

VILLAGE OF HOSSTON
HOSSTON, LOUISIANA
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 6-23-04

VILLAGE OF HOSSTON

HOSSTON, LOUISIANA

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June 14, 2004

Village of Hosston
Hosston, Louisiana

We have compiled the accompanying general purpose financial statements of the Village of Hosston as of December 31, 2003 and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated June 14, 2004, on the results of our agreed-upon procedures.

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VILLAGE OF HOSSTON

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 2003

<u>ASSETS</u>	<u>Governmental Fund General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
Cash-Note 2	56,322	-	56,322
Certificates of deposit-Note 2	161,002	-	161,002
Accrued interest receivable	1,778	-	1,778
Land, building and equipment-Note 3	<u>-</u>	<u>370,802</u>	<u>370,802</u>
Total assets	<u>219,102</u>	<u>370,802</u>	<u>589,904</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Payroll taxes payable	<u>227</u>	<u>-</u>	<u>227</u>
Total liabilities	227	-	227
 <u>Fund equity:</u>			
Investment in general fixed assets	-	370,802	370,802
Fund balance-unreserved:			
Undesignated	<u>218,875</u>	<u>-</u>	<u>218,875</u>
Total liabilities and fund equity	<u>219,102</u>	<u>370,802</u>	<u>589,904</u>

See Accountants' Compilation Report and Notes to the Financial Statements

VILLAGE OF HOSSTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>
<u>Revenues:</u>	
Occupational license	62,594
Utility franchise tax	13,928
Street light assessment	2,393
Interest income	3,959
Miscellaneous-water system repairs	<u>13,350</u>
Total revenues	96,224
<u>Expenditures:</u>	
Accounting	825
Legal, advertisement and public notices	1,215
Insurance	5,620
Maintenance and repairs	6,422
Office supplies	705
Payroll taxes	1,064
Salaries-administration	6,300
Salaries-other	5,580
Telephone	1,905
Travel and conventions	617
Utilities	8,343
Miscellaneous-water system repairs	<u>13,350</u>
Total expenditures	<u>51,946</u>
<u>Revenues over expenditures</u>	44,278
<u>Fund balance:</u>	
Balance at beginning of year	<u>174,597</u>
Balance at end of year	<u>218,875</u>

See Accountants' Compilation Report and Notes to the Financial Statements

VILLAGE OF HOSSTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

BUDGET (GAAP BASIS) AND ACTUAL-GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>		Variance
	<u>Actual</u>	<u>Budget</u>	Favorable <u>(Unfavorable)</u>
<u>Revenues:</u>			
Occupational license	62,594	13,500	49,094
Utility franchise tax	13,928	13,338	590
Street light assessment	2,393	2,835	(442)
Interest income	3,959	6,000	(570)
Miscellaneous	<u>13,350</u>	<u>600</u>	<u>12,750</u>
Total revenues	96,224	36,273	61,422
<u>Fund balance-beginning of year</u>	174,597	174,597	-
 <u>Expenditures:</u>			
Accounting	825	1,825	1,000
Legal, advertisement and public notices	1,215	950	(265)
Cleaning	-	576	576
Insurance	5,620	8,500	2,880
Maintenance and repairs	6,422	11,000	4,578
Miscellaneous	13,350	350	(13,000)
Office supplies	705	500	(205)
Payroll taxes	1,064	1,818	754
Salaries-administration	6,300	6,300	-
Salaries-other	5,580	5,580	-
Telephone	1,905	1,600	(305)
Travel and conventions	617	800	183
Utilities	<u>8,343</u>	<u>9,000</u>	<u>658</u>
Total expenditures	<u>51,946</u>	<u>48,799</u>	<u>(3,146)</u>
<u>Revenues over (under) expenditures</u>	<u>44,278</u>	<u>(12,526)</u>	<u>58,276</u>
<u>Fund balance-end of year</u>	<u>218,875</u>	<u>162,071</u>	<u>58,276</u>

See Accountants' Compilation Report and Notes to the Financial Statements

VILLAGE OF HOSSTON

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Organization and Significant Accounting Policies

Organization

The Village of Hosston was incorporated February 1968, under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Village provides the following services to its residents: public safety (police); street lights; and general administrative services. The Village also provides use of a building for a branch of Shreve Memorial Library.

Significant accounting policies

The accounting and reporting of the Village of Hosston conforms to generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

a. Basis of accounting

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

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

b. Basis of presentation

The accounts of the Village of Hosston are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The following fund types and account groups are used by the Village of Hosston:

GOVERNMENTAL FUNDS

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

See Accountants' Compilation Report

1. Organization and Significant Accounting Policies (Continued)

General fund

The general operating fund of the Village of Hosston accounts for all financial resources, except those required to be accounted for in other funds.

c. Property, plant and equipment

General fixed group of accounts

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation has been provided on general fixed assets. The general fixed assets account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

d. Total columns

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles and this data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Cash

All deposits of the Village of Hosston are held by area financial institutions as permitted under state law. At December 31, 2003 the carrying amount of the Village of Hosston cash demand deposit was \$56,322 and the bank balance was \$56,322. In addition, the Village of Hosston owned certificates of deposit of \$161,002 as of December 31, 2003. At year end, all deposits were entirely covered by federal depository insurance.

3. General Fixed Asset Group

A summary of general fixed assets by source follows:

	12-31-02		12-31-03
	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>
Land, buildings and improvements	343,751	-	343,751
Equipment	22,465	-	22,465
Furniture and fixtures	<u>4,586</u>	<u>-</u>	<u>4,586</u>
Total general fixed assets	<u>370,802</u>	<u>-</u>	<u>370,802</u>

4. Budget Variations

The client unexpectedly received approximately \$52,000 of licensing fees on insurance premiums from one company. The client does not budget for these, as the amount of the fee, if any, is determined at the state level. The client becomes aware of the revenue upon receipt of the check and, accordingly, accounts for these revenues on a cash basis.

See Accountants' Compilation Report

OTHER REPORTS

June 14, 2004

Village of Hosston
Hosston, Louisiana

Independent Accountant's Report
on Applying Agreed-Upon Procedures

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Village of Hosston and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Hosston's compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

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

No expenditures were made during the year for materials and supplies exceeding \$15,000, or for public works.

Code of Ethics for Public Officials and Public Employees

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

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

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

Management provided us with the required list.

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

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

Budgeting

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

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

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

We traced the adoption of the original budget to the minutes of a meeting held on December 2, 2002 which indicated that the budget had been adopted by the aldermen of the Village of Hosston. No amendments were made to the budget during the year.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues for the year did exceed budgeted amounts by more than 5%. See Page 4 of compilation for amounts.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

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

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

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

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

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the Mayor and the Secretary Treasurer and reported at the appropriate monthly town hall meetings.

Meetings

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

The Village of Hosston, each month, places an advertisement in the Caddo Citizen which gives notice of the upcoming meeting. We examined supporting documentation evidencing that the advertisements occurred.

Debt

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

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

Advances and Bonuses

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

A reading of the minutes of the Village for the year indicated no such payments. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

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

This report is intended solely for the use of management of the Village of Hosston and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Heard, McElroy & Vestal, LLP