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**VILLAGE OF HARRISONBURG  
LOUISIANA**

*Annual Financial Statements*

*JUNE 30, 2004*

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 12-8-04

*Village of Harrisonburg, Louisiana*  
*Table of Contents*  
*June 30, 2004*

	Schedule No.	Page No.
Management's Discussion and Analysis		1
Independent Auditor's Report		2-3
Report on Compliance and On Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		4-5
<b>Basic Financial Statements</b>		
Statement of Net Assets – June 30, 2004	A	7
Statement of Activities – For the Year Ended June 30, 2004	B	8-9
Balance Sheet, Governmental Funds - June 30, 2004	C	10
Reconciliation of The Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets – June 30, 2004	D	11
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – For the Year Ended June 30, 2004	E	12
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – for the Year Ended June 30, 2004	F	13
Statement of Net Assets, Proprietary Funds – June 30, 2004	G	14
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds – June 30, 2004	H	15
Statement of Cash Flows – Proprietary Funds – June 30, 2004	I	16
Statement of Fiduciary Net Assets – June 30, 2004	J	17
Statement of Changes in Fiduciary Net Assets – For the Year Ended June 30, 2004	K	18
Notes to Financial Statements		20-26
<b>Required Supplemental Information</b>		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund For the Year Ended June 30, 2004	1	28
<b>Other Reports</b>		
Schedule of Findings and Questioned Costs For the Year Ended June 30, 2004		30-31
Management's Corrective Action For Current Year Audit Findings		32
Management's Summary of Prior Year Findings		33

# Village of Harrisonburg

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### USING THIS ANNUAL REPORT

The annual report consists of series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on the next page. For governmental activities these statements tell how the services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about agency funds that handle payroll services for the other funds of the Village.

### FINANCIAL HIGHLIGHTS:

- Net assets increased in governmental activities by \$59,406, while net assets decreased by \$152,372 in business-type activities, which include sewer, water and gas funds. The decrease in net assets of the business-type activities was a result of transfers made from those funds to the general fund and depreciation taken on the fixed assets that were financed with grants.
- The Village had overall expenses from governmental activities of \$248,412 and expenses from business-type activities of \$632,854 for a total expense for the year \$881,266.
- The general fund operated with excess expenditures over revenues of \$115,720 and ended the year with a net change in fund balance of \$873. Transfers made up the deficit from the enterprise funds (sewer, water and gas).
- In the business-type activities – enterprise funds the sewer fund had operating loss of \$39,614, the water fund and operating income of \$1,922 and the gas fund an operating income \$8,913. The sewer fund had a cash flow from operating activities of negative \$14,281, the water fund had a net cash flow of \$24,324 and the gas fund had a net cash flow of \$82,707.
- The Village amended its budget during the year and the final budget shows that there were excess expenditures over appropriations of \$122,909 or 67%. This was caused by not budgeting the parking lot project. The general fund had a favorable revenue budget variance of \$30,578.
- There were no major capital asset acquisitions during the year or any new long-term debt activity.
- A comparative analysis will be provided in future years when prior year information is available.

### CONTACTING THE AUTHORITY'S FINANCIAL MANGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Daryl Rowley at the Town Hall, phone number (318) 744-5794.

**JOHN R. VERCHER PC**  
*Certified Public Accountant*

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Daryl Rowley, Mayor  
and Members of the Village Council  
Harrisonburg, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2004 which collectively comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Harrisonburg, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

The general fund assets do not include real property owned by the village.

Records concerning the fixed assets of the water system were not maintained prior to July 1, 1978; therefore, these assets, as well as accumulated depreciation thereon are not reflected in the financial statements referred to in the first paragraph.

In my opinion, except for the situations described in the third and fourth paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities as of June 30, 2004, of Village of Harrisonburg, Louisiana, 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*, I have also issued my report dated August 25, 2004, on my consideration of the Village of Harrisonburg, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

*John R. Vercher*

August 25, 2004

Jena, Louisiana

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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 Daryl Rowley, Mayor  
and Members of the Village Council  
Harrisonburg, Louisiana

I have audited the financial statements of the governmental activities, and the business-type activities of Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2004 which collectively comprise the Village of Harrisonburg, Louisiana's basic financial statements and have issued my report thereon dated August 25, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village of Harrisonburg, Louisiana's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standard* which are described in the accompanying schedule of findings and questioned costs as items:

2004- C-1 Budget Variances  
2004- C-2 Retirement Gift

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Village of Harrisonburg, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I considered to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Village of Harrisonburg, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items :

- 2004- I-1 Utility Billing

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I do not believe the condition described above is a material weakness.

This report is intended solely for the information and use of management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

*John R. Vercher*

Jena, Louisiana  
August 25, 2004

***BASIC FINANCIAL STATEMENTS***



*Village of Harrisonburg, Louisiana*  
*Statement of Net Assets*  
*June 30, 2004*

	<b>PRIMARY GOVERNEMENT</b>		
	<b>GOVERNEMENTAL</b>	<b>BUSINESS-TYPE</b>	<b>TOTAL</b>
	<b>ACTIVITIES</b>	<b>ACTIVITIES</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 42,299	\$ 23,323	\$ 65,622
Receivables (net of allowances for uncollectable)	2,697	29,450	32,147
Prepaid items	-0-	14,063	14,063
Restricted assets	-0-	25,278	25,278
Capital assets	239,246	1,730,522	1,969,768
<b>TOTAL ASSETS</b>	<b>\$ 284,242</b>	<b>\$ 1,822,636</b>	<b>\$ 2,106,878</b>
<b>LIABILITIES</b>			
Accounts, salaries, and other payables	\$ 9,183	\$ 49,724	\$ 58,907
Due to component units	-0-	7,295	7,295
Other liabilities	4,206	-0-	4,206
Matured bonds and interest payable	-0-	6,380	6,380
Loans payable	32,550	-0-	32,550
Bonds payable	-0-	140,417	140,417
<b>TOTAL LIABILITIES</b>	<b>\$ 45,939</b>	<b>\$ 203,816</b>	<b>\$ 249,755</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 206,696	\$ 1,590,105	\$ 1,796,801
Restricted for:			
Capital projects	-0-	14,130	14,130
Debt service	-0-	11,148	11,148
Unrestricted	31,607	3,437	35,044
<b>TOTAL NET ASSETS</b>	<b>\$ 238,303</b>	<b>\$ 1,618,820</b>	<b>\$ 1,857,123</b>

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, Louisiana*  
*Statement of Activities*  
*For the Year Ended June 30, 2004*

	PROGRAM REVENUES		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Governmental Activities</b>			
General government	\$ 245,569	\$ 56,991	\$ 92,809
Interest on long-term debt	2,843	-0-	-0-
<b>Total Governmental Activities</b>	<u>\$ 248,412</u>	<u>\$ 56,991</u>	<u>\$ 92,809</u>
<b>Business-type Activities</b>			
Sewer	\$ 82,444	\$ 42,830	\$ -0-
Water	106,109	100,966	-0-
Gas	444,301	453,214	-0-
<b>Total Business-type Activities</b>	<u>\$ 632,854</u>	<u>\$ 597,010</u>	<u>\$ -0-</u>
<b>Total Primary Government</b>	<u>\$ 881,266</u>	<u>\$ 654,001</u>	<u>\$ 92,809</u>

**General Revenues:**

Taxes  
Investment earnings  
Transfers  
Total general revenues and transfers

**Change in Net Assets****Net assets – beginning****Net assets - ending**

The accompanying notes are an integral part of this statement.

	<b>Net (Expenses) Revenues and Changes of Primary Government</b>		
	<b>Net (Expenses)/ Revenue</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
\$	(95,769)	\$ (95,769)	\$ -0-
	(2,843)	(2,843)	-0-
\$	<u>(98,612)</u>	\$ <u>(98,612)</u>	\$ <u>-0-</u>
\$	(39,614)	\$ -0-	\$ (39,614)
	(5,143)	-0-	(5,143)
	8,913	-0-	8,913
\$	(134,456)	\$ (98,612)	\$ (35,844)
		41,425	-0-
		-0-	65
		<u>116,593</u>	<u>(116,593)</u>
		158,018	(116,528)
		59,406	(152,372)
		<u>190,897</u>	<u>1,771,192</u>
\$	<u>250,303</u>	\$ <u>1,618,820</u>	

*Village of Harrisonburg, Louisiana*  
*Balance Sheet, Governmental Funds*

*June 30, 2004*

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 42,299
Receivables (net of allowances for uncollectibles)	2,697
<b>TOTAL ASSETS</b>	<b>\$ 44,996</b>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts, salaries, and other payables	\$ 9,183
Due to other funds	4,206
<b>TOTAL LIABILITIES</b>	<b>\$ 13,389</b>
Fund balances:	
Unreserved, reported in:	
General Fund	\$ 31,607
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 44,996</b>

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, Louisiana*

*Reconciliation of The Government Funds Balance Sheet  
to the Government-Wide Financial Statement of Net Assets*

*June 30, 2004*

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance, Total Governmental Funds (Statement C)	\$	31,607
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		239,246
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Other		(32,550)
Net Assets of Governmental Activities (Statement A)	\$	<u>238,303</u>

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, Louisiana*

*Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds*

*For the Year Ended June 30, 2004*

<b>Revenues:</b>	
Fees and charges	\$ 48,243
Taxes	41,425
Fines	6,240
Grants	92,809
Intergovernmental revenues:	
Other	2,508
<b>Total Revenues</b>	<b>\$ 191,225</b>
<b>Expenditures:</b>	
General Government	\$ 108,277
Public Safety	67,926
Fire	13,966
Sanitation	35,003
Debt Service	8,477
Capital Outlay	73,296
<b>Total Expenditures</b>	<b>\$ 306,945</b>
<b>Excess (Deficiency) of Revenues Over Under Expenditures</b>	<b>\$ (115,720)</b>
<b>Other Financing Sources (Uses):</b>	
Transfers in	\$ 116,593
<b>Total Other Financing Sources and Uses</b>	<b>\$ 116,593</b>
<b>Net Change in Fund Balance</b>	<b>\$ 873</b>
<b>Fund balances--beginning</b>	<b>30,734</b>
<b>Fund balances--ending</b>	<b>\$ 31,607</b>

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, 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 June 30, 2004*

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E	\$	873
Governmental funds report capital outlays as expenditure. 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 exceeded depreciation in the current period.		73,296
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		5,634
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(20,397)
Changes in Net Assets of Governmental Activities, statement B	\$	<u>59,406</u>

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, Louisiana*  
*Statement of Net Assets, Proprietary Funds*

*June 30, 2004*

	<b>BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS</b>			
	<b>(Major Enterprise Funds)</b>			<b>TOTAL ENTERPRISE FUNDS</b>
	<b>SEWER FUND</b>	<b>WATER FUND</b>	<b>GAS FUND</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,262	\$ 8,172	\$ 11,889	\$ 23,323
Receivables (net of allowances for uncollectibles)	3,631	7,949	17,870	29,450
Prepaid items	-0-	-0-	14,063	14,063
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 6,893</b>	<b>\$ 16,121</b>	<b>\$ 43,822</b>	<b>\$ 66,836</b>
<b>Non-Current Assets</b>				
Restricted assets	\$ 14,130	\$ 11,148	\$ -0-	\$ 25,278
Capital assets (net of accumulated depreciation)	479,932	467,886	782,704	1,730,522
<b>Total Non-Current Assets</b>	<b>\$ 494,062</b>	<b>\$ 479,034</b>	<b>\$ 782,704</b>	<b>\$ 1,755,800</b>
<b>TOTAL ASSETS</b>	<b>\$ 500,955</b>	<b>\$ 495,155</b>	<b>\$ 826,526</b>	<b>\$ 1,822,636</b>
<b>LIABILITIES</b>				
Liabilities				
Accounts, salaries, and other payables	\$ 4,335	\$ 3,580	\$ 41,809	\$ 49,724
Due to other funds	1,641	2,382	3,272	7,295
Matured bonds and interest payable	-0-	6,380	-0-	6,380
<b>Total Current Liabilities</b>	<b>\$ 5,976</b>	<b>\$ 12,342</b>	<b>\$ 45,081</b>	<b>\$ 63,399</b>
<b>Current Liabilities Payable from Restricted Assets</b>	<b>\$ 5,976</b>	<b>\$ 12,342</b>	<b>\$ 45,081</b>	<b>\$ 63,399</b>
<b>Non Current Liabilities</b>				
Revenue Bonds	\$ -0-	\$ 140,417	\$ -0-	\$ 140,417
<b>Total Non Current Liabilities</b>	<b>\$ -0-</b>	<b>\$ 140,417</b>	<b>\$ -0-</b>	<b>\$ 140,417</b>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	\$ 479,932	\$ 327,469	\$ 782,704	\$ 1,590,105
Restricted for capital outlay	14,130	-0-	-0-	14,130
Restricted for debt service	-0-	11,148	-0-	11,148
Unrestricted	917	3,779	(1,259)	3,437
<b>TOTAL NET ASSETS</b>	<b>\$ 494,979</b>	<b>\$ 342,396</b>	<b>\$ 781,445</b>	<b>\$ 1,618,820</b>

The accompanying notes are an integral part of this statement.



*Village of Harrisonburg, Louisiana*  
*Statement of Revenues, Expenses and Changes in Net Assets*  
*Proprietary Funds*

June 30, 2004

	<b>BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS</b>			<b>TOTAL ENTERPRISE FUNDS</b>
	<b>(Major Enterprise Funds)</b>			
	<b>SEWER FUND</b>	<b>WATER FUND</b>	<b>GAS FUND</b>	
<b>Operating Revenues</b>				
Charges for services:				
Water sales	\$ -0-	\$ 99,854	\$ -0-	\$ 99,854
Sewer charges	42,830	-0-	-0-	42,830
Gas sales	-0-	-0-	452,239	452,239
Other sales	-0-	1,112	975	2,087
<b>Total Operating Revenues</b>	<b>\$ 42,830</b>	<b>\$ 100,966</b>	<b>\$ 453,214</b>	<b>\$ 597,010</b>
<b>Operating Expenses</b>				
Cost of sales and services	\$ -0-	\$ -0-	\$ 224,524	\$ 224,524
Administration	61,120	80,873	182,068	324,061
Depreciation	21,324	18,171	37,709	77,204
<b>Total Operating Expenses</b>	<b>\$ 82,444</b>	<b>\$ 99,044</b>	<b>\$ 444,301</b>	<b>\$ 625,789</b>
<b>Operating Income</b>	<b>\$ (39,614)</b>	<b>\$ 1,922</b>	<b>\$ 8,913</b>	<b>\$ (28,779)</b>
<b>Nonoperating Revenue (Expenses)</b>				
Interest earnings	\$ 4	\$ 61	\$ -0-	\$ 65
Interest expense	-0-	(7,065)	-0-	(7,065)
<b>Total Nonoperating Revenue (Expenses)</b>	<b>\$ 4</b>	<b>\$ (7,004)</b>	<b>\$ -0-</b>	<b>\$ (7,000)</b>
<b>Income Before Contributions and Transfers</b>	<b>\$ (39,610)</b>	<b>\$ (5,082)</b>	<b>\$ 8,913</b>	<b>\$ (35,779)</b>
Transfers in	\$ 21,000	\$ -0-	\$ -0-	\$ 21,000
Transfers Out	-0-	(10,393)	(127,200)	(137,593)
<b>Change in Net Assets</b>	<b>\$ (18,610)</b>	<b>\$ (15,475)</b>	<b>\$ (118,287)</b>	<b>\$ (152,372)</b>
<b>Total Net Assets - Beginning</b>	<b>513,589</b>	<b>357,871</b>	<b>899,732</b>	<b>1,771,192</b>
<b>Total Net Assets - Ending</b>	<b>\$ 494,979</b>	<b>\$ 342,396</b>	<b>\$ 781,445</b>	<b>\$ 1,618,820</b>

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, Louisiana*  
*Statement of Cash Flows*  
*Proprietary Funds*

June 30, 2004

	<b>BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUNDS</b>			<b>TOTAL ENTERPRISE FUNDS</b>
	<b>(Major Enterprise Funds)</b>			
	<b>SEWER FUND</b>	<b>WATER FUND</b>	<b>GAS FUND</b>	
<b>Cash Flows From Operating Activities</b>				
Receipts from customers and users	\$ 43,233	\$ 104,010	\$ 458,760	\$ 606,003
Payments to suppliers	(26,514)	(47,382)	(385,700)	(459,596)
Payments to employees	(32,641)	(34,686)	-0-	(67,327)
Payments for interfund services used	1,641	2,382	9,647	13,670
<b>Net Cash Provided by Operating Activities</b>	<b>\$ (14,281)</b>	<b>\$ 24,324</b>	<b>\$ 82,707</b>	<b>\$ 92,750</b>
<b>Cash Flows From NonCapital Financing Activities</b>				
Transfers to other funds	\$ -0-	\$ (10,393)	\$ (127,200)	\$ (137,593)
Advances from other funds	21,000	-0-	-0-	21,000
<b>Net Cash Provided (used) by NonCapital Financing Activities</b>	<b>\$ 21,000</b>	<b>\$ (10,393)</b>	<b>\$ (127,200)</b>	<b>\$ (116,593)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal on capital debt	\$ -0-	\$ (6,212)	\$ -0-	\$ (6,212)
Interest paid on capital debt	-0-	(7,300)	-0-	(7,300)
Other	-0-	-0-	3,522	3,522
<b>Net Cash Provided (used) by Capital and Related Financing Activities</b>	<b>\$ -0-</b>	<b>\$ (13,512)</b>	<b>\$ 3,522</b>	<b>\$ (9,990)</b>
<b>Cash Flows From Investing Activities</b>				
Proceeds from sales and maturities of investments	\$ -0-	\$ -0-	\$ 17,351	\$ 17,351
Purchase of investments	(12,941)	(442)	-0-	(13,383)
Interest and dividends received	4	61	-0-	65
<b>Net Cash Provided (used) by Investing Activities</b>	<b>\$ (12,937)</b>	<b>\$ (381)</b>	<b>\$ 17,351</b>	<b>\$ 4,033</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>\$ (6,218)</b>	<b>\$ 38</b>	<b>\$ (23,620)</b>	<b>\$ (29,800)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>9,480</b>	<b>8,134</b>	<b>35,509</b>	<b>53,123</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,262</b>	<b>\$ 8,172</b>	<b>\$ 11,889</b>	<b>\$ 23,323</b>
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>				
Operating income	\$ (39,614)	\$ 1,922	\$ 8,913	\$ (28,779)
Depreciation expense	21,324	18,171	37,709	77,204
(Increase) decrease in accounts receivable	403	3,044	5,546	8,993
(Increase) decrease in prepaid items	6,259	6,259	(7,804)	4,714
Increase (decrease) in accounts payables	(4,294)	(7,454)	28,696	16,948
Increase (decrease) in due to other funds	1,641	2,382	9,647	13,670
<b>Total Adjustments</b>	<b>\$ 25,333</b>	<b>\$ 22,402</b>	<b>\$ 73,794</b>	<b>\$ 121,529</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ (14,281)</b>	<b>\$ 24,324</b>	<b>\$ 82,707</b>	<b>\$ 92,750</b>

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, Louisiana*  
*Statement of Fiduciary Net Assets*

*June 30, 2004*

	<b>PAYROLL AGENCY FUND</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 169
Due from other funds	11,500
<b>Total Assets</b>	<b>\$ 11,669</b>
<b>Liabilities</b>	
Accrued payroll & taxes	\$ 11,669
<b>Total Liabilities</b>	<b>\$ 11,669</b>
<b>Net Assets</b>	
Held in trust for	<b>\$ -0-</b>

The accompanying notes are an integral part of this statement.

*Village of Harrisonburg, Louisiana*  
*Statement of Changes in Fiduciary Net Assets*

*For the Year Ended June 30, 2004*

		<b>PAYROLL AGENCY FUND</b>
	<b>Additions</b>	
Contributions		\$ 241,383
	<b>Total Additions</b>	\$ 241,383
	<b>Deductions</b>	
Payroll & taxes		\$ 241,383
	<b>Total Deductions</b>	\$ 241,383
<b>Change in Net Assets</b>		\$ -0-
<b>Net Assets - Beginning</b>		-0-
<b>Net Assets - Ending</b>		\$ -0-

The accompanying notes are an integral part of this statement.

*Notes  
To  
Financial Statements*

*Village of Harrisonburg, Louisiana*  
*Notes to Financial Statements*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Harrisonburg was incorporated October 18, 1923, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Alderman form of government. The Village provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Village 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.

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

The following is a summary of certain significant accounting policies:

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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 though 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.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported 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.

*Village of Harrisonburg, Louisiana*  
*Notes to Financial Statements*

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 judgments, are recorded only when payment is due.

Property 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund

The municipality reports the following major proprietary funds:

- Water Fund
- Sewer Fund
- Gas Fund

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 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) 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. Principal operating revenues are utility billings. 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.

*Village of Harrisonburg, Louisiana*  
*Notes to Financial Statements*

**C. Cash and Investments – (C.D.’s in Excess of 90 Days)**

*Deposits*

It is the Village’s policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Village’s deposits are categorized to give an indication of the level of risk assumed by the Village at year end. The categories are describes as follows:

- *Category 1* – Insured or collateralized with securities held by the Village or by its agent in the Village’s name.
- *Category 2* – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Village’s name.
- *Category 3* – Uncollateralized.

	<b>Bank Balance 6/30/2004</b>
Southern Heritage Bank	\$ 69,195
Catahoula LaSalle Bank	41,775
<b>Total</b>	<b>\$ 110,970</b>
<b>Secured as Follows:</b>	
FDIC ( <i>Category – 1</i> )	<b>\$ 110,970</b>

**D. Inventories**

Inventories of materials and supplies are considered to be expenditures at the time purchased. Amounts on hand at the financial statement date are considered immaterial and therefore not included on the statements of assets and liabilities.

**E. Accounts Receivable and Allowances for Bad Debts**

Uncollectable amounts due for customers’ utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibles of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

	<b>General Fund</b>	<b>Gas Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>
Accounts Receivable - Trade	\$ 782	\$ 18,764	\$ 8,386	\$ 3,812
Franchise	1,875	-0-	-0-	-0-
Tax	78			
Allowances for Bad Debt	(38)	(894)	(397)	(181)
<b>Total</b>	<b>\$ 2,697</b>	<b>\$ 17,870</b>	<b>\$ 7,989</b>	<b>\$ 3,631</b>



*Village of Harrisonburg, Louisiana*  
*Notes to Financial Statements*

**2. AD VALOREM TAXES**

For the year ended June 30, 2004, taxes of 7.05 mills were levied on property with assessed valuations totaling \$591,040 and were dedicated as follows:

General Corporate Purposes 7.05 mills

Total taxes levied were \$8,833. Taxes are due October 15 of each year and become delinquent January 1.

**3. RESTRICTED ASSETS - PROPRIETARY FUND TYPES**

Restricted assets were applicable to the following at June 30, 2004:

Bond Interest and Redemption Account	\$	7,374
Bond Reserve Account		12,238
Depreciation Reserve Account		<u>3,268</u>
<b>Total</b>	<b>\$</b>	<b><u>22,880</u></b>

**4. CHANGES IN FIXED ASSETS - PROPRIETARY FUNDS**

A summary of enterprise fund plant and equipment at June 30, 2004 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 9,084	\$ -0-	\$ -0-	\$ 9,084
Vehicles & Equipment	93,133	-0-	-0-	93,133
Office Equipment	1,000	-0-	-0-	1,000
Gas System	1,323,759	-0-	-0-	1,323,759
Water System	726,931	-0-	-0-	726,931
Sewer System	802,642	-0-	-0-	802,642
Oxidation Pond	50,317	-0-	-0-	50,317
<b>Total</b>	<b><u>\$ 3,006,866</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 3,006,866</u></b>
Less: Accumulated Depreciation	<u>(1,188,338)</u>	<u>(77,204)</u>	<u>-0-</u>	<u>(1,265,542)</u>
<b>Net</b>	<b><u>\$ 1,818,528</u></b>			<b><u>\$ 1,741,324</u></b>

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

Vehicles and Equipment	5-10 years
Gas System	40 years
Water System	40 years
Sewer System	40 years

Records concerning the fixed assets of the water system were not maintained prior to the establishment of this fund as a separate accounting entity during the fiscal year ended June 30, 1979. Therefore, amounts reflected as fixed assets represent only assets acquired after June 30, 1978.

A portion of the water system, known as Bird's Creek, is pledged as security on a \$30,000 promissory note.

*Village of Harrisonburg, Louisiana*  
*Notes to Financial Statements*

**5. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS**

	<b>Balance 6-30-2003</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6-30-2004</b>
Fixed Assets	\$ 186,348	\$ 73,296	\$ -0-	\$ 259,644
Accumulated Depreciation	-0-	20,398	-0-	20,398
<b>Net Fixed Assets</b>	<b>\$ 186,348</b>	<b>\$ 52,898</b>		<b>\$ 239,246</b>

Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives as follows:

- Vehicle and equipment                      5-10 years
- Parking Lot    20 years

**6. CHANGES IN LONG-TERM DEBT**

The following is a summary of revenue bond transactions of the Village of Harrisonburg for the year ended June 30, 2004.

Bonds Payable - Beginning	\$ 135,588
Principal Retirements	(5,000)
<b>Total</b>	<b>\$ 130,588</b>

Bonds payable at June 30, 2004 are comprised of the following issues:

**Revenue Bonds**

\$ 202,600 of 1980 Water Revenue Bonds due annually in installments of \$1,000 to \$10,600 through July 22, 2020; interest at 5 percent due annually. \$ 130,588

The following is a summary of note transactions of the Village of Harrisonburg for the year ended June 30, 2004:

**General Obligation Note**

\$30,000 notes payable with Catahoula/LaSalle Bank beginning 6-05-01 at \$345 per month for 11 months with 1 final payment consisting of the full amount due at 7.25% interest. 15,438

\$20,286 capital lease payable with Government Capital Corporation for the purchase of a police car beginning 02/10/2003 with five annual installments of \$4,680, commencing 2/14/2004; interest at 4.96%. 17,292

**Enterprise Note**

\$30,000 1973 Water Revenue Fund note due in annual installments of \$1,763 (includes principal and interest) through August 3, 2010; interest 5%. 9,829

**Total** **\$ 173,147**

*Village of Harrisonburg, Louisiana*  
*Notes to Financial Statements*

The annual requirements to amortize all debt outstanding as of June 30, 2004, including interest payments of \$98,062 are as follows:

Year Ending June 30,	General Obligation	Revenue	Enterprise	Total
2005	\$ 32,730	\$ 12,388	\$ 1,763	\$ 46,881
2006-2010	-0-	59,350	8,815	68,165
2011-2015	-0-	58,600	1,763	60,363
2016-2020	-0-	56,200	-0-	56,200
<b>Total</b>	<b>\$ 32,730</b>	<b>\$ 186,538</b>	<b>\$ 12,341</b>	<b>\$ 231,609</b>

**7. FLOW OF FUNDS; RESTRICTIONS ON USE - ENTERPRISE FUND REVENUE**

The Village of Harrisonburg has one issue of revenue bond and one revenue note outstanding. The flow of funds and restrictions on use are governed by the bond indentures and the note resolution, the terms of which are summarized as follows:

- (a) For the payment of all expenses of operation and maintenance of each system.
- (b) For the maintenance of a bond or note redemption account, by transferring sufficient amounts to pay all principal and interest falling due in the ensuing twelve months.
- (c) For the maintenance of a reserve account, by making designated payments as follows:

*Water Fund - There should be deposited five percent (5%) of the amount to be paid into the redemption account, until such time as there has been accumulated therein the sum of \$12,930.*

- (d) For the maintenance of a contingency and depreciation account, by making designated payments as follows:

*Water Fund - There should be deposited fifty dollars (\$50.00) per month commencing with the month following completion of the improvements to the system.*

**8. ELECTED OFFICIAL'S SALARIES**

Name	Title	Annualized Salary
Daryl Rowley	Mayor	\$ 6,000
Richard Hatten	Alderman	4,800
Mark Cotten	Alderman	4,800
Harold Sones	Alderman	4,800
Joe Cook	Police Chief	22,320

*Village of Harrisonburg, Louisiana*  
*Notes to Financial Statements*

**9. USE OF 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 disclosure 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.

**10. DUE FROM (TO) OTHER FUNDS**

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General Fund	\$	\$ 4,206
Enterprise Fund	-0-	7,294
Agency Fund	11,500	-0-
Total	\$ 11,500	\$ 11,500

**REQUIRED SUPPLEMENTAL INFORMATION**

*Village of Harrisonburg, Louisiana*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual*  
*General Fund*

*For the Year Ended June 30, 2004*

	Budget Amounts		Actual Amounts	Budget to GAAP
	Original	Final	Budgetary Basis	Differences Over (Under)
<b>Revenues</b>	\$ 25,391	\$ 24,614	\$ 48,243	\$ 23,629
Fees and charges	28,901	17,214	41,425	24,211
Taxes	2,956	5,679	6,240	561
Fines	46,078	25,163	92,809	67,646
Grants	28,892	35,921	2,508	(33,413)
Other				
<b>Total Revenues</b>	\$ 132,218	\$ 108,591	\$ 191,225	\$ 82,634
<b>Expenditures</b>				
Administration	\$ 159,259	\$ 57,057	\$ 108,277	\$ (51,220)
Police	27,356	64,699	67,926	(3,227)
Fire	12,379	13,346	13,966	(620)
Sanitation	11,132	36,620	35,003	1,617
Capital Outlay	-0-	-0-	73,296	(73,296)
Debt Service	11,274	12,314	8,477	3,837
<b>Total Expenditures</b>	\$ 221,400	\$ 184,036	\$ 306,945	\$ (122,909)
<b>Excess of Revenues Over Expenditures</b>	(89,182)	(75,445)	(115,720)	(40,275)
<b>Other Financing Sources (uses)</b>				
Transfers	\$ 89,182	\$ 75,445	\$ 116,593	\$ 41,148
<b>Total Other Financing Sources (uses)</b>	\$ 89,182	\$ 75,445	\$ 116,593	\$ 41,148
<b>Net Change in Fund Balance</b>	-0-	-0-	873	873
<b>Fund Balance (Deficit) at Beginning of Year</b>	-0-	-0-	30,734	30,734
<b>Fund Balance (Deficit) at End of Year</b>	\$ -0-	\$ -0-	\$ 31,607	\$ 31,607

The accompanying notes are an integral part of this statement.

*Other Reports*

VILLAGE OF HARRISONBURG  
HARRISONBURG, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2004

I was engaged to audit the basic financial statements of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2004 and have issued my report thereon dated August 25, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards in the United States of America 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, 2004 resulted in a qualified opinion.

**Section I - Summary of Auditor's Reports**

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

Internal Control

Material Weaknesses  Yes  No Reportable Conditions  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**b. Federal Awards (Not Applicable)**

Internal Control

Material Weaknesses  Yes  No Reportable Conditions  Yes  No

Type of Opinion On Compliance Unqualified  Qualified   
For Major Programs Disclaimer  Adverse

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

Yes  No

**c. Identification Of Major Programs:**

CFDA Number (s)

Name Of Federal Program (or Cluster)

---

Dollar threshold used to distinguish between Type A and Type B Programs:

\$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

Yes  No



**VILLAGE OF HARRISONBURG  
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2004**

**Section II - Financial Statement Findings Required To Be Reported In Accordance With GAGAS**

Reference	Description of Finding	Recommendation
2004-C-1	<p><b><u>Budget Variances</u></b> The Village had an unfavorable expenditure variance of \$122,909 or 67% in its general fund during the year. The Budget Act requires that budgets be amended when the variance exceeds 5%.</p>	The budget should be amended when there is an unfavorable variance of more than 5%.
2004-C-2	<p><b><u>Retirement Gift</u></b> During a test of expenditures, I noted that an employee was reimbursed \$36.91 for the purchase of a retirement gift for a courthouse employee. Article VII Section 14 of the Louisiana Constitution prohibits public funds from being spent on private purposes.</p>	The Village should discontinue making such purchases

**Section III Internal Controls Finding**

Reference	Description of Finding	Recommendation
2004-I-1	<p><b><u>Utility Billing</u></b> During testing of utility revenue, I found that I could not document, within a reasonable amount, billing changes during the year. This weakness makes detection of misappropriation of utility receipts difficult or impossible.</p>	All utility billing adjustments should be documented and approved and filed for later inspection.

**Section IV – Federal Awards Findings and Questioned Costs.**

Not applicable.

**VILLAGE OF HARRISONBURG  
HARRISONBURG, LOUISIANA  
JUNE 30, 2004**

**MANAGEMENT'S CORRECTIVE ACTION FOR CURRENT YEAR AUDIT FINDINGS**

	<b>DESCRIPTION OF FINDING</b>	<b>CORRECTIVE ACTION PLANNED</b>	<b>CONTACT PERSON</b>	<b>ANTICIPATED COMPLETION DATE</b>
<b>2004-C-1</b>	Budget Variances	The Village will begin amending its budget when variances exceed 5%.	Daryl Rowley	June 30, 2005
<b>2004-C-2</b>	Retirement Gift	The Village will discontinue making such purchases	Daryl Rowley	June 30, 2005
<b>2004-I-1</b>	Utility Billing	The Village will document its utility adjustments	Daryl Rowley	June 30, 2005

VILLAGE OF HARRISONBURG  
STATE OF LOUISIANA  
CATAHOULA PARISH

MANAGEMENT'S SUMMARY  
OF PRIOR YEAR FINDINGS

Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Village of Harrisonburg, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2003.

Prior Year Findings

**2003-C-1) Preparation of General Fund Budget RS 39:1301-14 (Resolved)**

***Finding:*** The Village prepares a budget for its general and enterprise funds in one consolidated budget. A budget comparison for its various funds is not possible. Therefore, the Village cannot determine when the budget has an unfavorable variance of more than 5%.

***Village's Corrective Action:*** The Village began preparing a separate budget for its general fund.