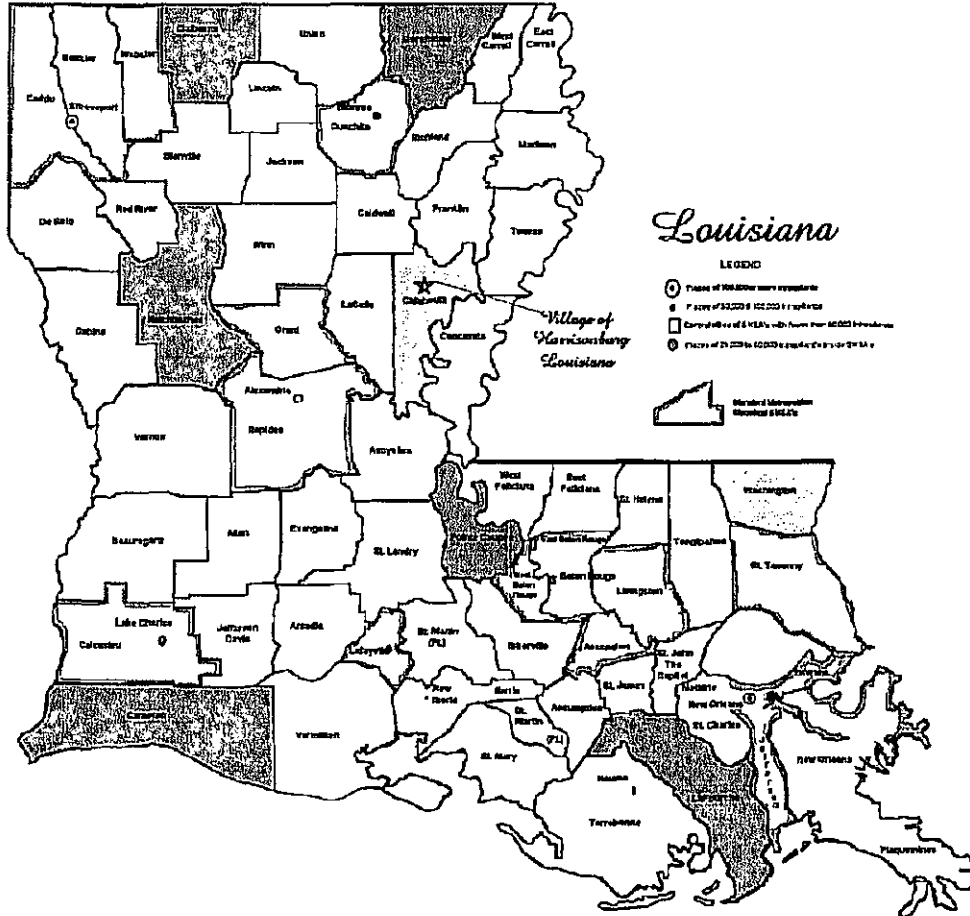


VILLAGE OF HARRISONBURG, LOUISIANA**Annual Financial Statements****JUNE 30, 2008**

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 2/25/09

VILLAGE OF HARRISONBURG HARRISONBURG, LOUISIANA



✓ 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.

Village of Harrisonburg, Louisiana
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INDEPENDENT AUDITOR'S REPORT

The Honorable Michael Tubre, Mayor
& Members of the Village Council
Harrisonburg, Louisiana

We were engaged to audit the accompanying basic 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, 2008 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. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The governmental fixed assets do not include real property owned by the Village. Further, records concerning the fixed assets of the water system were not maintained prior to July 1, 1978; therefore, those assets, as well as accumulated depreciation thereon, are not reflected in the financial statements referred to in the first paragraph.

The Village does not have an adequate accounting system of reporting expenditures and expenses in the funds in which the expenditures and expenses occurred. Further, we were unable to apply appropriate auditing procedures to the expenditures and expenses of the various funds and it was not practical to determine what adjustments, if any, may be necessary to correct the situation.

Except for the situations described in the third paragraph, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of Village of Harrisonburg, Louisiana, as of June 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

Because of the matter discussed in the fourth paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Statement of Activities, the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund, the Statement of Revenues, Expenses, and Changes in Net Assets of the Proprietary Funds, the Statement of Cash Flows of the Proprietary Funds, the Statement of Changes in Fiduciary Net Assets of the Payroll Agency Fund, and reconciliations of those statements all marked "unaudited".

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008, on our consideration of the Village of Harrisonburg, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

John R. Vercher PC

November 14, 2008

Jena, Louisiana

Village of Harrisonburg

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MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the Village, we offer readers of the Village of Harrisonburg's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$276,569 (*net assets*). This is a \$17,651 increase from last year.
- The Village had total revenue of \$229,006. This is a \$63,664 increase from last year's revenues, mainly due to an increase in grant monies in the amount of \$48,587.
- The Village had total expenditures of \$198,196, which is a \$40,245 decrease from last year.

Enterprise Funds

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$1,680,124 (*net assets*). This is a \$79,015 increase from last year.
- The Village had total revenue of \$828,522. This is an \$88,891 increase from last year, mainly due to an increase in gas sales in the amount of \$75,290.
- The Village had total expenses of \$795,465. This is a \$132,761 increase from last year, mainly due to an increase in administration in the amount of \$108,887.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Village's annual report consists of financial statements that show information about the Village's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Village's financial statements provide detailed information about the most significant funds. The Village may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Village's enterprise fund uses the following accounting approach:

All of the Village's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

Governmental Funds

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2008:

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 77,342	\$ 65,274	-15.6%
Receivables (Net)	3,910	5,217	33.4%
Capital Assets, Net of Accumulated Depreciation	<u>202,625</u>	<u>221,436</u>	9.3%
Total Assets	<u>283,877</u>	<u>291,927</u>	2.8%
Liabilities & Net Assets			
Accounts, Salaries, & Other Payables	2,019	2,436	20.7%
Due To Other Funds	1,587	5,557	250.2%
Loans Payable	<u>21,353</u>	<u>7,365</u>	-65.5%
Total Liabilities	<u>24,959</u>	<u>15,358</u>	-38.5%
Net Assets			
Invested in Capital Assets, Net of Related Debt	181,272	214,071	18.1%
Unrestricted	<u>77,646</u>	<u>62,498</u>	-19.5%
Total Net Assets	<u>\$ 258,918</u>	<u>\$ 276,569</u>	6.8%

The following table reflects the condensed Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2008:

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Beginning Fund Balances	\$ 37,143	\$ 77,646	109.0%
Total Revenues	165,342	229,006	38.5%
Total Expenditures	(238,441)	(198,196)	-16.9%
Total Transfers In (Out)	<u>113,602</u>	<u>(45,958)</u>	-140.5%
Increase (Decrease) in Fund Balances	<u>40,503</u>	<u>(15,148)</u>	-137.4%
Ending Fund Balances	<u>\$ 77,646</u>	<u>\$ 62,498</u>	-19.5%

MD&A

Enterprise Funds

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2008:

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Assets			
Cash	\$ 21,637	\$ 95,894	343.2%
Receivables (Net)	42,808	45,510	6.3%
Restricted Assets	15,136	7,798	-48.5%
Capital Assets, Net of Accumulated Depreciation	<u>1,662,683</u>	<u>1,672,809</u>	0.6%
Total Assets	<u>1,742,264</u>	<u>1,822,011</u>	4.6%
Liabilities & Net Assets			
Accounts, Salaries, & Other Payables	15,508	24,073	55.2%
Matured Bonds & Interest Payable	12,816	12,567	-1.9%
Bonds Payable	111,016	103,496	-6.8%
Customer Deposits	1,815	1,751	-3.5%
Total Liabilities	<u>141,155</u>	<u>141,887</u>	0.5%
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,538,851	1,556,746	1.2%
Restricted	13,321	1,876	-85.9%
Unrestricted	<u>48,937</u>	<u>121,502</u>	148.3%
Total Net Assets	<u>\$ 1,601,109</u>	<u>\$ 1,680,124</u>	4.9%

The following table represents a condensed Comparative Statement of Revenues, Expenses & Changes in Net Assets for the year ended June 30, 2008.

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Beginning Net Assets	\$ 1,558,753	\$ 1,601,109	2.7%
Operating Revenues	730,395	828,480	13.4%
Non-Operating Revenues	9,236	42	-99.5%
Total Revenues	<u>739,631</u>	<u>828,522</u>	12.0%
Operating Expenses	655,695	789,841	20.5%
Non-Operating Expenses	7,009	5,624	-19.8%
Total Expenses	<u>662,704</u>	<u>795,465</u>	20.0%
Transfers In (Out)	<u>(113,602)</u>	<u>45,958</u>	140.5%
Increase (Decrease) in Net Assets	(36,675)	79,015	315.4%
Prior Period Adjustment	<u>79,031</u>	<u>-0-</u>	-100.0%
Ending Net Assets	<u>\$ 1,601,109</u>	<u>\$ 1,680,124</u>	4.9%

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Funds

At June 30, 2008, the Village had \$221,436 invested in capital assets, including the following:

	Capital Assets at Year-End	
	<u>2007</u>	<u>2008</u>
Land (Not Depreciated)	\$ 12,000	\$ 12,000
Capital Assets	286,354	334,901
Accumulated Depreciation	(95,729)	(125,465)
Total	<u>\$ 202,625</u>	<u>\$ 221,436</u>

Capital Assets – Enterprise Funds

At June 30, 2008, the Village had \$1,672,809 invested in capital assets, including the following:

	Capital Assets at Year-End	
	<u>2007</u>	<u>2008</u>
Land (Not Depreciated)	\$ 10,485	\$ 10,485
Gas System	1,570,357	1,585,760
Water System	738,132	781,398
Sewer System	855,449	877,660
Accumulated Depreciation	(1,511,740)	(1,582,494)
Total	<u>\$ 1,662,683</u>	<u>\$ 1,672,809</u>

CONTACTING THE VILLAGE'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 Michael Tubre at the Village Hall, phone number (318) 744-5794.

Basic Financial Statements

Village of Harrisonburg, Louisiana
Statement of Net Assets
June 30, 2008

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets			
Cash & Cash Equivalents	\$ 65,274	\$ 95,894	\$ 161,168
Receivables (Net of Allowances for Uncollectable)	5,217	45,510	50,727
Restricted Assets	-0-	7,798	7,798
Capital Assets (Net of Accumulated Depreciation)	221,436	1,672,809	1,894,245
Total Assets	291,927	1,822,011	2,113,938
Liabilities			
Accounts, Salaries, & Other Payables	2,436	24,073	26,509
Due to Other Funds	5,557	-0-	5,557
Customer Deposits	-0-	1,751	1,751
Matured Bonds & Interest Payable	-0-	12,567	12,567
Loans Payable	7,365	-0-	7,365
Bonds Payable	-0-	103,496	103,496
Total Liabilities	15,358	141,887	157,245
Net Assets			
Invested in Capital Assets, Net of Related Debt	214,071	1,556,746	1,770,817
Restricted For Debt Service	-0-	1,876	1,876
Unrestricted	62,498	121,502	184,000
Total Net Assets	\$ 276,569	\$ 1,680,124	\$ 1,956,693

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Balance Sheet, Governmental Funds
June 30, 2008

	GOVERNMENTAL FUND
Assets	
Cash & Cash Equivalents	\$ 65,274
Receivables (Net of Allowances for Uncollectables)	5,217
Total Assets	70,491
 Liabilities & Fund Balances	
Accounts, Salaries, & Other Payables	2,436
Due to Other Funds	5,557
Total Liabilities	7,993
 Fund Balances	
Unrestricted	62,498
Total Liabilities & Fund Balances	\$ 70,491

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, 2008

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

Fund Balance, Total Governmental Funds (Statement C)	\$ 62,498
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	221,436
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	<u>(7,365)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 276,569</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008
Unaudited

	GOVERNMENTAL FUND
Revenues	
Fees & Charges	\$ 60,656
Taxes	70,859
Fines	4,601
Grants	82,818
Intergovernmental Revenues Other	10,072
Total Revenues	<u>229,006</u>
Expenditures	
General Government	66,619
Public Safety	9,436
Fire	11,761
Sanitation	48,701
Debt Service	13,132
Capital Outlay	48,547
Total Expenditures	<u>198,196</u>
Excess (Deficiency) of Revenues Over Under Expenditures	<u>30,810</u>
Other Financing Sources (Uses)	
Transfers In/(Out)	(45,958)
Total Other Financing Sources (Uses)	<u>(45,958)</u>
Net Change in Fund Balance	(15,148)
Fund Balances - Beginning	77,646
Fund Balances - Ending	<u>\$ 62,498</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Reconciliation of The Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2008
Unaudited

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

Net Change in Fund Balances, Total governmental Funds, Statement E \$ (15,148)

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.

Capital Purchases	48,547	
Depr. Expense	<u>(29,736)</u>	
		18,811

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.

Debt Issued	-0-	
Principal Paid	<u>12,106</u>	
		<u>12,106</u>

Changes in Net Assets of Governmental Activities, statement B \$ 15,769

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Net Assets, Proprietary Funds
June 30, 2008

	BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND			
	(MAJOR ENTERPRISE FUNDS)			TOTAL
	SEWER FUND	WATER FUND	GAS FUND	ENTERPRISE FUND
Current Assets				
Cash & Cash Equivalents	\$ 467	\$ 16,659	\$ 78,768	\$ 95,894
Receivables (Net of Allowances For Uncollectables)	4,752	12,583	28,175	45,510
Total Current Assets	<u>5,219</u>	<u>29,242</u>	<u>106,943</u>	<u>141,404</u>
Non-Current Assets				
Restricted Assets	1,876	4,171	1,751	7,798
Capital Assets (Net of Accumulated Depreciation)	414,023	437,718	821,068	1,672,809
Total Non-Current Assets	<u>415,899</u>	<u>441,889</u>	<u>822,819</u>	<u>1,680,607</u>
Total Assets	<u>421,118</u>	<u>471,131</u>	<u>929,762</u>	<u>1,822,011</u>
Current Liabilities				
Accounts, Salaries, & Other Payables	100	1,543	22,430	24,073
Total Current Liabilities	<u>100</u>	<u>1,543</u>	<u>22,430</u>	<u>24,073</u>
Current Liabilities Payable From Restricted Assets				
Matured Bonds & Interest Payable	-0-	12,567	-0-	12,567
Total Current Liabilities Payable From Restricted Assets	<u>-0-</u>	<u>12,567</u>	<u>-0-</u>	<u>12,567</u>
Total Current Liabilities	<u>100</u>	<u>14,110</u>	<u>22,430</u>	<u>36,640</u>
Non Current Liabilities				
Revenue Bonds & Notes Payable	-0-	103,496	-0-	103,496
Customer Deposits	-0-	-0-	1,751	1,751
Total Non Current Liabilities	<u>-0-</u>	<u>103,496</u>	<u>1,751</u>	<u>105,247</u>
Total Liabilities	<u>100</u>	<u>117,606</u>	<u>24,181</u>	<u>141,887</u>
Net Assets				
Invested in Capital Assets Net of Related Debt	414,023	321,655	821,068	1,556,746
Restricted for Debt Service	1,876	-0-	-0-	1,876
Unrestricted	5,119	31,870	84,513	121,502
Total Net Assets	<u>\$ 421,018</u>	<u>\$ 353,525</u>	<u>\$ 905,581</u>	<u>\$ 1,680,124</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenses & Changes in Net Assets
Proprietary Funds
June 30, 2008
Unaudited

	BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND			TOTAL ENTERPRISE FUND
	(MAJOR ENTERPRISE FUNDS)			
	SEWER FUND	WATER FUND	GAS FUND	
Operating Revenues				
Charges for Services:				
Water Sales	\$ -0-	\$ 145,385	\$ -0-	\$ 145,385
Sewer Charges	53,768	-0-	-0-	53,768
Gas Sales	-0-	-0-	623,304	623,304
Other Sales	-0-	1,819	4,204	6,023
Total Operating Revenues	<u>53,768</u>	<u>147,204</u>	<u>627,508</u>	<u>828,480</u>
Operating Expenses				
Cost of Sales & Services	-0-	-0-	301,820	301,820
Administration	68,475	110,621	238,171	417,267
Depreciation	22,273	18,921	29,560	70,754
Total Operating Expenses	<u>90,748</u>	<u>129,542</u>	<u>569,551</u>	<u>789,841</u>
Operating Income (Loss)	<u>(36,980)</u>	<u>17,662</u>	<u>57,957</u>	<u>38,639</u>
Nonoperating Revenue (Expenses)				
Interest Earnings	16	26	-0-	42
Interest Expense	-0-	(5,624)	-0-	(5,624)
Total Nonoperating Revenue (Expenses)	<u>16</u>	<u>(5,598)</u>	<u>-0-</u>	<u>(5,582)</u>
Income Before Contributions & Transfers	<u>(36,964)</u>	<u>12,064</u>	<u>57,957</u>	<u>33,057</u>
Transfers In/(Out)	36,384	29,983	(20,409)	45,958
Change in Net Assets	(580)	42,047	37,548	79,015
Total Net Assets - Beginning	421,598	311,478	868,033	1,601,109
Total Net Assets - Ending	<u>\$ 421,018</u>	<u>\$ 353,525</u>	<u>\$ 905,581</u>	<u>\$ 1,680,124</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Cash Flows
Proprietary Funds
June 30, 2008
Unaudited

	BUSINESS-TYPE ACTIVITIES – ENTERPRISE FUND			
	(MAJOR ENTERPRISE FUNDS)			TOTAL
	SEWER FUND	WATER FUND	GAS FUND	ENTERPRISE FUND
Cash Flows From Operating Activities				
Receipts From Customers & Users	\$ 53,737	\$ 146,599	\$ 625,442	\$ 825,778
Payments to Suppliers	(28,017)	(40,319)	(385,462)	(453,798)
Payments to Employees	(40,790)	(70,700)	(145,234)	(256,724)
Net Cash Provided (Used) by Operating Activities	<u>(15,070)</u>	<u>35,580</u>	<u>94,746</u>	<u>115,256</u>
Cash Flows From NonCapital Financing Activities				
Other	-0-	(249)	-0-	(249)
Transfers to Other Funds	36,384	29,983	(20,409)	45,958
Net Cash Provided (Used) by NonCapital Financing Activities	<u>36,384</u>	<u>29,734</u>	<u>(20,409)</u>	<u>45,709</u>
Cash Flows From Capital & Related Financing Activities				
Principal on Capital Debt	-0-	(7,520)	-0-	(7,520)
Interest Paid on Capital Debt	-0-	(5,624)	-0-	(5,624)
Purchase of Capital Assets	(22,211)	(43,266)	(15,403)	(80,880)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(22,211)</u>	<u>(56,410)</u>	<u>(15,403)</u>	<u>(94,024)</u>
Cash Flows From Investing Activities				
Restricted Assets	(16)	7,290	-0-	7,274
Interest and Dividends Received	16	26	-0-	42
Net Cash Provided (Used) by Investing Activities	<u>-0-</u>	<u>7,316</u>	<u>-0-</u>	<u>7,316</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(897)	16,220	58,934	74,257
Cash & Cash Equivalents, Beginning of Year	1,364	439	19,834	21,637
Cash & Cash Equivalents, End of Year	<u>467</u>	<u>16,659</u>	<u>78,768</u>	<u>95,894</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(36,980)	17,662	57,957	38,639
Depreciation Expense	22,273	18,921	29,560	70,754
(Increase) Decrease in Accounts Receivable	(31)	(605)	(2,066)	(2,702)
Increase (Decrease) in Accounts Payables	(332)	(398)	9,295	8,565
Total Adjustments	<u>21,910</u>	<u>17,918</u>	<u>36,789</u>	<u>76,617</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (15,070)</u>	<u>\$ 35,580</u>	<u>\$ 94,746</u>	<u>\$ 115,256</u>

The accompanying notes are an integral part of this statement.

Village of Harrisonburg, Louisiana
Statement of Fiduciary Net Assets
June 30, 2008

	<u>PAYROLL AGENCY FUND</u>
Assets	
Cash & Cash Equivalents	\$ 49
Due From Other Funds	<u>5,557</u>
Total Assets	<u><u>5,606</u></u>
Liabilities	
Accrued Payroll & Taxes	<u>5,606</u>
Total Liabilities	<u><u>5,606</u></u>
Net Assets	
Held in Trust For	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of this statement.

**Notes To The Basic
Financial Statements**

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC 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 & 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.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & 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.

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.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS CONTINUED

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 government's 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.

The Village has a policy of applying expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

C. CASH & 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.

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.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED

E. ACCOUNTS RECEIVABLE & 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 uncollectables of the receivable. Below is a summary of accounts receivable and allowance for bad debts by funds:

	General Fund	Sanitary	Gas Fund	Water Fund	Sewer Fund	Total
Accounts Receivable	\$ 1,266	\$ 3,951	\$ 26,834	\$ 11,984	\$ 4,526	\$ 48,561
Allowances for Bad Debt	-0-	-0-	1,341	599	226	2,166
Total	\$ 1,266	\$ 3,951	\$ 28,175	\$ 12,583	\$ 4,752	\$ 50,727

2. AD VALOREM TAXES

For the year ended June 30, 2008, taxes of 7.05 mills were levied on property with assessed valuations totaling, \$1,230,280 and were dedicated as follows:

General Corporate Purposes	7.05 mills
----------------------------	------------

Total taxes levied were \$8,674. 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, 2008:

	Sewer	Water	Gas	Total
Customer Deposits	\$ -0-	\$ -0-	\$ 1,751	\$ 1,751
Sewer Revenue Reserve	1,876	-0-	-0-	1,876
Bond Reserve Account	-0-	1,565	-0-	1,565
Depreciation Reserve Account	-0-	1,510	-0-	1,510
Revenue Sinking	-0-	1,096	-0-	1,096
Total	\$ 1,876	\$ 4,171	\$ 1,751	\$ 7,798

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED

4. CHANGES IN FIXED ASSETS – PROPRIETARY FUNDS

A summary of enterprise fund plant and equipment at June 30, 2008 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Gas System	\$ 1,580,357	\$ 15,403	\$ -0-	\$ 1,595,760
Water System	738,617	43,266	-0-	781,883
Sewer System	855,449	22,211	-0-	877,660
Total	<u>3,174,423</u>	<u>80,880</u>	<u>-0-</u>	<u>3,255,303</u>
Less: Accumulated Depreciation	(1,511,740)	(70,754)	-0-	(1,582,494)
Net	<u>\$ 1,662,683</u>	<u>\$ 10,126</u>	<u>\$ -0-</u>	<u>\$ 1,672,809</u>

Land in the amount of \$10,485 is not depreciated.

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.

5. CHANGES IN GENERAL FIXED ASSETS – GOVERNMENTAL FUNDS

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets	\$ 298,354	\$ 48,547	\$ -0-	\$ 346,901
Accumulated Depreciation	(95,729)	(29,736)	-0-	(125,465)
Net Fixed Assets	<u>\$ 202,625</u>	<u>\$ 18,811</u>	<u>\$ -0-</u>	<u>\$ 221,436</u>

Land in the amount of \$12,000 is included in the fixed assets and is not depreciated.

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

Vehicles and Equipment	5-10 years
Parking Lot	20 years

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

6. CHANGES IN LONG-TERM DEBT

The following is a summary of revenue bond transactions and general obligation debt transactions of the Village of Harrisonburg for the year ended June 30, 2008.

	<u>General Obligation</u>	<u>Revenue Bond</u>	<u>Birds Creek Bond</u>	<u>Total</u>
Bonds & Notes Payable - Beginning	\$ 19,471	\$ 112,588	\$ 5,810	\$ 137,869
Additions	-0-	-0-	-0-	-0-
Principal Retirements	(12,106)	(6,000)	(1,451)	(19,557)
Total	<u>\$ 7,365</u>	<u>\$ 106,588</u>	<u>\$ 4,359</u>	<u>\$ 118,312</u>

Bonds payable at June 30, 2008 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. \$ 106,588

\$30,000 1973 Water Revenue Fund Bond due in annual installments of \$1,763 (includes principal and interest) through August 3, 2010; interest 5%. 4,359

General Obligation Note

\$9,685 notes payable with Catahoula/LaSalle Bank beginning 3-8-06 at \$345 per month for 30 months with 1 final payment consisting of the full amount due at 7.25% interest. 2,204

\$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%. -0-

\$14,575 capital lease payable with Government Capital Corporation for the purchase of a 2006 police car beginning 11/1/06 with three annual installments of \$5,506, commencing 1/1/08; interest at 6.5%. 5,161

Total \$ 118,312

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

The annual requirements to amortize all debt outstanding as of June 30, 2008, including interest payments, are as follows:

Year Ending June 30,	General Obligation	Revenue	Total
2009	\$ 13,243	\$ 7,923	\$ 21,166
2010	13,943	-0-	13,943
2011	13,593	-0-	13,593
2012	11,480	-0-	11,480
2013	12,130	-0-	12,130
2014-2018	57,500	-0-	57,500
2019-2023	22,560	-0-	22,560
Total	\$ 144,449	\$ 7,923	\$ 152,372

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.

The Village records restricted assets to indicate that a portion of its net assets balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

Restricted for Debt Service

Certain assets have been restricted in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

VILLAGE OF HARRISONBURG, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED**

8. 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.

9. ELECTED OFFICIAL'S SALARIES

<u>Name</u>	<u>Title</u>	<u>Term</u>	<u>Annualized Salary</u>
Michael Tubre	Mayor	01/07 - Current	\$ 6,000
Richard Hatten	Alderman	01/03 - Current	4,800
Greg Terry	Alderman	01/07 - Current	4,800
Charles Watson	Alderman	01/07 - Current	4,800
Joe Cook	Chief of Police	01/99 - Current	\$ 35,110

10. DUE FROM (TO) OTHER FUNDS

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -0-	\$ 5,557
Agency Fund	5,557	-0-
Total	<u>\$ 5,557</u>	<u>\$ 5,557</u>

Due From/To are the result of accrued payroll and related expenses.

11. TRANSFERS BETWEEN FUNDS

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Transfers In (Out)	\$ <u>(45,958)</u>	\$ <u>45,958</u>

Transfers were made for operational purposes.

VILLAGE OF HARRISONBURG, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS
CONTINUED

12. PAYROLL AGENCY FUND TRANSACTIONS

	Payroll Agency Fund
Additions	\$ 312,060
Deductions	<u>(312,060)</u>
Change in Net Assets	-0-
Net Assets – Beginning	-0-
Net Assets – Ending	<u>\$ -0-</u>

Required Supplemental Information

Village of Harrisonburg, Louisiana
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund
For the Year Ended June 30, 2008

	<u>Budget Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 270,000	\$ 272,254	\$ 229,006	\$ (43,248)
Expenditures	\$ 268,000	\$ 245,525	198,196	\$ 47,329
Excess of Revenues Over (Under)				
Expenditures			30,810	
Other Financing Sources (Uses)				
Transfers			(45,958)	
Total Other Financing Sources (Uses)			(45,958)	
Net Change in Fund Balance			(15,148)	
Fund Balance at Beginning of Year			77,646	
Fund Balance at End of Year			<u>\$ 62,498</u>	

The accompanying notes are an integral part of this statement.



Other Reports

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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 Michael Tubre, Mayor
& Members of the Village Council
Harrisonburg, Louisiana

We have audited the accompanying basic financial statements of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Harrisonburg's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Harrisonburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Harrisonburg's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Village of Harrisonburg's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting:

2008-I-1 Fund Accounting (Material Internal Control Finding)

2008-I-2 No Inventory of Movable Fixed Assets (Material Internal Control Finding)

2008-I-3 Small Size of Entity

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Harrisonburg's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We identified the deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described below:

2008-I-1 Fund Accounting (Material Internal Control Finding)

2008-I-2 No Inventory of Movable Fixed Assets (Material Internal Control Finding)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Harrisonburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, except as shown below and discussed in the Schedule of Findings and Questioned Costs as items:

2008-C-1 Inadequate Fund Accounting

2008-C-2 No Inventory of Movable Fixed Assets

2008-C-3 Bond Covenants

2008-C-4 Budget Variances

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office 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 PC

Jena, Louisiana

November 14, 2008

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2008**

We were engaged to audit the basic financial statements of the Village of Harrisonburg, Louisiana, as of and for the year ended June 30, 2008 and have issued our report thereon dated November 14, 2008. We conducted our 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. Our audit of the financial statements as of June 30, 2008 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 Other 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, 2008**

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

Reference	Description of Finding	Recommendation
2008-C-1	<p style="text-align: center;"><u>Inadequate Fund Accounting</u></p> <p>The Village has not maintained accounting records in a manner to provide legal compliance and appropriation of annual financial statements in compliance with LSA-RS:24:514, 24:515, 24:517, and /R33:463. During our audit of the Village's accounting records, we found that the transactions of the various funds (i.e. water, sewer, general) had been intermingled in such a way to make financial statement preparation by fund difficult.</p>	<p>The Village should utilize its accounting program in such a manner as to allow preparation on individual fund financial statements on a monthly basis.</p>
2008-C-2	<p style="text-align: center;"><u>No Inventory of Movable Fixed Assets</u></p> <p>The Village does not maintain an inventory of its movable fixed assets. State statutes require that the Village maintain an inventory or record of movable fixed assets and update the record when new assets are purchased or added and old assets are retired or sold.</p>	<p>A record of fixed assets should be maintained on all movable assets showing a description, date purchased, cost, and disposition when sold or retired.</p>
2008-C-3	<p style="text-align: center;"><u>Bond Covenants</u></p> <p>Bond covenants require that the Village maintain a sinking fund, a reserve fund, and a contingency and depreciation fund for its water fund. The accounts were set up but they were not maintained during the year.</p>	<p>The Village should begin to maintain their reserve accounts in accordance the bond covenants.</p>
2008-C-4	<p style="text-align: center;"><u>Budget Variances</u></p> <p>The Village had an unfavorable revenue variance of \$43,248 or 15.9% in its general fund during the year. The Budget Act requires that budgets be amended when the variance exceeds 5%.</p>	<p>The Village should begin amending its budget when variances exceed 5%.</p>

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2008**

Section III Internal Controls Finding

Reference	Description of Finding	Recommendation
2008-I-1	<p style="text-align: center;"><u>Fund Accounting (Material Internal Control Finding)</u></p> <p>During the audit of the Village's transactions of the various funds (i.e. water, sewer, general) we found that the expenditures and expenses had been intermingled in such a way as to make financial statement preparation by fund difficult.</p>	<p>The Village should utilize its accounting program in such a manner as to allow preparation on individual fund financial statements on a monthly basis.</p>
2008-I-2	<p style="text-align: center;"><u>No Inventory of Movable Fixed Assets (Material Internal Control Finding)</u></p> <p>The Village does not maintain an inventory of its movable fixed assets. State statutes and good internal controls require that the Village maintain an inventory or record of movable fixed assets and update the record when new assets are purchased or added and old assets are retired or sold.</p>	<p>A record of fixed assets should be maintained on all movable assets showing a description, date purchased, cost, and disposition when sold or retired.</p>
2008-I-3	<p style="text-align: center;"><u>Small Size of Entity</u></p> <p>Because of the small size of the Village and the lack of separation of duties, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Village's cash.</p>	<p>We recommend that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, and depositing of funds collected.</p>

Section IV – Federal Awards Findings and Questioned Costs

Not applicable.

VILLAGE OF HARRISONBURG, LOUISIANA

MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2008-M-1 Documentation of Expenditures

Finding: Nine out of sixty expenditures pulled by a random sample lacked adequate documentation.

Recommendation: The Village should support all expenditures with documentation describing the items purchased.

Village's Response: The Village will begin to support all expenditures with documentation describing the items purchased.

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
June 30, 2008**

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

Reference	Description of Finding	Corrective Action Planned	Contact Person	Anticipated Completion Date
2008-C-1	Inadequate Fund Accounting	The Village has corrected this problem by setting up "companies" for each of its funds instead of departmentalizing the funds in one "company" for the year ending June 30, 2009.	Michael Tubre	June 30, 2009
2008-C-2	No Inventory of Movable Fixed Assets	The Village will begin preparing a record of all movable fixed assets showing a description, date purchased, cost, and disposition when sold or retired.	Michael Tubre	June 30, 2009
2008-C-3	Bond Covenants	The Village will begin to maintain their reserve accounts in accordance the bond covenants.	Michael Tubre	June 30, 2009
2008-C-4	Budget Variances	The Village will begin amending its budget when variances exceed 5%.	Michael Tubre	June 30, 2009

**VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
June 30, 2008**

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

Reference	Description of Finding	Corrective Action Planned	Contact Person	Anticipated Completion Date
2008-I-1	Fund Accounting (Material Internal Control Finding)	The Village has corrected this problem by setting up "companies" for each of its funds instead of departmentalizing the funds in one "company" for the year ending June 30, 2009.	Michael Tubre	June 30, 2009
2008-I-2	No Inventory of Movable Fixed Assets (Material Internal Control Finding)	A record of fixed assets will be maintained on all movable assets showing a description, date purchased, cost, and disposition when sold or retired.	Michael Tubre	June 30, 2009
2008-I-3	Small Size of Entity	Management will continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, and depositing of funds collected.	Michael Tubre	June 30, 2009

VILLAGE OF HARRISONBURG
HARRISONBURG, LOUISIANA
JUNE 30, 2008

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, 2007.

Prior Year Findings

2007-C-1 Inadequate Fund Accounting (Unresolved)

Finding: The Village has not maintained accounting records in a manner to provide legal compliance and appropriation of annual financial statements in compliance with LSA-RS:24:514, 24:515, 24:517, and /R33:463. During our audit of the Village's accounting records, we found that the transactions of the various funds (i.e. water, sewer, general) had been intermingled in such a way to make financial statement preparation by fund difficult.

Village's Corrective Action: The Village has corrected this problem by setting up "companies" for each of its funds instead of departmentalizing the funds in one "company" for the year ending June 30, 2009.

2007-C-2 Budget Variances (Unresolved)

Finding: The Village had an unfavorable revenue variance of \$8,569 or 5.2% in its general fund during the year. The Budget Act requires that budgets be amended when the variance exceeds 5%.

Village's Corrective Action: The Village began amending its budget when variances exceeded 5%.

2007-I-1 Fund Accounting (Material Internal Control Finding) (Unresolved)

Finding: During the audit of the Village's transactions of the various funds (i.e. water, sewer, general) we found that the expenditures and expenses had been intermingled in such a way as to make financial statement preparation by fund difficult.

Village's Corrective Action: The Village has corrected this problem by setting up "companies" for each of its funds instead of departmentalizing the funds in one "company" for the year ending June 30, 2009.