

**VILLAGE OF PLEASANT HILL, LOUISIANA
FINANCIAL STATEMENTS
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 8/4/04

VILLAGE OF PLEASANT HILL, LOUISIANA
DECEMBER 31, 2003
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VILLAGE OF PLEASANT HILL, LOUISIANA
TRANSMITTAL LETTER
ANNUAL FINANCIAL STATEMENTS
DECEMBER 31, 2003

June 14, 2004

Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Sirs:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Village of Pleasant Hill, Louisiana, for the year ended December 31, 2003. The report includes only funds under the control and oversight of the Village of Pleasant Hill, Louisiana.

The accompanying basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Sincerely,


Mayor

Enclosure

VILLAGE OF PLEASANT HILL, LOUISIANA
FINANCIAL STATEMENTS
DECEMBER 31, 2003

Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

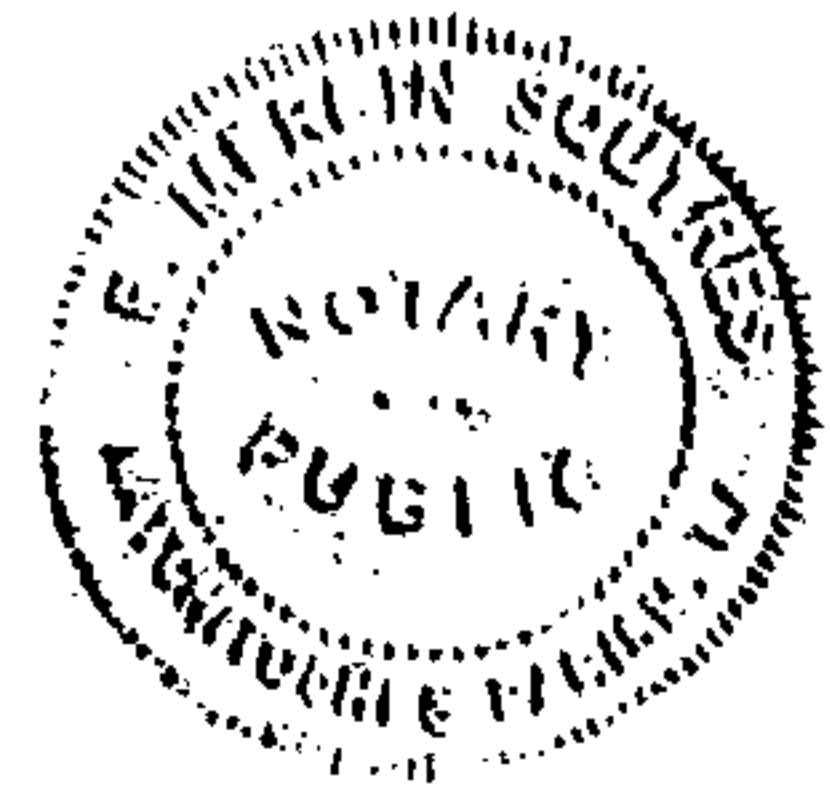
AFFIDAVIT

Personally came and appeared before the undersigned authority, Betty Thomas, Mayor of the Village of Pleasant Hill, Louisiana, who, duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of the Village of Pleasant Hill, Louisiana, at December 31, 2003 and the results of operations for the year then ended in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.


Mayor

Sworn to and subscribed before me, this 14th day of June, 2004.


NOTARY PUBLIC



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INDEPENDENT AUDITORS' REPORT

Mayor and Board of Aldermen
Village of Pleasant Hill
Pleasant Hill, Louisiana 71065

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pleasant Hill, Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Pleasant Hill's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our 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. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, no accounting records are available to support the historical cost of the Village of Pleasant Hill's capital assets. Accordingly, it was unreasonable for us to extend our audit of capital assets, accumulated depreciation and depreciation expense beyond the amounts recorded.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the capital assets referred to in the preceding paragraph been susceptible to satisfactory audit test, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pleasant Hill as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 14, 2004, on our consideration of the Village of Pleasant Hill, Louisiana's internal control over financial reporting and our 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 our audit.

The Management's Discussion and Analysis and the budgetary information on pages 5 through 10 and 30, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Page #2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Pleasant Hill's basic financial statements. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hines, Jackson & Hines

Natchitoches, Louisiana

June 14, 2004

VILLAGE OF PLEASANT HILL, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS
DECEMBER 31, 2003

The Management's Discussion and Analysis of the Village of Pleasant Hill's financial performance presents a narrative overview and analysis of the Village of Pleasant Hill's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter presented on page 1 and the Village of Pleasant Hill's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

Governmental Activities

- 1) The Village of Pleasant Hill had cash and investments of \$7,515 at December 31, 2003 which represents a decrease of \$30,187 from prior year end.
- 2) The Village of Pleasant Hill had accounts receivable of \$14,537 at December 31, 2003 which represents a decrease of \$4,569 from prior year end.
- 3) The Village of Pleasant Hill had accounts payable and accruals of \$5,442 at December 31, 2003 which represents a decrease of \$16,412 from prior year end.
- 4) The Village of Pleasant Hill had total revenues of \$148,414 for the year ended December 31, 2003 which represents an increase of \$10,056 from prior year.
- 5) The Village of Pleasant Hill had total expenses of \$134,908 for the year ended December 31, 2003 which represents a decrease of \$715 from prior year.
- 6) The Village of Pleasant Hill had capital asset purchases of \$12,757 for the year ended December 31, 2003 which represents a decrease of \$10,790 from prior year.

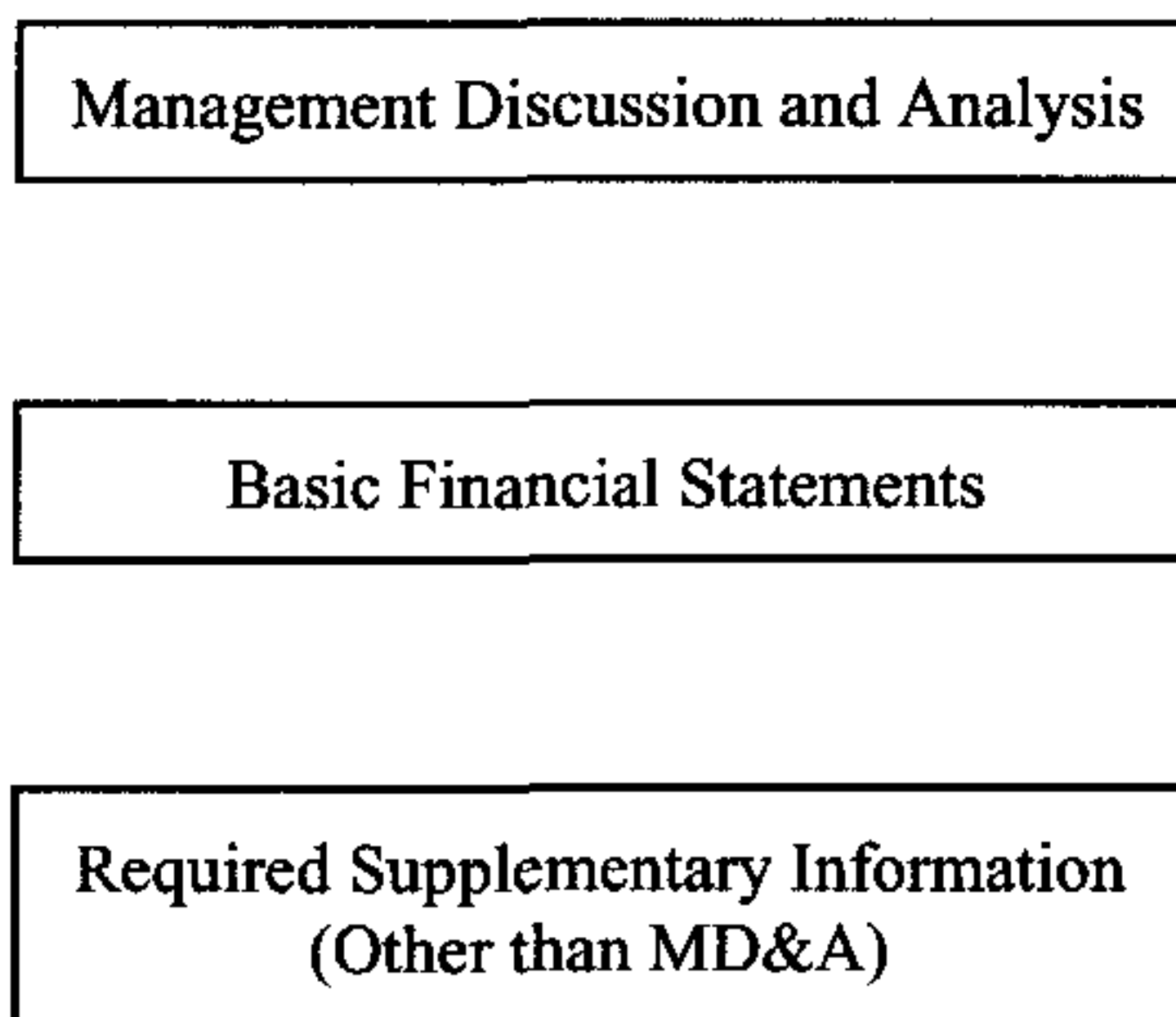
Business-Type Activities

- 1) The Village of Pleasant Hill had cash and investments of \$34,263 for the year ended December 31, 2003 which represents a decrease of \$15,398 from prior year.
- 2) The Village of Pleasant Hill had accounts receivable of \$10,199 for the year ended December 31, 2003 which represents a decrease of \$1,399 from prior year.
- 3) The Village of Pleasant Hill had accounts payable and accruals of \$4,489 for the year ended December 31, 2003 which represents a decrease of \$148 from prior year.
- 4) The Village of Pleasant Hill had total revenues of \$115,175 for the year ended December 31, 2003 which represents a decrease of \$2,508 from prior year.
- 5) The Village of Pleasant Hill had total expenses of \$171,884 for the year ended December 31, 2003 which represents a decrease of \$11,150 from prior year.
- 6) The Village of Pleasant Hill had capital asset purchases of \$6,888 for the year ended December 31, 2003 which represents an increase of \$5,909 from prior year.

VILLAGE OF PLEASANT HILL, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Village of Pleasant Hill as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

This annual report consist of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Village of Pleasant Hill as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report he Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

Reporting the Village as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

VILLAGE OF PLEASANT HILL, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

These two statements report the Village's Net assets and changes in them. You can think of the Village's net assets, the difference between assets and liabilities, as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we divide the Village into two kinds of activities:

Governmental Activities

Most of the Village's basic services are reported here including the police and general administration. Taxes, license and permits, fines, interest income and state and federal grants finance most of these activities.

Business-Type Activities

The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water and sewer system are reported here.

Reporting the Village's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. Some funds are required to be established by State law and by bond covenants. However, the Village Board of Aldermen may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Village's two kind of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's activities as well as what remains for future spending.

Proprietary Funds

When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and Statement of Activities. In fact, the Village's enterprise funds are the same as the business-type activities we reported in the government-wide statements but provide more detail and additional information, such as cash flows.

VILLAGE OF PLEASANT HILL, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003

FINANCIAL ANALYSIS OF THE ENTITY

	Statement of Net Assets As of Year End			
	Governmental Activities		Business-Type Activities	
	2003	2002	2003	2002
Current and other assets	\$ 22,404	\$ 56,808	\$ 44,854	\$ 61,259
Capital assets, net	38,606	33,632	860,939	895,818
Total Assets	\$ 61,010	\$ 90,440	\$ 905,793	\$ 957,077
Other liabilities	\$ 5,442	\$ 21,854	\$ 14,284	\$ 14,062
Long-term debt	9,883	13,136	0	11,000
Total Liabilities	15,325	34,990	14,284	25,062
Net assets				
Investment in capital assets, net of related debt	28,723	20,496	860,939	884,818
Unrestricted	16,962	34,954	30,570	47,197
Total Net Assets	45,685	55,450	891,509	932,015
Total Liabilities and Net Assets	\$ 61,010	\$ 90,440	\$ 905,793	\$ 957,077

Net assets of the Village of Pleasant Hill decreased by \$9,765 or 17.61% and decreased by \$40,506 or 4.35%, from the previous fiscal year in Governmental Activities and Business-Type Activities respectively. These changes are the result of operating and other expenses being less than/exceeding operating and nonoperating revenues during the fiscal year ended 2003 (See table below).

	Statement of Activities For the Year Ended			
	Governmental Activities		Business-Type Activities	
	2003	2002	2003	2002
General government Expenses	\$ (134,908)	\$ (135,623)	\$ (171,884)	\$ (183,994)
Program revenues				
Charges for services	0	0	105,898	113,768
Operating and capital grants and contributions	46,823	20,812	6,550	0
Subtotal	(88,085)	(114,811)	(59,436)	(70,226)
General revenues and transfers	83,366	141,823	20,952	(20,362)
Change in net assets	\$ (4,719)	\$ 27,012	\$ (38,484)	\$ (90,588)

The Village of Pleasant Hill's total revenues and transfers decreased by \$32,446 or 19.95% and increased by \$39,944 or 42.82% from the previous fiscal year in Governmental Activities and Business-Type Activities respectively. The total cost of all programs and services decreased by \$715 or 0.53% and decreased \$12,110 or 6.58% from the previous fiscal year in Governmental Activities and Business-Type Activities respectively.

VILLAGE OF PLEASANT HILL, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2003, the Village of Pleasant Hill had \$38,606, and \$860,939 net of depreciation, in Governmental Activities and Business-Type Activities, respectively, invested in a broad range of capital assets (See table below). This amount represents a net increase (including additions and deductions) of \$4,974 or 14.79%, a decrease of \$34,879 or 3.89% in Governmental Activities and Business-Type Activities, respectively, from the previous year.

Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities		Business-Type Activities	
	2003	2002	2003	2002
Land	\$ 3,100	\$ 3,100	\$ 0	\$ 0
Buildings and other improvements	937	1,093	0	0
Distribution system	0	0	856,514	890,322
Streets and parking lots	517	0	0	0
Automobiles	8,305	11,073	0	0
Equipment, furniture and fixtures	25,747	18,366	4,425	5,496
Total	<u>\$ 38,606</u>	<u>\$ 33,632</u>	<u>\$ 860,939</u>	<u>\$ 895,818</u>

The following is the addition and retirements for the Village of Pleasant Hill as of December 31, 2003:

This year's major additions included:

	Governmental Activities	Business-Type Activities
Distribution system	\$ 0	\$ 6,888
Streets and parking lots	575	0
Equipment, furniture and fixtures	12,182	0
Total	<u>\$ 12,757</u>	<u>\$ 6,888</u>

This year's major retirements included:

None.

Debt

The Village of Pleasant Hill had \$9,883 and \$0 in long-term liabilities payable for Governmental Activities and Business-Type Activities, respectively, outstanding at year end compared to \$13,136 and \$11,000 in Governmental Activities and Business-Type Activities, respectively, at the previous year end, as shown in the table below.

Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities	
	2003	2002	2003	2002
Long-term debt	\$ 9,883	\$ 13,136	\$ 0	\$ 11,000
Totals	<u>\$ 9,883</u>	<u>\$ 13,136</u>	<u>\$ 0</u>	<u>\$ 11,000</u>

New debt during the year included:

None.

VILLAGE OF PLEASANT HILL, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$16,126 more than budgeted amounts due to intergovernmental being more than expected.

Actual expenditures were \$7,046 less than budgeted amounts due to general government and public safety being less than expected.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village of Pleasant Hill's elected officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Taxes
- 2) Intergovernmental revenues (state and local grants)
- 3) License and permits
- 4) Fines

The Village of Pleasant Hill does not expect any significant changes in next year's results as compared to the current year.

CONTACTING THE VILLAGE OF PLEASANT HILL'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village of Pleasant Hill's finances and to show the Village of Pleasant Hill's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Betty Thomas, Mayor of the Village of Pleasant Hill, Post Office Box 125, Pleasant Hill, Louisiana 71065.

VILLAGE OF PLEASANT HILL, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets			
Cash	\$ 7,515	\$ 27,862	\$ 35,377
Investments	0	6,401	6,401
Accounts receivable	14,537	10,199	24,736
Prepaid expenses	352	392	744
Total Current Assets	<u>22,404</u>	<u>44,854</u>	<u>67,258</u>
Noncurrent Assets			
Capital assets, net	<u>38,606</u>	<u>860,939</u>	<u>899,545</u>
Total Assets	<u>\$ 61,010</u>	<u>\$ 905,793</u>	<u>\$ 966,803</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Current portion of long-term debt	\$ 3,416	\$ 0	\$ 3,416
Accounts payable and accruals	5,442	4,489	9,931
Total Current Liabilities	<u>8,858</u>	<u>4,489</u>	<u>13,347</u>
Noncurrent Liabilities			
Long-term debt, net of current portion	6,467	0	6,467
Customer deposits	0	9,795	9,795
Total Liabilities	15,325	14,284	29,609
NET ASSETS			
Investment in capital assets, net of related debt	28,723	860,939	889,662
Unrestricted	<u>16,962</u>	<u>30,570</u>	<u>47,532</u>
Total Net Assets	<u>45,685</u>	<u>891,509</u>	<u>937,194</u>
Total Liabilities and Net Assets	<u>\$ 61,010</u>	<u>\$ 905,793</u>	<u>\$ 966,803</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

**VILLAGE OF PLEASANT HILL, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 67,633	\$ 0	\$ 3,912	\$ 0	\$ (63,721)	\$ 0	\$ (63,721)
Public safety	49,072	0	35,916	0	(13,156)	0	(13,156)
Highways and streets	9,831	0	2,855	0	(6,976)	0	(6,976)
Interest	589	0	0	0	(589)	0	(589)
Depreciation	7,783	0	0	4,140	(3,643)	0	(3,643)
Total Governmental Activities	<u>134,908</u>	<u>0</u>	<u>42,683</u>	<u>4,140</u>	<u>(88,085)</u>	<u>0</u>	<u>(88,085)</u>
Business-Type Activities							
Utility fund	171,884	105,898	0	6,550	0	(59,436)	(59,436)
Total Business-Type Activities	<u>171,884</u>	<u>105,898</u>	<u>0</u>	<u>6,550</u>	<u>0</u>	<u>(59,436)</u>	<u>(59,436)</u>
Total Primary Government	<u>\$ 306,792</u>	<u>\$ 105,898</u>	<u>\$ 42,683</u>	<u>\$ 10,690</u>	<u>(88,085)</u>	<u>(59,436)</u>	<u>(147,521)</u>
General Revenues							
Taxes							
Ad Valorem					15,750	2,494	18,244
Franchise					25,189	0	25,189
Sales					25,689	0	25,689
License and permits					13,368	0	13,368
Fines					20,581	0	20,581
Interest income					0	109	109
Miscellaneous					1,014	124	1,138
Transfers					(18,225)	18,225	0
Total General Revenues and Transfers					<u>83,366</u>	<u>20,952</u>	<u>104,318</u>
Change in Net Assets					(4,719)	(38,484)	(43,203)
Net Assets, Beginning of year					50,404	929,993	980,397
Net Assets, End of year					<u>\$ 45,685</u>	<u>\$ 891,509</u>	<u>\$ 937,194</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets			
Cash	\$ 7,515	\$ 0	\$ 7,515
Accounts receivable	10,199	4,338	14,537
Prepaid expenses	<u>352</u>	<u>0</u>	<u>352</u>
Total Assets	<u>\$ 18,066</u>	<u>\$ 4,338</u>	<u>\$ 22,404</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable and accruals	<u>\$ 5,442</u>	<u>\$ 0</u>	<u>\$ 5,442</u>
Total Liabilities	5,442	0	5,442
Fund Balances			
Unreserved	<u>12,624</u>	<u>4,338</u>	<u>16,962</u>
Total Net Assets	<u>12,624</u>	<u>4,338</u>	<u>16,962</u>
Total Liabilities and Fund Balances	<u>\$ 18,066</u>	<u>\$ 4,338</u>	<u>\$ 22,404</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2003

Total Fund Balances for Governmental Funds (Exhibit C) \$ 16,962

Total Net Assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 3,100	
Buildings and other improvements, net of \$130,801 in accumulated depreciation.	937	
Streets and parking lots, net of \$58 in accumulated depreciation.	517	
Automobiles, net of \$5,537 in accumulated depreciation.	8,305	
Equipment, furniture, and fixtures net of \$670,403 in accumulated depreciation.	<u>\$ 25,747</u>	
Total Capital Assets		38,606

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund liabilities. Those liabilities consist of:

Long-term debt	<u>\$ 9,883</u>	
Total Long-term Liabilities		<u>(9,883)</u>

Total Net Assets of Governmental Activities (Exhibit A) \$ 45,685

VILLAGE OF PLEASANT HILL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues			
Taxes			
Ad valorem	\$ 7,517	\$ 8,233	\$ 15,750
Franchise	25,189	0	25,189
Sales	25,689	0	25,689
Intergovernmental	43,968	2,855	46,823
License and permits	13,368	0	13,368
Fines	20,581	0	20,581
Miscellaneous	1,014	0	1,014
Total Revenues	<u>137,326</u>	<u>11,088</u>	<u>148,414</u>
Expenditures			
General government	67,633	0	67,633
Public safety	49,072	0	49,072
Highways and streets	0	9,831	9,831
Debt service	3,842	0	3,842
Capital outlay	12,182	575	12,757
Total Expenditures	<u>132,729</u>	<u>10,406</u>	<u>143,135</u>
Excess/(Deficiency) Of Revenues Over Expenditures	4,597	682	5,279
Other Financing Sources/(Uses)			
Transfers	(18,164)	(61)	(18,225)
Total Other Financing Sources/(Uses)	<u>(18,164)</u>	<u>(61)</u>	<u>(18,225)</u>
Net Change in Fund Balances	(13,567)	621	(12,946)
Fund Balances, Beginning of year	<u>26,191</u>	<u>3,717</u>	<u>29,908</u>
Fund Balances, End of year	<u>\$ 12,624</u>	<u>\$ 4,338</u>	<u>\$ 16,962</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Net Change in Fund Balances-Total Governmental Funds (Exhibit E) \$ (12,946)

The change in Net Assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$12,757) exceeds depreciation (\$7,783) in the current period. 4,974

Governmental funds report principal repayments as expenditures. However, these amounts are not included in the statement of activities but reduces the liability in the statement of net assets. Those expenditures consist of:

Note payable - 2002	\$ <u>3,253</u>	3,253
---------------------	-----------------	-------

Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 0

Change in Net Assets of Governmental Activities (Exhibit B) \$ (4,719)

VILLAGE OF PLEASANT HILL, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2003

	<u>Utility Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Assets			
Current Assets			
Cash	\$ 27,862	\$ 0	\$ 27,862
Investments	6,401	0	6,401
Accounts receivable	10,199	0	10,199
Prepaid expenses	<u>392</u>	<u>0</u>	<u>392</u>
Total Current Assets	44,854	0	44,854
Noncurrent Assets			
Capital assets, net	<u>860,939</u>	<u>0</u>	<u>860,939</u>
Total Assets	<u>\$ 905,793</u>	<u>\$ 0</u>	<u>\$ 905,793</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable and accruals	<u>\$ 4,489</u>	<u>\$ 0</u>	<u>\$ 4,489</u>
Total Current Liabilities	4,489	0	4,489
Noncurrent Liabilities			
Customer deposits	<u>9,795</u>	<u>0</u>	<u>9,795</u>
Total Liabilities	14,284	0	14,284
Net Assets			
Investments in capital assets, net of related debt	860,939	0	860,939
Unrestricted	<u>30,570</u>	<u>0</u>	<u>30,570</u>
Total Net Assets	<u>891,509</u>	<u>0</u>	<u>891,509</u>
Total Liabilities and Net Assets	<u>\$ 905,793</u>	<u>\$ 0</u>	<u>\$ 905,793</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Utility Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 104,577	\$ 0	\$ 104,577
Connect fees	1,321	0	1,321
Miscellaneous	124	0	124
Total Operating Revenues	106,022	0	106,022
OPERATING EXPENSES			
Advertising	188	0	188
Chemicals	3,684	0	3,684
Depreciation	41,767	0	41,767
Dues and subscriptions	150	0	150
Fuel	2,851	0	2,851
Insurance	3,790	0	3,790
Licenses and permits	1,426	0	1,426
Miscellaneous	474	0	498
Office supplies and expense	907	0	883
Operating supplies and tools	7,452	0	7,452
Payroll taxes	4,201	0	4,201
Postage and freight	1,657	0	1,657
Professional services	7,231	0	7,231
Repairs and maintenance	24,259	0	24,259
Salaries	54,914	0	54,914
Telephone	1,518	0	1,518
Training	185	0	185
Utilities	14,698	0	14,698
Total Operating Expenses	171,352	0	171,352
Operating Income/(Loss)	(65,330)	0	(65,330)
Nonoperating Revenues/(Expenses)			
Ad valorem	2,494	0	2,494
Interest income	109	0	109
Grants	6,550	0	6,550
Interest expense	(532)	0	(532)
Total Nonoperating Revenues/(Expenses)	8,621	0	8,621
Income/(loss) before Transfers	(56,709)	0	(56,709)
Transfers	18,225	0	18,225
Change in Net Assets	(38,484)	0	(38,484)
Net Assets, Beginning of year	929,993	0	929,993
Net Assets, End of year	\$ 891,509	\$ 0	\$ 891,509

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2003

	<u>Utility Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from customers	\$ 106,184	\$ 0	\$ 106,184
Cash payments to suppliers for goods and services	(72,784)	0	(72,784)
Cash payments to employees and related benefits	(57,384)	0	(57,384)
Net Cash From Operating Activities	<u>(23,984)</u>	<u>0</u>	<u>(23,984)</u>
Cash Flows From Noncapital Financial Activities			
Cash receipts of taxes	2,281	0	2,281
Miscellaneous revenues	124	0	124
Transfers	18,225	0	18,225
Net Cash From Noncapital Financial Activities	<u>20,630</u>	<u>0</u>	<u>20,630</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from capital grants	6,550	0	6,550
Acquisition/construction of capital assets	(6,888)	0	(6,888)
Principal payment on revenue bonds	(11,000)	0	(11,000)
Interest paid	(825)	0	(825)
Net Cash From Capital and Related Financing Activities	<u>(12,163)</u>	<u>0</u>	<u>(12,163)</u>
Cash Flows From Investing Activities			
Interest income	119	0	119
Cash Flows From Investing Activities	<u>119</u>	<u>0</u>	<u>119</u>
Net Increase/(Decrease) in Cash	(15,398)	0	(15,398)
Cash, Beginning of year	43,260	0	43,260
Cash, End of year	<u>\$ 27,862</u>	<u>\$ 0</u>	<u>\$ 27,862</u>
Reconciliation of Operating Income to Net Cash From Operating Activities			
Operating income/(loss)	\$ (65,330)	\$ 0	\$ (65,330)
Adjustments to reconcile operating loss to net cash from operating activities			
Depreciation expense	41,767	0	41,767
(Increase)/decrease in operating assets			
Accounts receivable	(251)	0	(251)
Prepaid	(392)	0	(392)
Increase/(decrease) in operating liabilities			
Accounts payable and accruals	(148)	0	(148)
Customer deposits	370	0	370
Net Cash Flows From Operating Activities	<u>\$ (23,984)</u>	<u>\$ 0</u>	<u>\$ (23,984)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

The Village of Pleasant Hill was incorporated 1991, under the provisions of the lawrason act. The Village operates under a Mayor-Aldermen form of government. The Village's major operations include public safety, streets, recreation and parks, utilities, and general administrative services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements of the Village of Pleasant Hill have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. Reporting Entity

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village of Pleasant Hill is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village of Pleasant Hill may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

C. Government - Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets, Exhibit A, and the Statement of Activities, Exhibit B) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and b) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even through the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF PLEASANT HILL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Ad valorem taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales and use tax revenues are recorded in the month collected by the tax collector. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of capital assets, debt extinguishment, long-term proceeds, et cetera) are accounted for as other financing sources/(uses). These other financing sources/(uses) are recognized at the time the underlying events occur.

The Village of Pleasant Hill reports the following governmental, proprietary and fiduciary funds:

Governmental Funds

Governmental funds account for all or most of the Village of Pleasant Hill's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term obligations.

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. 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.

Special Revenue Funds - is used to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specific purposes. The Village's special revenue fund is the street tax fund.

VILLAGE OF PLEASANT HILL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The Village of Pleasant Hill applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include a) charges to customers or applicants for goods, services, or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Village of Pleasant Hill prepares and adopts a budget each year for its general and special revenue funds in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Village amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

VILLAGE OF PLEASANT HILL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the Village of Pleasant Hill, Louisiana defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. *Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.*

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

H. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2003, \$0 and \$140 of Governmental and Business-Type Activities receivables, respectively, were considered to be uncollectible.

I. Capital Assets

At December 31, 2003, no historical records supporting the carrying value of capital assets could be located. Management is currently making an effort to locate these records, but none were available at the time of the audit. Based on the lack of supporting documents, we could not make a determination on the carrying value of capital assets, accumulated depreciation, or depreciation expense for the year ended December 31, 2003.

Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and other improvements, 10 to 25 years for the distribution system and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

J. Sales Taxes

The Village of Pleasant Hill collections a one (1) percent sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated to constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewer disposal works, recreational facilities, public parks, public buildings and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department including the purchase of equipment there of, or for any one or more of said purposes, title to which improvements shall be in the public.

VILLAGE OF PLEASANT HILL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

Full-time employees of the Village of Pleasant Hill earn annual and sick leave at various rates depending on the number of years in service. Leave cannot be accumulated or carried over from one year to the next. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 LEVIED TAXES

The Village of Pleasant Hill levies taxes on real and business personal property located within its boundaries. The Sabine Parish Tax Assessor assesses the property values and prepares the Village's property tax roll. The Village bills and collects its own property taxes. Ad valorem taxes are levied on October 31 and are payable upon receipt of notice. Ad valorem taxes attach as an enforceable lien on property as of December 31 of each year. The following is a summary of authorized and levied ad valorem taxes as of December 31, 2003:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General alimony	5.98	5.98	Statutory
Street maintenance	6.55	6.55	2004
Water and sewer	2.28	2.28	2013

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions includes savings, demand deposits, time deposits, and certificates of deposit. Under state law the Village of Pleasant Hill may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the Fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The deposits at December 31, 2003 were secured as follows:

	<u>Cash</u>	<u>Certificate of Deposit</u>	<u>Total</u>
Deposits in bank accounts per balance sheet (does not include \$100 in petty cash)	<u>\$ 35,277</u>	<u>\$ 6,401</u>	<u>\$ 41,678</u>

VILLAGE OF PLEASANT HILL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 3 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

A. Deposits with Financial Institutions (Continued)

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Bank Balances:			
1. Insured or collateralized with securities held by the entity or its agency in the entity's name	\$ 37,257	\$ 6,401	\$ 43,658
2. Collateralized with securities held by the pledging institution's trust department or agent in the entity's name	0	0	0
3. Uncollateralized, including any securities held for the entity but not in entity's name	<u>0</u>	<u>0</u>	<u>0</u>
Total Bank Balances	<u>\$ 37,257</u>	<u>\$ 6,401</u>	<u>\$ 43,658</u>

The following is a breakdown by banking institution and amount of the balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
Community Bank	\$ 7,529
Peoples State Bank	16,624
Sabine State Bank	<u>19,505</u>
Total	<u>\$ 43,658</u>

B. Investments

At December 31, 2003, the Village of Pleasant Hill had investments of \$0.

NOTE 4 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2003:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes			
Ad valorem	\$ 5,570	\$ 1,014	\$ 6,584
Franchise	6,117	0	6,117
Sales	1,423	0	1,423
Charges for services	0	9,173	9,173
Interest	0	12	12
Other	1,427	0	1,427
Total	<u>\$ 14,537</u>	<u>\$ 10,199</u>	<u>\$ 24,736</u>

VILLAGE OF PLEASANT HILL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 5 CAPITAL ASSETS

A summary of the Village of Pleasant Hill's capital assets at December 31, 2003 follows:

	<u>Balance</u> <u>Dec. 31, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2003</u>
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 3,100	\$ 0	\$ 0	\$ 3,100
Total Capital Assets, not being depreciated	3,100	0	0	3,100
Capital Assets, being depreciated				
Buildings and other improvements	131,738	0	0	131,738
Less accumulated depreciation	<u>(130,645)</u>	<u>(156)</u>	<u>0</u>	<u>(130,801)</u>
Total Buildings and Building Improvements	1,093	(156)	0	937
Streets and parking lots	0	575	0	575
Less accumulated depreciation	<u>0</u>	<u>(58)</u>	<u>0</u>	<u>(58)</u>
Total Streets and Parking Lots	0	517	0	517
Automobiles	13,842	0	0	13,842
Less accumulated depreciation	<u>(2,769)</u>	<u>(2,768)</u>	<u>0</u>	<u>(5,537)</u>
Total Automobiles	11,073	(2,768)	0	8,305
Equipment, furniture and fixtures	683,968	12,182	0	696,150
Less accumulated depreciation	<u>(665,602)</u>	<u>(4,801)</u>	<u>0</u>	<u>(670,403)</u>
Total Equipment, Furniture and Fixtures	18,366	7,381	0	25,747
Total Capital Assets, being depreciated	<u>30,532</u>	<u>4,974</u>	<u>0</u>	<u>35,506</u>
Governmental Activities				
Total Capital Assets, net	<u>\$ 33,632</u>	<u>\$ 4,974</u>	<u>\$ 0</u>	<u>\$ 38,606</u>
Business-Type Activities				
Capital Assets, being depreciated				
Distribution system	\$ 1,906,322	\$ 6,888	\$ 0	\$ 1,913,210
Less accumulated depreciation	<u>(1,016,000)</u>	<u>(40,696)</u>	<u>0</u>	<u>(1,056,696)</u>
Total Distribution System	890,322	(33,808)	0	856,514
Equipment, furniture and fixtures	19,850	0	0	19,850
Less accumulated depreciation	<u>(14,354)</u>	<u>(1,071)</u>	<u>0</u>	<u>(15,425)</u>
Total Equipment, Furniture and Fixtures	5,496	(1,071)	0	4,425
Total Capital Assets, being depreciated	<u>895,818</u>	<u>(34,879)</u>	<u>0</u>	<u>860,939</u>
Business-Type Activities				
Total Capital Assets, net	<u>\$ 895,818</u>	<u>\$ (34,879)</u>	<u>\$ 0</u>	<u>\$ 860,939</u>
Primary Government				
Total Capital Assets, net	<u>\$ 929,450</u>	<u>\$ (29,905)</u>	<u>\$ 0</u>	<u>\$ 899,545</u>

VILLAGE OF PLEASANT HILL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 6 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at December 31, 2003:

	Governmental Activities	Business-Type Activities	Total
Vendor	\$ 2,576	\$ 2,549	\$ 5,125
Salaries and related benefits	2,866	1,897	4,763
Other	0	43	43
Total	<u>\$ 5,442</u>	<u>\$ 4,489</u>	<u>\$ 9,931</u>

NOTE 7 LONG TERM-DEBT

The following is a summary of long-term debt transactions of the Village of Pleasant Hill for the year ended December 31, 2003:

	Balance Dec. 31, 2002	Additions	Deletions	Balance Dec. 31, 2003	Current Amounts
Revenue bonds-1973	\$ 11,000	\$ 0	\$ 11,000	\$ 0	\$ 0
Note payable-2002	13,136	0	3,253	9,883	3,416
Total	<u>\$ 24,136</u>	<u>\$ 0</u>	<u>\$ 14,253</u>	<u>\$ 9,883</u>	<u>\$ 3,416</u>

The terms of the individual debt issues of the Village are as follows:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Note payable-2002	5.00%	2006	\$ 13,872	\$ 9,883
Total			<u>\$ 13,872</u>	<u>\$ 9,883</u>

The annual requirements to amortize all debt outstanding as of December 31, 2003, including interest payments are as follows:

Year Ending December 31	Note Payable-2002
2004	\$ 3,842
2005	3,842
2006	2,881
Total	<u>\$ 10,565</u>

NOTE 8 INTERFUND TRANSFERS

Transfers for the year ended December 31, 2003, were as follows:

Fund	Transfers In	Transfers Out
General	\$ 0	\$ 18,164
Other governmental funds	0	61
Utility fund	18,225	0
Total	<u>\$ 18,225</u>	<u>\$ 18,225</u>

VILLAGE OF PLEASANT HILL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 9 LEASES

The Village of Pleasant Hill was not obligated under any capital or operating lease commitments at December 31, 2003.

NOTE 10 RISK MANAGEMENT

The Village of Pleasant Hill is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

NOTE 11 LITIGATION

There was no outstanding litigation against the Village of Pleasant Hill at December 31, 2003.

NOTE 12 CLAIMS AND JUDGMENTS

The Village of Pleasant Hill participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Village may be required to reimburse the grantor government. The Village believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Village.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

VILLAGE OF PLEASANT HILL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Fav./Unfav.)</u>
Revenues				
Taxes				
Ad valorem	\$ 9,500	\$ 9,500	\$ 7,517	\$ (1,983)
Franchise	21,000	21,000	25,189	4,189
Sales	33,000	33,000	25,689	(7,311)
Intergovernmental	16,000	16,000	43,968	27,968
License and permits	13,500	13,500	13,368	(132)
Fines	27,500	27,500	20,581	(6,919)
Miscellaneous	700	700	1,014	314
Total Revenues	<u>121,200</u>	<u>121,200</u>	<u>137,326</u>	<u>16,126</u>
Expenditures				
General government	72,175	72,175	67,633	4,542
Public safety	41,600	51,600	49,072	2,528
Debt service	4,000	4,000	3,842	158
Capital outlay	2,000	12,000	12,182	(182)
Total Expenditures	<u>119,775</u>	<u>139,775</u>	<u>132,729</u>	<u>7,046</u>
Excess/(Deficiency) Of Revenues Over Expenditures	1,425	(18,575)	4,597	23,172
Other Financing Sources/(Uses)				
Transfers	0	0	(18,164)	(18,164)
Total Other Financing Sources/(Uses)	<u>0</u>	<u>0</u>	<u>(18,164)</u>	<u>(18,164)</u>
Net Change in Fund Balances	1,425	(18,575)	(13,567)	5,008
Fund Balances, Beginning of year	<u>26,191</u>	<u>26,191</u>	<u>26,191</u>	<u>0</u>
Fund Balances, End of year	<u>\$ 27,616</u>	<u>\$ 7,616</u>	<u>\$ 12,624</u>	<u>\$ 5,008</u>

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 2

VILLAGE OF PLEASANT HILL, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO
MEMBERS OF THE BOARD OF ALDERMEN
YEAR ENDED DECEMBER 31, 2003

<u>Members</u>	<u>Number of Meeting Attended</u>	<u>Compensation</u>
Edward G. Arnold	15	\$ 2,025
Vincent Scott	14	2,025
Elvera Shannon	11	1,425
Doyle Stockton	4	<u>600</u>
Total		<u>\$ 6,075</u>

Compensation Paid Board Members

The schedule of compensation paid to the members of the Board of Aldermen of the Village of Pleasant Hill, Louisiana is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Aldermen is included in the general government expenditures of the general fund.

VILLAGE OF PLEASANT HILL, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

1.	Type of auditors' report issued.	Unqualified, exception for capital assets on which no opinion was expressed.
2.	Internal control over financial reporting:	
	a) Material weaknesses identified?	None
	b) Reportable conditions identified not considered to be material weaknesses?	None
	c) Noncompliance material to the financial statements noted?	None

SECTION #2

FINANCIAL STATEMENT FINDINGS

2003-01	The Village used public funds to purchase flowers for individuals in the hospital and made donations to not-for-profit entities.
2003-02	Capital asset records were not being maintained by the Village.
2003-03	The Village was not in compliance with all the requirements of the Local Government Budget Act.

HINES, JACKSON & HINES, L.L.C.

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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

Mayor and Board of Aldermen
Village of Pleasant Hill
Pleasant Hill, Louisiana 71065

We have audited the basic financial statements of the Village of Pleasant Hill, Louisiana, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 14, 2004. We conducted our 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 Pleasant Hill's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance that are required to be reported under Government Auditing Standards. A description of the findings can be found in findings 2003-01, 2003-02 and 2003-03 of the accompanying Corrective Action Plan For Current Year Audit Findings, Schedule 5.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Pleasant Hill's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 misstatement 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

Hines, Jackson & Hines

Natchitoches, Louisiana
June 14, 2004

SCHEDULE 4

VILLAGE OF PLEASANT HILL, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
2001-01	2001	Cash accounts were not always being reconciled to the accounting records.	Yes	This finding has been resolved.
2001-02	2001	Payroll liabilities were not properly recorded in the general ledger.	Yes	This finding has been resolved.
2001-03	2000	Utility payments were not being maintained in a secure location until deposited. Utility deposits were not being deposited on a daily basis. A log of customer deposits was not being maintained. Sufficient funds were not being maintained in the customer deposit bank account to cover the customer deposit liability. There was no documentation supporting the transfer of funds to the general fund or from the contingency fund to the operating account of the Utility Fund.	Yes	This finding has been resolved.
2001-04	2001	Capital asset records were not being maintained by the Village.	No	Information necessary to support capital asset balances will be obtained/maintained in accordance with state laws.
2001-05	2000	The Village was not in compliance with all the requirements of the Local Government Budget Act.	Partially	Budgets for all required funds will be adopted in accordance with the Local Government Budget Act and amended whenever there has been a change in operations upon which the original budgets were developed.
2001-06	2001	Adequate payroll records and documentation of review of these records by supervisory personnel were not being maintained.	Yes	This finding has been resolved.
2001-07	2001	Sufficient accounting records were not being maintained by the Village to provide evidence of legal compliance and allow for financial statements to be prepared in accordance with accounting principles generally accepted in the United States of America.	Yes	This finding has been resolved.

VILLAGE OF PLEASANT HILL, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
2001-08	2001	Certain employees were paid in excess of their approved salaries.	Yes	This finding has been resolved.
2001-10	2001	Documentation could not be located supporting numerous disbursements.	Yes	This finding has been resolved.
2002-01	2002	<u>Internal Controls Over Payroll</u>		
		a) Payroll liabilities were not being remitted in a timely manner.	Yes	This finding has been resolved.
		b) A payroll check was written without payroll taxes being deducted.	Yes	This finding has been resolved.
		c) Elected official received compensation from the Village in excess of his approved salary.	Yes	This finding has been resolved.
		d) Adequate payroll records and documentation of review of these records by supervisory personnel were not being maintained.	Yes	This finding has been resolved.
2002-02	2002	<u>Internal Controls Over Cash Receipts</u>		
		a) Cash receipts (i.e., utility, traffic fines, ad valorem, grants, etc.) were not always being maintained in a secure location.	Yes	This finding has been resolved.
		b) Cash receipts (i.e., utility, traffic fines, taxes, grants, etc.) were not always deposited at least twice a week.	Yes	This finding has been resolved.
		c) Cash receipts (i.e., utility, traffic fines, taxes, grants, etc.) were not always deposited into the correct Fund (e.g., utility fund revenues being deposited into the general fund cash accounts).	Yes	This finding has been resolved.
		d) No documentation supporting the completeness of cash receipts of fines.	Yes	This finding has been resolved.
		e) Deposit of cash receipts with no documentation supporting the purpose or reason for collection.	Yes	This finding has been resolved.

VILLAGE OF PLEASANT HILL, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
2002-03	2002	Internal Controls Over Cash Disbursements a)The Village used public funds to purchase flowers for individuals in the hospital and made donations to not-for-profit entities. b)Sufficient accounting records were not being maintained by the Village to provide evidence of legal compliance and allow for financial statements to be prepared in accordance with accounting principles generally accepted in the United States of America. c)Payment of expenditures of the Village were not always being made by the Fund (e.g., utility fund paying bills of the general fund) incurring the expenses.	No Yes Yes	Public funds will only be used for lawful expenditures of the Village in the future. This finding has been resolved. This finding has been resolved.
2002-04	2001	Capital asset records were not being maintained by the Village.	No	Information necessary to support capital asset balances will be obtained/maintained in accordance with state laws.
2002-05	2000	The Village was not in compliance with all the requirements of the Local Government Budget Act.	Partially	Budgets for all required funds will be adopted in accordance with the Local Government Budget Act and amended whenever there has been a change in operations upon which the original budgets were developed.
2002-06	2002	The Village obtained a loan for the purchase of a police vehicle for \$13,872 from a local financial institution without the approval of the state bond commission.	Yes	This finding has been resolved.

VILLAGE OF PLEASANT HILL, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
2003-01	The Village used public funds to purchase flowers for individuals in the hospital and made donations to not-for-profit entities.	Public funds will only be used for lawful expenditures of the Village in the future.	Betty Thomas, Mayor	6/30/2004
2003-02	Capital asset records were not being maintained by the Village.	Information necessary to support capital asset balances will be obtained/maintained in accordance with state laws.	Betty Thomas, Mayor	6/30/2004
2003-03	The Village was not in compliance with all the requirements of the Local Government Budget Act.	Budgets for all required funds will be adopted in accordance with the Local Government Budget Act and amended whenever there has been a change in operations upon which the original budgets were developed.	Betty Thomas, Mayor	6/30/2004