, Series 2002 in January 2003 for the purpose of constructing and repairing public streets and roadways in the Village. The bonds bear interest at the rate of 5% per annum and mature over a period of fifteen years. Interest payments are due semi-annually on June 1 and December 1. Principal payments are due annually on December 1.

Principal payments to maturity are as follows:

<u>Year</u>	<u>Amounts</u>
2004	\$ 36,000
2005	38,000
2006	40,000
2007	42,000
2008	44,000
2009-2017	<u>508,000</u>
Total	<u>\$708,000</u>

The bonds are secured by and payable solely from the pledge and dedication of the excess of annual revenues of the Village and the proceeds of the Village's two percent (2%) sales tax.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE H – CHANGES IN GENERAL FIXED ASSETS

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Totals</u>
<u>General Fixed Assets,</u>					
<u>Beginning of Year</u>	\$47,558	\$174,254	\$1,262,208	\$ 318,575	\$1,802,595
<u>Additions:</u>					
<u>Special Revenue Funds</u>					
Street Improvements			746,994		746,994
Street Maintenance					
Building		22,350			22,350
Equipment				12,551	12,551
<u>General Fund</u>					
Equipment				46,749	46,749
Town Hall Improvements		55,243	18,324		73,567
Ball Park Improvements		94,695	35,890		130,585
Total Additions	<u>\$ 0</u>	<u>\$172,288</u>	<u>\$ 801,208</u>	<u>\$ 59,300</u>	<u>\$1,032,796</u>
<u>Deductions:</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(27,820)</u>	<u>\$ (27,820)</u>
<u>General Fixed Assets,</u>					
<u>End of Year</u>	<u>\$47,558</u>	<u>\$346,542</u>	<u>\$2,063,416</u>	<u>\$350,055</u>	<u>\$2,807,571</u>

NOTE I – CHANGES IN LONG-TERM DEBT

Enterprise Fund

The following is a summary of notes payable of the Village for the year ended December 31, 2003:

	<u>Payable January 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Payable December 31, 2003</u>
USDA Rural Development	\$280,073	\$ 0	\$ (5,416)	\$274,657
Total Long-Term Debt	<u>\$280,073</u>	<u>\$ 0</u>	<u>\$ (5,416)</u>	<u>\$274,657</u>

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

General Long-Term Debt Account Group

The following is a summary of bonds payable of the Village for the year ended December 31, 2003:

	Payable January 1, <u>2003</u>	<u>Additions</u>	<u>Retirements</u>	Payable December 31, <u>2003</u>
Revenue Bonds Series 2002	\$ 0	\$742,000	\$(34,000)	\$708,000
Total Long-Term Debt	<u>\$ 0</u>	<u>\$742,000</u>	<u>\$(34,000)</u>	<u>\$708,000</u>

**NOTE J – AMORTIZATION OF CONTRIBUTED CAPITAL FOR
CONSTRUCTION PROJECTS**

Under National Council in Governmental Accounting Statement 2, grants, entitlements, or shared revenues restricted for the acquisition or construction of capital assets should be recorded as contributed equity. The Village received grants for the construction of a sewer system from the following:

LA Division of Administration	<u>\$748,869</u>
Total	<u>\$748,869</u>

Depreciation recognized on assets acquired or constructed through such resources externally restricted for capital acquisitions may be closed to the appropriate contributed capital account and reported in the operating statement under operating expenses. If this option is followed, the net income (loss), adjusted by the amount of depreciation on fixed assets acquired or constructed through such resources externally restricted for this purpose, is closed to Retained Earnings and reported after Net Income (Loss).

NOTE K – STATEMENT OF CASH FLOWS

Under Governmental Accounting Standards Board Statement No. 9, all governmental entities, whose fiscal year begins after December 15, 1989, must adopt a statement of cash flows to replace the statement of changes in financial position for all proprietary funds.

A statement of cash flows presents cash and cash equivalents at the beginning and end of the period. Cash equivalents are defined as short-term, highly liquid investments that are both:

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

- a. Readily convertible to known amounts of cash
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

A statement of cash flows focuses on cash receipts and cash payments resulting from operating, noncapital financing, capital and related financing, or investing activities.

Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities. Cash flows from operating activities generally are the cash effects of transactions and other events that enter into determination of operating income.

Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments.

Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit.

Investing activities include making and collecting loans and acquiring and disposing of debt or equity instruments.

NOTE L – COLLATERALIZATION OF CASH

Bank Balances at December 31, 2003	\$ 840,532
Less Amount Insured by FDIC	(200,000)
Less Amount Collateralized with Securities Pledged in the Village's Name	<u>(640,532)</u>
Uninsured/Uncollateralized Bank Balances at December 31, 2003	<u>\$ -0-</u>

The Village's cash was adequately collateralized at December 31, 2003.

**VILLAGE OF PINE PRAIRIE
NOTES TO FINANCIAL STATEMENTS, CONT'D.**

NOTE M – AUDIT ENGAGEMENT DELAY

The audit of the Village's general purpose financial statements as of and for the year ended December 31, 2003 was not completed and transmitted to the legislative auditor within six months of the close of the Village's year as required by state law.

NOTE N – FINANCIAL INFORMATION NOT UPDATED IN A TIMELY MANNER

Information was not entered into the Village's bookkeeping system in a timely manner.

NOTE O – DELINQUENT PAYROLL TAX DEPOSITS

Payroll tax deposits were not made by the applicable due dates.

NOTE P – POLICE OFFICERS NOT NOTIFIED OF OPTION TO PARTICIPATE IN STATE RETIREMENT SYSTEM AS REQUIRED BY STATE LAW

The Village did not notify its police officers of their option to participate in Louisiana's Municipal Police Employees' Retirement System as required by state law.

SPECIAL REVENUE FUNDS

Street Maintenance Fund:

To account for the receipt and use of proceeds of the Village's 7.00 mill tax on all property subject to state taxation in the Village. The expenditures are for the purpose of maintaining streets in the Village.

Street Construction Fund:

To account for the receipt and use of proceeds of the Village's 5.00 mill tax on all property subject to state taxation in the Village. The expenditures are for the purpose of constructing streets in the Village.

Sales Tax Fund:

To account for the receipt and use of the Village's 2% sales and use tax. These taxes are dedicated for, after paying the necessary cost of collection and administration, the hard surfacing and resealing and maintaining of roads in the Village, and for the payment of bonds or other funded indebtedness of said Village incurred for said purposes.

Trees for the Village Fund:

To account for the receipt and use of proceeds of the Village's grant and donations for a Village Beautification Project.

VILLAGE OF PINE PRAIRIE
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2003

	<u>Street Maintenance Tax Fund</u>	<u>Street Construction Tax Fund</u>	<u>Sales Tax Fund</u>	<u>Trees for the Village Fund</u>	<u>Totals</u>
<u>ASSETS</u>					
Cash on Deposit	\$14,664	\$	\$ 69,972	\$ 264	\$ 84,900
Savings Account & Certificates of Deposit		13,419	152,644		166,063
Property Taxes Receivable	24,581	17,452			42,033
Grants Receivable	15,000				15,000
Due from General Fund	579	459	28,197		29,235
Due from Street Maintenance Fund		2,000	499		2,499
Due from Sewer Fund			6,257		6,257
Due from Street Construction			1,825		1,825
Total Assets	<u>\$54,824</u>	<u>\$33,330</u>	<u>\$259,394</u>	<u>\$ 264</u>	<u>\$347,812</u>
<u>LIABILITIES AND FUND BALANCE</u>					
<u>Liabilities:</u>					
Withholding & Payroll Taxes Payable	\$ 13	\$	\$ 2,081	\$	\$ 2,094
Due to Sales Tax Fund	499	1,825			2,324
Due to Street Construction Fund	2,000				2,000
Total Liabilities	<u>\$ 2,512</u>	<u>\$ 1,825</u>	<u>\$ 2,081</u>	<u>\$ 0</u>	<u>\$ 6,418</u>
<u>Fund Balance:</u>					
Undesignated	<u>\$52,312</u>	<u>\$31,505</u>	<u>\$257,313</u>	<u>\$ 264</u>	<u>\$341,394</u>
Total Fund Balance	<u>\$52,312</u>	<u>\$31,505</u>	<u>\$257,313</u>	<u>\$ 264</u>	<u>\$341,394</u>
Total Liabilities and Fund Balance	<u>\$54,824</u>	<u>\$33,330</u>	<u>\$259,394</u>	<u>\$ 264</u>	<u>\$347,812</u>

VILLAGE OF PINE PRAIRIE
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Street Maintenance Tax Fund	Street Construction Tax Fund	Sales Tax Fund	Trees for the Village Fund	Totals
<u>Revenue:</u>					
Tax: Sales	\$	\$	\$153,086	\$	\$ 153,086
Property	24,888	17,777			42,665
Bond Proceeds			742,000		742,000
Miscellaneous			157		157
Total Revenues	<u>\$ 24,888</u>	<u>\$ 17,777</u>	<u>\$895,243</u>	<u>\$ 0</u>	<u>\$ 937,908</u>
<u>Expenditures:</u>					
Current:					
General Government	\$	\$	\$104,085	\$	\$ 104,085
Street Department	12,639				12,639
Capital Outlays	24,149		757,746		781,895
Total Expenditures	<u>\$ 36,788</u>	<u>\$ 0</u>	<u>\$861,831</u>	<u>\$ 0</u>	<u>\$ 898,619</u>
<u>Other Financing Sources (Uses)</u>					
Interest Income	\$	\$ 310	\$ 13,251		\$ 13,561
Operating Transfer In	240		49,190		49,430
Operating Transfer Out		(50,318)	(76,208)		(126,526)
Total Other Financing Sources (Uses)	<u>\$ 240</u>	<u>\$(50,008)</u>	<u>\$(13,767)</u>	<u>\$ 0</u>	<u>\$(63,535)</u>
<u>EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</u>					
	\$(11,660)	\$(32,231)	\$ 19,645	\$ 0	\$(24,246)
<u>FUND BALANCE, BEGINNING OF YEAR</u>					
	<u>63,972</u>	<u>63,736</u>	<u>237,668</u>	<u>264</u>	<u>365,640</u>
<u>FUND BALANCE, END OF YEAR</u>					
	<u>\$ 52,312</u>	<u>\$ 31,505</u>	<u>\$257,313</u>	<u>\$ 264</u>	<u>\$341,394</u>

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

To the Board of Aldermen
Village of Pine Prairie, Louisiana

I have audited the general-purpose financial statements of the Village of Pine Prairie, Louisiana, as of and for the year ended December 31, 2003, and have issued my report thereon dated July 21, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Pine Prairie, Louisiana's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as items 2003-2, 2003-4, and 2003-5.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Pine Prairie, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.

However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Village of Pine Prairie, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-1, 2003-2, 2003-3, 2003-4, and 2003-5.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider items 2003-2, 2003-3, 2003-4, and 2003-5 of the reportable conditions described above to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Aldermen, and the Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Michael W. Johnson
Michael W. Johnson
Certified Public Accountant

Eunice, Louisiana
July 21, 2004

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2003**

I have audited the financial statements of the Village of Pine Prairie, Louisiana as of and for the year ended December 31, 2003, and have issued my report thereon dated July 21, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2003, resulted in an unqualified opinion.

Section I. Summary of Auditor's Reports

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No
Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II. Financial Statement Findings

2003-1. Inadequate Segregation of Duties

Finding: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF FINDINGS (Continued)
For the Year Ended December 31, 2003**

2003-2. Audit Engagement Delay

Finding: The audit of the Village's general – purpose financial statements as of and for the year ended December 31, 2003, was not completed and transmitted to the legislative auditor within six months of the close of the Village's year as required by state law.

Cause: Management overlooked this requirement.

Recommendation: Management should ensure that the audit of the Village's general – purpose financial statements are completed and transmitted to the legislative auditor within six months of the close of the Village's year as required by state law.

2003-3. Financial Information Not Updated In a Timely Manner

Finding: Information was not entered into the Village's bookkeeping system in a timely manner.

Cause: Management was not aware of the importance of this matter.

Recommendation: Management should ensure that information is entered into the Village's bookkeeping system in a timely manner in order to facilitate financial management decisions.

2003-4. Delinquent Payroll Tax Deposits

Finding: Payroll tax deposits were not made by the applicable due dates.

Cause: Management was not aware of the importance of this matter.

Recommendation: Management should ensure that payroll tax deposits are made by the applicable due dates.

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF FINDINGS (Continued)
For the Year Ended December 31, 2003**

2003-5. Police Officers Not Notified of Option To Participate In State Retirement System As Required By State Law

Finding: The Village did not notify its police officers of their option to participate in Louisiana's Municipal Police Employees' Retirement System as required by state law.

Cause: Management was not aware of this requirement.

Recommendation: Management should ensure that the Village notifies its police officers of their option to participate in the state retirement system.

**VILLAGE OF PINE PRAIRIE
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2003**

**SECTION I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

**Finding No. 2002-2 Audit Engagement
Delay:**

Unresolved.

Management should ensure that the audit of the Village's general purpose financial statements are completed and transmitted to the Legislative auditor within six months of the close of the Village's year as required by state law.

**VILLAGE OF PINE PRAIRIE
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2003**

**SECTION I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

**Finding No. 2003 – 2 Audit Engagement
Delay:**

The audit of the Village's general-purpose financial statements as of and for the year ended December 31, 2003, was not completed and transmitted to the Legislative auditor within six months of the close of the Village's year as required by state law.

Management should ensure that the audit of the Village's general-purpose financial statements are completed and transmitted to the Legislative auditor within six months of the close of the Village's year as required by state law.

**Finding No. 2003 – 3 Financial Information:
Not Updated In A Timely Manner:**

Information was not entered into the Village's bookkeeping system in a timely manner.

Management should ensure that information is entered into the Village's bookkeeping system in a timely manner in order to facilitate financial management decisions.

**Finding No. 2003 – 4 Delinquent Payroll Tax
Deposits:**

Payroll tax deposits were not made by the applicable due dates.

Management should ensure that payroll tax deposits are made by the applicable due dates.

**Finding No. 2003 – 5 Police Officers Not
Notified Of Option To Participate In
State Retirement System As Required
By State Law:**

The Village did not notify its police officers of their option to participate in Louisiana's Municipal Police Employees' Retirement System.

Management should ensure that the Village notifies its police officers of their option to participate in the state retirement system.

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To the Board of Aldermen
Village of Pine Prairie, Louisiana

The audited financial statements of the Village of Pine Prairie, Louisiana and my report thereon is presented in the preceding section of this report. The financial information presented hereinafter was derived from the accounting records tested by me as part of the auditing procedures followed in my examination of the aforementioned financial statements. However, I did not audit the information and express no opinion on it.

Michael W. Johnson
Michael W. Johnson
Certified Public Accountant

Eunice, Louisiana
July 21, 2004

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To the Board of Aldermen
Village of Pine Prairie, Louisiana

Supplemental Letter

I have audited the financial statements of the Village of Pine Prairie, Louisiana for the year ended December 31, 2003 and have issued my report thereon dated July 21, 2004. As part of my audit I made a study and evaluation of the Village of Pine Prairie, Louisiana's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation was necessary for expressing an opinion on the Village's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Village of Pine Prairie, Louisiana is responsible for establishing and maintaining a system of internal accounting control. In fulfilling that responsibility, estimates, and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and may not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Village of Pine Prairie, Louisiana taken as a whole. However, my study and evaluation disclosed the following conditions that I believe to be a material weaknesses.

2003 – 2. Audit Engagement Delay

Finding: The audit of the Village's general – purpose financial statements as of and for the year ended December 31, 2003, was not completed and transmitted to the Legislative auditor within six months of the close of the Village's year as required by state law.

Cause: Management overlooked this requirement.

Recommendation: Management should ensure that the audit of the Village's general – purpose financial statements are completed and transmitted to the Legislative auditor within six months of the close of the Village's year as required by state law.

2003 – 3. Financial Information Not Updated In a Timely Manner

Finding: Information was not entered into the Village's bookkeeping system in a timely manner.

Cause: Management was not aware of the importance of this matter.

Recommendation: Management should ensure that information is entered into the Village's bookkeeping system in a timely manner in order to facilitate financial management decisions.

2003 – 4. Delinquent Payroll Tax Deposits

Finding: Payroll tax deposits were not made by the applicable due dates.

Cause: Management was not aware of the importance of this matter.

Recommendation: Management should ensure that payroll tax deposits are made by the applicable due dates.

2003 – 5. Police Officers Not Notified Of Option To Participate In State Retirement System As Required By State Law.

Finding: The Village did not notify its police officers of their option to participate in Louisiana’s Municipal Police Employees’ Retirement System as required by state law.

Cause: Management was not aware of this requirement.

Recommendation: Management should ensure that the Village notifies its police officers of their option to participate in the state retirement system.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

The Village of Pine Prairie, Louisiana has insurance coverage of the following types, amounts, and expiration dates:

<u>TYPE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Automobile Liability	\$500,000	5/1/04
Commercial General Liability	500,000	5/1/04
Law Enforcement Officer’s Comprehensive Liability	500,000	5/1/04
Public Officials’ Errors and Omissions Liability	500,000	5/1/04
Worker’s Compensation	500,000	1/1/04
Commercial Property		
Building	591,600	1/14/04
Contents	104,000	1/14/04
Fidelity Bond – Public Employees	75,000	5/16/04
Fidelity Bond – Public Officials	2,500	10/28/04
Vehicle Physical Damage	107,856	6/15/04

Accounts Receivables were aged as follows:

0 – 30 days	\$4,845
31 – 60 days	837
61 – 90 days	80
90 – 120 days	13
Over 120 days	<u>1,837</u>
	<u>\$7,612</u>

This report is intended solely for the use of management and United States Department of Agriculture and should not be used for any other purpose.

Michael W. Johnson

Michael W. Johnson
Certified Public Accountant

Eunice, Louisiana
July 21, 2004