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VILLAGE OF PLEASANT HILL, LOUISIANA
ANNUAL FINANCIAL REPORT
June 30, 1999

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

Release Date JAN 05 2000

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UNQUALIFIED OPINION ON GENERAL-PURPOSE FINANCIAL STATEMENTS-GOVERNMENTAL ENTITY

The Honorable Truman Durr, Mayor
and the Members of the Board of Aldermen
Pleasant Hill, Louisiana:

I have audited the accompanying general-purpose financial statements of the Village of Pleasant Hill as of and for the two years ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Village of Pleasant Hill'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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. 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 Pleasant Hill as of and for the two years ended June 30, 1999, and the results of its operations and cash flows for its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 8, 1999, on my consideration of the Village of Pleasant Hill's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grants.

The year 2000 supplementary information on page 39 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and the presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that the Village of Pleasant Hill is or will become year 2000 compliant, that the Village's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Village does business are or will become year 2000 compliant.

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

Elliott & Assoc. "APAC"

Leesville, Louisiana
December 8, 1999

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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*

The Honorable Truman Durr, Mayor
and the Members of the Board of Aldermen
Pleasant Hill, Louisiana

I have audited the financial statements of the Village of Pleasant Hill as of and for the two years ended June 30, 1999, and have issued my report thereon dated December 8, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Pleasant Hill'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 no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Pleasant Hill's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the Village of Pleasant Hill, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Elliott + Assoc. "APAC"

Leesville, Louisiana
December 8, 1999

Village of Pleasant Hill
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Two years ended June 30, 1999

I have audited the financial statements of the Village of Pleasant Hill as of and for the two years ended June 30, 1999, and have issued my report thereon dated December 8, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 1999 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 (X) No
Reportable Conditions () Yes (X) No

Compliance

Compliance Material to Financial
Statements () Yes (X) No

b. Federal Awards

Internal Control

Material Weaknesses () Yes () No (X) N/A
Reportable Conditions () Yes () No (X) N/A

Type of Opinion On Compliance For Major Programs

Unqualified (X) Qualified ()
Disclaimer () Adverse ()
N/A ()

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

() Yes (X) No () N/A

c. Identification of Major Programs

CFDA Number(s) Name of Federal Program

N/A

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?
() Yes (X) No () N/A

Section II Financial Statement Findings

N/A

Section III Federal Award Findings and Questioned Costs

N/A

See independent auditor's report.

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF PLEASANT HILL
 COMBINED BALANCE SHEET -- ALL FUND TYPES AND ACCOUNT GROUP
 June 30, 1999

	Governmental <u>Fund Type</u> General <u>Fund</u>	Proprietary <u>Fund Type</u> Enterprise
ASSET		
Cash (Note 2)	\$19,544	\$ 24,685
Receivables (net) (Note 3)		
Accounts	---	16,826
Taxes	7,405	---
Interest	---	94
Restricted assets (Note 2):		
Cash	---	98,690
Investments	---	---
Prepaid asset	---	1,157
Property, plant, and equipment (Note 5)	---	720,077
Due from general fund (Note 4)	---	567
 Total assets	 <u>\$26,949</u>	 <u>\$ 862,096</u>
 LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 4,394	\$ 2,659
Taxes payable	1,344	1,056
Customer deposits	---	8,470
Accrued interest	---	292
Revenue bonds payable (Note 6)	---	25,000
Due to utility fund (Note 4)	567	---
 Total liabilities	 <u>6,305</u>	 <u>37,477</u>
 Fund equity:		
Investment in general fixed assets	---	---
Contributed capital	---	972,473
Retained earnings -		
Reserved for contingency funds	---	88,928
Unreserved (Note 8)	---	(236,782)
 Total retained earnings	 <u>---</u>	 <u>(147,854)</u>
Fund balances -		
Unreserved - undesignated	20,644	---
 Total fund balance	 <u>20,644</u>	 <u>---</u>
 Total fund equity	 <u>20,644</u>	 <u>824,619</u>
 Total liabilities and fund equity	 <u>\$26,949</u>	 <u>\$ 862,096</u>

The accompanying notes are an integral part of this statement.

Exhibit A

Account Group General Fixed Assets	Totals (Memorandum Only)
\$ ---	\$ 44,229
---	16,826
---	7,405
---	94
---	98,690
---	---
---	1,157
788,255	1,508,332
---	567
<u>788,255</u>	<u>1,677,300</u>
\$ ---	\$ 7,053
---	2,400
---	8,470
---	292
---	25,000
---	567
---	43,782
<u>788,255</u>	<u>788,255</u>
---	<u>972,473</u>
---	88,928
---	<u>(236,782)</u>
---	<u>(147,854)</u>
---	<u>20,644</u>
---	<u>20,644</u>
<u>788,255</u>	<u>1,633,518</u>
<u>788,255</u>	<u>1,677,300</u>

VILLAGE OF PLEASANT HILL
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND
 Year Ended June 30, 1999

Revenues:	
Taxes	\$65,894
Licenses and permits	17,981
Intergovernmental	15,460
Fines and forfeits	8,263
Miscellaneous revenues	<u>2,990</u>
Total revenues	<u>110,588</u>
Expenditures:	
Current:	
General government	57,683
Public safety -	
Police department	19,032
Streets	35,153
Capital outlay	<u>---</u>
Total expenditures	<u>111,868</u>
Excess (deficiency) of revenues over expenditures	(1,280)
Other financing sources (uses)	
Transfers in	---
Transfers out	<u>---</u>
Excess (deficiency) of revenues over expenditures and other uses	(1,280)
Fund balance, beginning	<u>21,924</u>
Fund balance, ending	<u>\$20,644</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND
 Year Ended June 30, 1998

Revenues:	
Taxes	\$66,175
Licenses and permits	13,103
Intergovernmental	4,455
Fines and forfeits	9,944
Miscellaneous revenues	<u>11,608</u>
Total revenues	<u>105,285</u>
Expenditures:	
Current:	
General government	68,213
Public safety -	
Police department	16,790
Streets	29,069
Capital outlay	<u>---</u>
Total expenditures	<u>114,072</u>
Excess (deficiency) of revenues over expenditures	(8,787)
Other financing sources (uses)	
Transfers in	---
Transfers out	<u>---</u>
Excess (deficiency) of revenues over expenditures and other uses	(8,787)
Fund balance, beginning	<u>30,711</u>
Fund balance, ending	<u>\$21,924</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
 GOVERNMENTAL FUND TYPE - GENERAL FUND

Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$ 69,720	\$ 65,894	\$(3,826)
Licenses and permits	25,650	17,981	(7,669)
Intergovernmental	4,800	15,460	10,660
Fines and forfeits	7,450	8,263	813
Miscellaneous revenues	<u>3,000</u>	<u>2,990</u>	<u>(10)</u>
Total revenues	<u>110,620</u>	<u>110,588</u>	<u>(32)</u>
Expenditures:			
Current:			
General government	73,080	57,683	15,397
Public safety -			
Police department	20,400	19,032	1,368
Streets	20,050	35,153	(15,103)
Capital outlay	<u>---</u>	<u>---</u>	<u>---</u>
Total expenditures	<u>113,530</u>	<u>111,868</u>	<u>1,662</u>
Excess (deficiency) of revenues over expenditures	(2,910)	(1,280)	1,630
Other financing sources (uses):			
Transfers in	---	---	---
Transfers out	<u>---</u>	<u>---</u>	<u>---</u>
Excess (deficiency) of revenues over expenditures and other uses	(2,910)	(1,280)	1,630
Fund balances, beginning	<u>21,924</u>	<u>21,924</u>	<u>---</u>
Fund balances, ending	<u>\$ 19,014</u>	<u>\$ 20,644</u>	<u>\$ 1,630</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
 GOVERNMENTAL FUND TYPE - GENERAL FUND

Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Revenues:			
Taxes	\$ 66,764	\$ 66,175	\$ (589)
Licenses and permits	18,000	13,103	(4,897)
Intergovernmental	4,400	4,455	55
Fines and forfeits	15,350	9,944	(5,406)
Miscellaneous revenues	<u>100</u>	<u>11,608</u>	<u>11,508</u>
Total revenues	<u>104,614</u>	<u>105,285</u>	<u>671</u>
Expenditures:			
Current:			
General government	67,550	68,213	(663)
Public safety -			
Police department	20,600	16,790	3,810
Streets	27,450	29,069	(1,619)
Capital outlay	<u>---</u>	<u>---</u>	<u>---</u>
Total expenditures	<u>115,600</u>	<u>114,072</u>	<u>1,528</u>
Excess (deficiency) of revenues over expenditures	(10,986)	(8,787)	2,199
Other financing sources (uses):			
Transfers in	<u>---</u>	<u>---</u>	<u>---</u>
Transfers out	<u>---</u>	<u>---</u>	<u>---</u>
Excess (deficiency) of revenues over expenditures and other uses	(10,986)	(8,787)	2,199
Fund balances, beginning	<u>30,711</u>	<u>30,711</u>	<u>---</u>
Fund balances, ending	<u>\$ 19,725</u>	<u>\$ 21,924</u>	<u>\$ 2,199</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS (DEFICIT) - PROPRIETARY FUND TYPE
 Year Ended June 30, 1999

Operating revenues:

Charges for services	<u>\$ 93,386</u>
----------------------	------------------

Operating expenses:

Personal services	33,758
Utilities	11,334
Maintenance and repairs	779
Professional fees	8,641
Insurance	5,882
Supplies	22,131
Sales tax expense	3,236
Depreciation	46,377
Other costs	<u>3,880</u>

Total operating expenses	<u>136,018</u>
--------------------------	----------------

Operating income (loss)	<u>(42,632)</u>
-------------------------	-----------------

Nonoperating revenues (expenses):

Interest income	1,862
Interest expense	(1,102)
Ad valorem tax	2,383
Miscellaneous income	75
Other income	<u>---</u>

Total nonoperating revenues (expenses)	<u>3,218</u>
--	--------------

Income (loss) before operating transfers	<u>(39,414)</u>
--	-----------------

Operating transfers in	---
Operating transfers out	<u>---</u>

Total operating transfers in (out)	<u>---</u>
------------------------------------	------------

Net income (loss)	(39,414)
-------------------	----------

Retained earnings (deficit), beginning	<u>(108,440)</u>
--	------------------

Retained earnings (deficit), ending	<u><u>\$(147,854)</u></u>
-------------------------------------	---------------------------

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS (DEFICIT) - PROPRIETARY FUND TYPE
 Year Ended June 30, 1998

Operating revenues:

Charges for services	<u>\$ 103,918</u>
----------------------	-------------------

Operating expenses:

Personal services	32,058
Utilities	11,573
Maintenance and repairs	3,303
Professional fees	8,848
Insurance	5,995
Supplies	18,961
Truck expense	91
Sales tax expense	3,291
Depreciation	46,674
Other costs	<u>4,046</u>

Total operating expenses	<u>134,840</u>
--------------------------	----------------

Operating income (loss)	<u>(30,922)</u>
-------------------------	-----------------

Nonoperating revenues (expenses):

Interest income	1,819
Interest expense	(1,729)
Ad valorem tax	2,072
Miscellaneous income	15
Other income	<u>9,000</u>

Total nonoperating revenues (expenses)	<u>11,177</u>
--	---------------

Income (loss) before operating transfers	<u>(19,745)</u>
--	-----------------

Operating transfers in	---
Operating transfers out	<u>---</u>

Total operating transfers in (out)	<u>---</u>
------------------------------------	------------

Net income (loss)	(19,745)
-------------------	----------

Retained earnings (deficit), beginning	<u>(88,695)</u>
--	-----------------

Retained earnings (deficit), ending	<u><u>\$(108,440)</u></u>
-------------------------------------	---------------------------

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL

Statement of Cash Flows - Proprietary Fund Type

For the year ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ (42,632)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	46,377
Changes in assets and liabilities:	
Accounts receivable	(3,633)
Other current assets	22
Accounts payable	(1,330)
Other current liabilities	164
Customer deposits	<u>2,115</u>
Net cash provided by operating activities	<u>1,083</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>---</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Ad valorem taxes	2,383
Payments of revenue bonds and other indebtedness	(1,000)
Interest paid on long-term debt	(1,113)
Other income	<u>75</u>
Net cash provided by capital financing activities	<u>345</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,869</u>
Increase in cash	3,296
CASH, BEGINNING OF YEAR	<u>120,079</u>
CASH, END OF YEAR	<u>\$123,375</u>
CLASSIFIED AS	
Current Assets	\$ 24,685
Restricted Assets	<u>98,690</u>
Totals	<u>\$123,375</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL

Statement of Cash Flows - Proprietary Fund Type

For the year ended June 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ (30,922)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	46,674
Changes in assets and liabilities:	
Accounts receivable	(1,081)
Other current assets	461
Accounts payable	(143)
Other current liabilities	135
Customer deposits	<u>320</u>
Net cash provided by operating activities	<u>15,444</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>---</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Ad valorem taxes	2,072
Acquisition of property, plant and equipment	(423,433)
Payments of revenue bonds and other indebtedness	(1,000)
Interest paid on long-term debt	(1,741)
Other income	<u>9,015</u>
Net cash (used) by capital financing activities	<u>(1,354)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,821</u>
Increase in cash	15,911
CASH, BEGINNING OF YEAR	<u>104,168</u>
CASH, END OF YEAR	<u>\$120,079</u>
CLASSIFIED AS	
Current Assets	\$ 28,837
Restricted Assets	<u>91,242</u>
Totals	<u>\$120,079</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL
NOTES TO FINANCIAL STATEMENTS
June 30, 1999

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Village of Pleasant Hill conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Government Units.

The following is a summary of certain significant accounting policies.

Financial reporting entity. This report includes all funds and account groups which are controlled by or dependent on the Village's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Fund accounting. The accounts of the Village of Pleasant Hill are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that 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 generic fund types and two broad fund categories as follows:

Governmental Fund -

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary Fund -

Enterprise funds

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

Fixed assets. The accounting and reporting treatment applied to the fixed assets 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 at actual cost in the governmental fund types when purchased. The Village has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

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

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility -	
Wells	15-35 years
Storage tanks	35 years
Pumps	15 years
Distribution system	10-35 years
Autos and trucks	10 years
Other equipment	10 years
Sewer Operations -	
Pump stations	40 years
Lines	40 years
Buildings	40 years
Intangibles	40 years

All fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair market value on the date donated.

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 are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due. Purchase of various operating supplies are regarded as expenditures at the time purchased.

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets associated with the operation of the funds are included on the balance sheet. Fund equity, (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Cash and cash equivalents.

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits with maturities of three months or less.

Restricted assets.

Certain proceeds of the Enterprise Fund revenue bonds as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The restricted assets include revenue bond reserve accounts and customer's meter deposits.

Budgets and budgetary accounting.

The Village has set forth the following policy in establishing the budgetary data reflected in these financial statements:

1. The Village Clerk prepares a proposed budget and submits the same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and budgetary accounting.

3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

6. All budgetary appropriations lapse at the end of each fiscal year.

7. The budget for the General Fund is 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. Such amendments were not material in relation to the original appropriations.

Bad debts.

Uncollectible amounts due for customers' utility receivables will be 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.

Total columns on combined statements - overview.

Total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operation, or changes in financial position 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.

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2--CASH AND CASH EQUIVALENTS

Under state law, the commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 1999, the commission has cash and cash equivalents totaling \$142,919 as follows:

Interest-bearing demand deposits	\$ 37,927
Time deposits	<u>104,992</u>
Total	<u>\$142,919</u>

Bank balances totaling \$147,403 are covered entirely by FDIC insurance

NOTE 3--RECEIVABLES

Receivables at June 30, 1999 consist of the following:

	<u>General</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:			
Accounts	\$ ---	\$ 18,552	\$18,552
Taxes	7,405	---	7,405
Interest	<u>---</u>	<u>94</u>	<u>94</u>
Gross receivables	7,405	18,646	26,051
Less: allowance for uncollectibles	<u>---</u>	<u>(1,726)</u>	<u>(1,726)</u>
Net total receivables	<u>\$ 7,405</u>	<u>\$16,920</u>	<u>\$24,325</u>

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3--RECEIVABLES (Continued)

The Village bills and collects property taxes using the assessed values determined by the tax assessor of Sabine Parish. For the year ended June 30, 1999 taxes of 14.05 mills were levied on property with assessed valuation totaling \$1,317,722 and were dedicated as follows:

General corporate purposes	12.05 mills
Utility fund	2.00 mills

Total taxes levied were \$18,514.

The June 30, 1998 millage was 14.05 mills on a total property assessed valuation of \$1,292,740 with total taxes levied of \$18,163.

For the year ended June 30, 1999, the Village also collected a 1% sales tax that is dedicated to general corporate purposes.

NOTE 4--INTERFUND RECEIVABLES, PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ ---	\$ 567
Enterprise Fund -		
Utility Fund	<u>567</u>	<u>---</u>
	<u>\$ 567</u>	<u>\$ 567</u>

NOTE 5--PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type plant and equipment at June 30, 1999 follows:

Water system	\$ 200,288
Water system improvements	98,509
Sewer system	609,316
Sewer system improvements	423,433
Other equipment	<u>12,351</u>
Total	1,343,897
Less accumulated depreciation	<u>(623,820)</u>
Net	<u>\$ 720,077</u>

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6--CHANGES IN LONG TERM DEBT

The following is a summary of bond and mortgage transactions of the Village of Pleasant Hill for the two years ended June 30, 1999:

Bonds payable, June 30, 1997	\$ 27,000
Bonds retired:	
Year ended June 30, 1998	(1,000)
Year ended June 30, 1999	<u>(1,000)</u>
Bonds payable, June 30, 1999	<u>\$ 25,000</u>

Bonds payable at June 30, 1999 are comprised of the following individual issues:

Revenue bonds:

\$190,000 Water and Sewer Revenue bonds dated September 1, 1973 due in annual installments of \$1,000 through November 1, 2013; Interest at 7 percent (issue secured by a pledge of water and sewer revenues)	<u>\$ 25,000</u>
---	------------------

The annual requirements to amortize all debts outstanding as of June 30, 1999, including interest payments of \$21,875 are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Total</u>
2000	\$ 2,715
2001	2,645
2002	2,575
2003	2,505
2004	2,435
2005-2009	11,125
2010-2014	9,375
2015-2019	7,625
2020-2024	<u>5,875</u>
	<u>\$ 46,875</u>

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7--ACCUMULATED UNPAID VACATION AND SICK LEAVE

The Village does not accumulate vacation pay or sick leave.

NOTE 8--ENTERPRISE FUND RETAINED EARNINGS (DEFICIT)

The Enterprise Fund as of June 30, 1999 has an unrestricted retained earnings deficit of \$236,782, exclusive of various reserves for contingencies. This deficit is attributable to fiscal year 1999 depreciation expense of \$46,377. The total accumulated depreciation of the proprietary fund type property, plant and equipment as of June 30, 1999 is \$623,820 thus accounting for all of the unrestricted retained earnings deficit of \$236,782 as of June 30, 1999.

NOTE 9--RETIREMENT COMMITMENTS

Police employees of the Village of Pleasant Hill are members of the state retirement system for municipal police employees. Contributions to the system are made by both employees and the Village as a percentage of salaries. Future deficits in the system will be financed by the state and the Village has no further liability to the system. Data concerning the actuarial status of the system are not available. All other employees of the Village of Pleasant Hill are members of the Social Security System.

NOTE 10--FLOW OF FUNDS: RESTRICTIONS ON USE - UTILITIES REVENUES

Under the terms of the bond indenture on outstanding Water and Sewer Revenue Bonds dated September 1, 1973, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water and Sewer system are pledged and dedicated to the retirement of said bonds, and are to be used in the following order of priority:

The payment of all reasonable expense of administration, operation and maintenance of the system.

The monthly transfer to the Revenue Bond Sinking Fund of a sum equal to one-sixth of the interest falling due on the next interest payment date and one-twelfth of the principal falling due on the next principal payment date. Such amounts are to be used for the payment of principal and interest on the bonds as it becomes due.

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 10--FLOW OF FUNDS: RESTRICTIONS ON USE - UTILITIES REVENUES
(CONTINUED)

The monthly transfer to the Revenue Bond Reserve Fund of a sum at least equal to twenty percent of the amount required to be paid into the aforementioned Sinking Fund until such a time as there has been accumulated a sum equal to the highest combined principal and interest requirements for any succeeding twelve month period. These funds shall be used solely for the purpose of paying the principal and interest on bonds coming due where the aforementioned Sinking Fund is insufficient.

The establishment of a Capital Additions and Contingencies Fund to care for extensions, additions, improvements, renewals and replacements necessary to operate the System. Monthly payments to this fund are to continue until there has been accumulated \$4,000. In no case shall there be less than \$1,000 in the Fund.

NOTE 11--RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Village carries commercial insurance as outlined in the following table. Settled claims did not exceed commercial coverage for any of the past three fiscal years.

	LIMITS OF COVERAGE
Workmen's compensation	\$ 100,000
Auto liability	300,000
Commercial general liability	500,000
Village-owned buildings and equipment	300,000

The Village covers all other losses, claim settlements, and judgments from operating resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Village was not involved in any litigation nor did it have asserted claims lodged against it.

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 12--COMMITMENTS AND CONTINGENCIES

The Village covers all losses, claim settlements, and judgments from General Fund resources. The Village currently reports all of its risk management activities in its General Fund. Claims, expenditures, and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Village is party to legal proceedings involving suits filed against the Village for various reasons. The administration does not believe the Village is exposed to any material losses in these proceedings. No provision for losses, if any, is included in the financial statements.

NOTE 13--CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in fixed assets for the two years ended June 30, 1999:

	Balance at <u>6/30/97</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>6/30/98</u>
Land	\$ 3,100	\$ ---	\$ ---	\$ 3,100
Buildings	30,230	---	---	30,230
Improvements other than Buildings	99,947	---	---	99,947
Equipment	<u>654,978</u>	<u>---</u>	<u>---</u>	<u>654,978</u>
Total	<u>\$ 788,255</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 788,255</u>

VILLAGE OF PLEASANT HILL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 13--CHANGES IN GENERAL FIXED ASSETS (CONTINUED)

	<u>Balance at</u> <u>6/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>6/30/99</u>
Land	\$ 3,100	\$ ---	\$ ---	\$ 3,100
Buildings	30,230	---	---	30,230
Improvements other than Buildings	99,947	---	---	99,947
Equipment	<u>654,978</u>	<u>---</u>	<u>---</u>	<u>654,978</u>
Total	<u>\$ 788,255</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 788,255</u>

FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUP

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VILLAGE OF PLEASANT HILL

GENERAL FUND

STATEMENT OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Taxes:			
Ad valorem	\$ 16,200	\$ 15,283	\$ (917)
Interest and penalties	100	---	(100)
Sales tax	31,000	30,646	(354)
Franchise tax	<u>22,420</u>	<u>19,965</u>	<u>(2,455)</u>
Total taxes	<u>69,720</u>	<u>65,894</u>	<u>(3,826)</u>
Licenses and permits:			
Occupational	<u>25,650</u>	<u>17,981</u>	<u>(7,669)</u>
Intergovernmental:			
Tobacco taxes	4,800	4,455	(345)
Rural Development Grant	<u>---</u>	<u>11,004</u>	<u>11,004</u>
Total intergovernmental	<u>4,800</u>	<u>15,459</u>	<u>10,659</u>
Fines and forfeits:			
Traffic fines	<u>7,450</u>	<u>8,263</u>	<u>813</u>
Miscellaneous:			
Miscellaneous	<u>3,000</u>	<u>2,990</u>	<u>(10)</u>
Total revenue	<u>\$110,620</u>	<u>\$110,587</u>	<u>\$ (33)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
June 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
General government:			
Personal services	\$ 35,750	\$ 18,866	\$ 16,884
Supplies	4,150	7,767	(3,617)
Other services and charges	21,630	20,991	639
Heat, light and power	11,550	10,059	1,491
Capital outlay	<u>---</u>	<u>---</u>	<u>---</u>
Total general government	<u>73,080</u>	<u>57,683</u>	<u>15,397</u>
Public safety:			
Police -			
Personal services	16,200	11,110	5,090
Supplies	2,600	3,595	(995)
Other services and charges	1,000	3,677	(2,677)
Heat, light and power	600	650	(50)
Capital outlay	<u>---</u>	<u>---</u>	<u>---</u>
Total police	<u>20,400</u>	<u>19,032</u>	<u>1,368</u>
Streets:			
Personal services	11,050	13,810	(2,760)
Supplies	6,000	7,280	(1,280)
Other services and charges	3,000	14,063	(11,063)
Heat, light and power	<u>---</u>	<u>---</u>	<u>---</u>
Capital outlay	<u>---</u>	<u>---</u>	<u>---</u>
Total streets	<u>20,050</u>	<u>35,153</u>	<u>(15,103)</u>
Total expenditures	<u>\$113,530</u>	<u>\$111,868</u>	<u>\$ 1,662</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL

GENERAL FUND

STATEMENT OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Taxes:			
Ad valorem	\$ 14,614	\$ 16,255	\$ 1,641
Interest and penalties	150	---	(150)
Sales tax	30,000	29,779	(221)
Franchise tax	<u>22,000</u>	<u>20,141</u>	<u>(1,859)</u>
Total taxes	<u>66,764</u>	<u>66,175</u>	<u>(589)</u>
Licenses and permits:			
Occupational	<u>18,000</u>	<u>13,103</u>	<u>(4,897)</u>
Intergovernmental:			
Tobacco taxes	<u>4,400</u>	<u>4,455</u>	<u>55</u>
Fines and forfeits:			
Traffic fines	<u>15,350</u>	<u>9,944</u>	<u>(5,406)</u>
Miscellaneous:			
Miscellaneous	<u>100</u>	<u>11,608</u>	<u>11,508</u>
Total revenue	<u>\$104,614</u>	<u>\$105,285</u>	<u>\$ 671</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF PLEASANT HILL

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
June 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
General government:			
Personal services	\$ 8,000	\$ 7,564	\$ 436
Supplies	5,500	6,275	(775)
Other services and charges	40,050	42,079	(2,029)
Heat, light and power	14,000	12,295	1,705
Capital outlay	---	---	---
Total general government	<u>67,550</u>	<u>68,213</u>	<u>(663)</u>
Public safety:			
Police -			
Personal services	7,200	9,639	(2,439)
Supplies	13,000	4,599	8,401
Other services and charges	400	2,522	(2,152)
Heat, light and power	---	---	---
Capital outlay	---	---	---
Total police	<u>20,600</u>	<u>16,790</u>	<u>3,810</u>
Streets:			
Personal services	15,450	17,605	(2,155)
Supplies	12,000	11,464	536
Other services and charges	---	---	---
Heat, light and power	---	---	---
Capital outlay	---	---	---
Total streets	<u>27,450</u>	<u>29,069</u>	<u>(1,619)</u>
Total expenditures	<u>\$115,600</u>	<u>\$114,072</u>	<u>\$ 1,528</u>

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF PLEASANT HILL
SUPPLEMENTARY INFORMATION

June 30, 1999

Schedule 1--Compensation of Board Members

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 session of the Legislature.

	Year ended June 30,	
	<u>1999</u>	<u>1998</u>
Truman Durr, Mayor	\$ 6,000	\$ 6,500
Donna Poimboeux, Alderwoman	1,875	1,800
Ida Mae Price, Alderwoman	1,875	1,950
Vincent Scott, Alderman	<u>1,875</u>	<u>1,950</u>
Total	<u>\$11,625</u>	<u>\$12,200</u>

See independent auditor's report.

Village of Pleasant Hill
SCHEDULE OF PRIOR YEAR FINDINGS

For the Two Years Ended June 30, 1999

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

- 1997.1 The audit report for the year ended June 30, 1997, contained a finding related to the report not being issued within the six months of the close of its' - year-end. This was a violation of LA R.S. #24:513 (A)(5)(a), but did not effect the financial statements. The current report will be issued to the Legislative Auditor within the statutory period.
- 1997.2 The audit report for the year ended June 30, 1997, contained a general fund budget expenditure violation. There were no violations of the State budget regulations for the two fiscal years ended June 30, 1999.
- 1997.3 The audit report for the year ended June 30, 1997, contained a nepotism violation. There were no such violations for the two fiscal years ended June 30, 1999.
- 1997.4 The audit report for the fiscal year ended June 30, 1997, contained several violations related to usage of Village equipment for illegal purposes. The Council adopted new policies prohibiting such usage immediately thereafter. No such violations occurred during the two fiscal years ended June 30, 1999.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

There were no prior year findings relating to internal control and compliance material to federal awards.

SECTION III MANAGEMENT LETTER

There was no management letter with prior year audit report.

See independent auditor's report.

Village of Pleasant Hill
MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Two Years Ended June 30, 1999

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENT**

N/A

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

N/A

SECTION III MANAGEMENT LETTER

N/A

See independent auditor's report.

Village of Pleasant Hill
Required Supplemental Information
Year 2000 Supplementary Information
June 30, 1999

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Village's operations as early as fiscal year 1999.

The Village has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting Village operations and has identified such systems as being financial reporting, water billing and processing and cash receipts. All necessary modifications and/or additional procedures have been performed in order to make these systems Year 2000 compliant.

The Village's general ledger is processed by an outside accounting firm and the Village relies on that firm to be Year 2000 compliant. The outside firm has already performed the necessary steps to become Year 2000 compliant.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of the related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Village is or will be Year 2000 ready, the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be Year 2000 ready.

See independent auditor's report.