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**VILLAGE OF DIXIE INN, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2002**

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 1/15/03

VILLAGE OF DIXIE INN, LOUISIANA  
Annual Financial Report  
Year Ended June 30, 2002

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MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

The Honorable Ava Nell McWhorter, Mayor  
and the Members of the Board of Alderman  
Village of Dixie Inn, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Dixie Inn, Louisiana, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Dixie Inn, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Dixie Inn, Louisiana, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 13, 2002 on our consideration of the Village of Dixie Inn's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Village of Dixie Inn, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

*Jamieson, Wice & Martin*

Minden, Louisiana  
November 13, 2002

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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 Ava Nell McWhorter, Mayor  
and the members of the Board of Aldermen  
Village of Dixie Inn, Louisiana

We have audited the general purpose financial statements of the Village of Dixie Inn, Louisiana, as of and for the year ended June 30, 2002, and have issued our report thereon dated November 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village of Dixie Inn, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 2002-1.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Dixie Inn, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our

judgment, could adversely affect the Village of Dixie Inn, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-2.

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 general purpose 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. Our 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 material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

*Jamison, Wise & Martin*

Minden, Louisiana  
November 13, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS – OVERVIEW)

VILLAGE OF DIXIE INN, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups  
June 30, 2002

	Governmental Fund Types		Proprietary Fund	Account Groups		Totals (Memorandum Only)
	General	Capital Projects	Enterprise	General Fixed Assets	General Long-term Obligations	
<b>Assets</b>						
Cash	\$ 46,844	8	3,980	-	-	50,832
Certificates of deposit	58,434	-	-	-	-	58,434
Receivables	43,526	-	7,200	-	-	50,726
Due from other funds	15,820	-	-	-	-	15,820
Prepaid expenditures	8,130	-	-	-	-	8,130
Restricted assets - cash	-	-	40,920	-	-	40,920
Land	-	-	-	14,000	-	14,000
Buildings	-	-	-	48,420	-	48,420
Improvements other than buildings	-	-	-	254,291	-	254,291
Equipment	-	-	-	198,196	-	198,196
Enterprise fund property, plant and equipment	-	-	1,404,565	-	-	1,404,565
Accumulated depreciation	-	-	(480,900)	-	-	(480,900)
Amount to be provided for lease payments	-	-	-	-	11,214	11,214
<b>Total assets</b>	<b>\$ 172,754</b>	<b>8</b>	<b>975,765</b>	<b>514,907</b>	<b>11,214</b>	<b>1,674,648</b>
<b>Liabilities and Fund Equity</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 4,954	-	2,394	-	-	7,348
Accrued liabilities	3,191	-	1,115	-	-	4,306
Due to other funds	-	-	15,820	-	-	15,820
Payable from restricted assets -	-	-	-	-	-	-
Meter deposits	-	-	9,323	-	-	9,323
Revenue bonds	-	-	6,092	-	-	6,092
Accrued interest	-	-	4,068	-	-	4,068
Lease Obligations	-	-	-	-	11,214	11,214
Revenue bonds payable	-	-	108,497	-	-	108,497
<b>Total liabilities</b>	<b>8,145</b>	<b>-</b>	<b>147,309</b>	<b>-</b>	<b>11,214</b>	<b>166,668</b>
<b>Fund equity:</b>						
Contributed equity	-	-	982,384	-	-	982,384
Investment in general fixed assets	-	-	-	514,907	-	514,907
Retained earnings (deficit) -	-	-	-	-	-	-
Reserved	-	-	21,437	-	-	21,437
Unreserved	-	-	(175,365)	-	-	(175,365)
Fund balances - unreserved - undesignated	164,609	8	-	-	-	164,617
<b>Total fund equity</b>	<b>164,609</b>	<b>8</b>	<b>828,456</b>	<b>514,907</b>	<b>-</b>	<b>1,507,980</b>
<b>Total liabilities and fund equity</b>	<b>\$ 172,754</b>	<b>8</b>	<b>975,765</b>	<b>514,907</b>	<b>11,214</b>	<b>1,674,648</b>

The accompanying notes to financial statements are an integral part of this statement.

VILLAGE OF DIXIE INN, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes  
in Fund Balances - All Governmental Fund Types  
Year Ended June 30, 2002

	General Fund	Capital Projects	Totals (Memorandum Only)
Revenues:			
Occupational licenses	\$ 16,352	-	16,352
Utility and franchise taxes	8,325	-	8,325
Intergovernmental -			
Beer taxes	26,917	-	26,917
Video poker fees	20,119	-	20,119
Grants	4,088	35,901	39,989
Fines and forfeits	33,599	-	33,599
Sales tax	181,355	-	181,355
Miscellaneous	7,218	-	7,218
 Total revenues	 <u>297,973</u>	 <u>35,901</u>	 <u>333,874</u>
Expenditures:			
General government	144,007	-	144,007
Public safety	99,539	-	99,539
Capital outlay	2,351	35,901	38,252
 Total expenditures	 <u>245,897</u>	 <u>35,901</u>	 <u>281,798</u>
 Excess of revenues over expenditures	 <u>52,076</u>	 <u>-</u>	 <u>52,076</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(37,569)	-	(37,569)
 Total other financing (uses)	 <u>(37,569)</u>	 <u>-</u>	 <u>(37,569)</u>
 Excess (deficiency) of revenues over expenditures and other uses	 14,507	 -	 14,507
 Fund balance, beginning of year, as restated	 <u>150,102</u>	 <u>8</u>	 <u>150,110</u>
 Fund balance, end of year	 <u>\$ 164,609</u>	 <u>8</u>	 <u>164,617</u>

The accompanying notes to financial statements are an integral part of this statement.

VILLAGE OF DIXIE INN, LOUISIANA

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget (GAAP Basis) and Actual -  
General Fund  
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Occupational licenses	\$ 16,500	16,352	(148)
Utility and franchise taxes	8,300	8,325	25
Intergovernmental -			
Beer taxes	19,800	26,917	7,117
Video poker fees	18,300	20,119	1,819
Grants	10,238	4,088	(6,150)
Fines and forfeits	32,000	33,599	1,599
Sales tax	180,000	181,355	1,355
Miscellaneous	8,700	7,218	(1,482)
<b>Total revenues</b>	<u>293,838</u>	<u>297,973</u>	<u>4,135</u>
<b>Expenditures:</b>			
General government	149,950	144,007	5,943
Public safety	100,950	99,539	1,411
Capital outlay	10,000	2,351	7,649
<b>Total expenditures</b>	<u>260,900</u>	<u>245,897</u>	<u>15,003</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>32,938</u>	<u>52,076</u>	<u>19,138</u>
<b>Other financing (uses):</b>			
Operating transfers to -			
Capital Projects fund	-	-	-
Enterprise fund	(32,000)	(37,569)	(5,569)
<b>Total other financing (uses)</b>	<u>(32,000)</u>	<u>(37,569)</u>	<u>(5,569)</u>
<b>Excess (deficiency) of revenues over expenditures and other uses</b>	938	14,507	13,569
<b>Fund balance, beginning of year, as restated</b>	<u>150,102</u>	<u>150,102</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 151,040</u>	<u>164,609</u>	<u>13,569</u>

The accompanying notes to financial statements are an integral part of this statement.

VILLAGE OF DIXIE INN, LOUISIANA

Statement of Revenues, Expenses and Changes  
in Retained Earnings - Proprietary Fund Type  
Year Ended June 30, 2002

Operating revenues:	
Water	\$ 29,914
Sewerage	16,633
Total operating revenues	<u>46,547</u>
Operating expenses:	
Water department	34,699
Sewer department	29,574
General and administrative	41,817
Total operating expenses	<u>106,090</u>
Operating loss	(59,543)
Nonoperating revenue (expense):	
Garbage collection income	17,281
Garbage collection fees	(17,281)
Interest income	225
Interest expense	(5,915)
Grant	6,650
Total nonoperating revenue (expense)	<u>960</u>
Loss before operating transfers	(58,583)
Operating transfers from -	
General fund	37,569
Total operating transfers	<u>37,569</u>
Net loss	(21,014)
Retained deficit - beginning of year	<u>(132,914)</u>
Retained deficit - end of year	<u><u>\$ (153,928)</u></u>

The accompanying notes to financial statements are an integral part of this statement

VILLAGE OF DIXIE INN, LOUISIANA

Statement of Cash Flow  
Proprietary Fund Type  
Year Ended June 30, 2002

Cash flows from operating activities:	
Cash received from customers	\$ 46,595
Cash payments for supplies and services	(48,068)
Cash payments for salaries	(40,960)
Net cash used by operating activities	<u>(42,433)</u>
Cash flows from noncapital financing activities:	
Net increase in meter deposits	308
Cash operating transfers in from other funds	37,569
Cash received from garbage collection fees	17,281
Cash paid for garbage collection	(17,281)
Net cash provided by noncapital financing activities	<u>37,877</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(5,762)
Interest paid on revenue bonds	(6,060)
Grant receipts	6,650
Net cash used by capital and related financing activities	<u>(5,172)</u>
Cash flows from investing activities:	
Interest on interest-bearing deposits	<u>225</u>
Net decrease in cash and cash equivalents	(9,503)
Cash and cash equivalents at beginning of year	<u>54,403</u>
Cash and cash equivalents at end of year	<u>\$ 44,900</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (59,543)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	32,911
Changes in assets and liabilities -	
Decrease in accounts payable	(2,511)
Increase in accrued liabilities	66
Decrease in due to other funds	(13,404)
Decrease in accounts receivable	48
Net cash used by operating activities	<u>\$ (42,433)</u>

Noncash capital and related financing activities:

During the year ended June 30, 2002, the proprietary fund added \$ 35,901 in construction in progress which was accounted for in the capital projects fund.

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF DIXIE INN, LOUISIANA

Notes to Financial Statements

June 30, 2002

The Village of Dixie Inn, Louisiana (the Village), was incorporated August 8, 1962, under the provisions of the Lawrason Act. The Village is located in the Parish of Webster, being in the northwest corner of the State of Louisiana.

Elected officials of the Village of Dixie Inn are a mayor, three (3) aldermen, and a chief of police, who are elected every four years. The affairs of the Village are conducted and managed by the mayor and the board of aldermen.

**1. Summary of significant accounting policies**

- A. Basis of presentation - The accounting and reporting policies of the Village 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 guidelines set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.
- B. Reporting entity - As the municipal governing authority, for reporting purposes, the Village of Dixie Inn is considered a separate financial reporting entity. Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Dixie Inn for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB set forth criteria to be considered in determining financial accountability. This criteria includes:
1. Appointing a voting majority of an organization's governing body, and
    - a. The ability of the municipality to impose its will on that organization and/or
    - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
  2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
  3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

Based on the foregoing criteria, the Village of Dixie Inn is not required to include any component units for financial reporting purposes.

- C. Fund accounting - The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into categories as follows:

**Governmental Funds -**

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

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

**Proprietary Fund -**

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

- D. Basis of accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

**Revenues**

Revenues are generally recognized when they become measurable and available as net current assets. Sales tax revenues are recognized in the month which they are collected by the Webster Parish School Board. Revenues such as traffic fines and occupational licenses are recognized when received, due to the difficulty in measuring amounts to be received.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that accumulated unpaid vacation and sick pay are not accrued due to the amount being immaterial. Purchase of various operating supplies are regarded as expenditures at the time purchased.

**Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary fund uses the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

- E. Budgets and budgetary accounting - The Village follows these procedures in establishing the budgetary data reflected in these financial statements:
- a. The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
  - b. The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
  - c. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
  - d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
  - e. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

revenues exceeding or failing to meet amounts estimated require the approval of the Board of Aldermen.

- f. All budgetary appropriations lapse at the end of each fiscal year.
  - g. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the Board of Aldermen. Such amendments are not material in relation to the original appropriations.
- F. Encumbrance accounting - The Village of Dixie Inn does not employ encumbrance accounting.
- G. Cash and cash equivalents - For reporting purposes, cash and cash equivalents include cash, demand deposits and certificates of deposit. Cash and cash equivalents are stated at cost. Under state law, the municipality may deposit funds in demand deposits, interest-bearing deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.
- H. Interfund receivable/payable and transfers - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Interfund transfers which are not expected to be repaid are shown as operating transfers.
- I. Prepaid expenditure - For the year ended June 30, 2002, the Village of Dixie Inn's prepaid expenditure was \$ 8,130 for insurance coverage.
- J. Fixed assets and long-term liabilities - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Certain public domain infrastructure assets, such as street improvements, have been recorded as fixed assets in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the fund net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives of the assets, using the straight-line method. The estimated useful lives are as follows:

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

Water Utility -

Wells	40 years
Water works plant	40 years
Lines and meters	40 years

Sewer Utility -

Sewer plant	40 years
Equipment	3-5 years

All fixed assets are stated at historical cost.

Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

K. Bad Debts - The Village considers substantially all customers' utility receivables to be fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, they are charged to operations when that determination is made.

L. Fund Equity

**Contributed Capital**

Contributed Capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

**Reserves**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

M. Sales taxes - The Village receives proceeds from a two percent sales and use tax, the revenue from which may be used for any lawful corporate purpose.

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

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. Restricted Assets**

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, meter deposits are classified as restricted assets. Restricted assets were applicable to the following at June 30, 2002:

Enterprise Fund	
Bond sinking fund - savings	\$ 11,842
Bond contingency account	2,253
Meter deposits	9,323
Bond reserve	<u>17,502</u>
Total restricted assets - enterprise fund	<u>\$40,920</u>

**3. Net Working Capital - Enterprise Fund**

Net working capital - Enterprise Fund at June 30, 2002, is shown below:

Current assets	\$ 11,180
Current liabilities	<u>(19,329)</u>
Net working capital (deficit)	<u>\$ (8,149)</u>

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

**4. Changes in general fixed assets**

A summary of changes in general fixed assets is presented below:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Land	\$ 14,000	-	-	14,000
Buildings	48,420	-	-	48,420
Improvements other than buildings	254,291	-	-	254,291
Equipment	<u>195,845</u>	<u>2,351</u>	-	<u>198,196</u>
Total general fixed assets	<u>\$512,556</u>	<u>2,351</u>	<u>-</u>	<u>514,907</u>

A summary of changes in the Utility Fund property, plant and equipment is presented below:

<u>Description</u>	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Water works plant	\$183,093	-	-	183,093
Water wells	605,249	-	-	605,249
Sampling stations	2,110	-	-	2,110
Sewer plant	514,382	-	-	514,382
Road	18,838	-	-	18,838
Building	3,000	-	-	3,000
Fence	2,437	-	-	2,437
Equipment	19,463	-	-	19,463
Land	1,045	-	-	1,045
Drainage ditches	19,047	-	-	19,047
Construction in process	<u>-</u>	<u>35,901</u>	<u>-</u>	<u>35,901</u>
Total	<u>\$1,368,664</u>	<u>35,901</u>	<u>-</u>	<u>1,404,565</u>

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

**5. Changes in long-term debt – Enterprise Fund**

The following is a summary of changes in long-term debt – enterprise fund for the year ended June 30, 2002:

	Revenue <u>Bonds</u>
Bonds or note payable, July 1, 2001	\$ 120,351
Bonds retired	<u>(5,762)</u>
Bonds or note payable, June 30, 2002	\$ <u>114,589</u>

Bonds payable at June 30, 2002, are comprised of the following individual issues:

Revenue Bonds:

\$181,000 Water and Sewer Utilities Revenue Bonds, dated October 23, 1975; due in annual installments of \$10,636; interest at 5%.	\$105,057
\$20,000 Water and Sewer Utilities Revenue Completion Bond, Series 1978, of the Village of Dixie Inn; due in annual in- stallments of \$1,186; interest at 5%.	<u>9,532</u> <u>\$114,589</u>

The annual requirements to amortize all enterprise fund debt outstanding as of June 30, 2002, including interest payments of \$ 46,370, are as follows:

	Year ending <u>June 30</u>
2003	\$ 11,822
2004	11,822
2005	11,822
2006	11,822
2007	11,822
Thereafter	<u>101,849</u>
	<u>\$160,959</u>

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

6. Leases

The Village is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. Assets under capital leases totaled \$ 31,732 at June 30, 2002. This balance is comprised of a police car in the amount of \$24,232 and a mosquito sprayer in the amount of \$7500. Both purchases are reflected under equipment in the General Fixed Assets Account Group. The following is a schedule of future *minimum lease payments* under capital leases, and the present value of the net minimum lease payments as of June 30, 2002.

	Year ending <u>June 30,</u>
2003	\$ 10,201
2004	<u>1,960</u>
Total minimum lease payments	12,161
Less – amount representing interest	<u>(947)</u>
Present value of net minimum lease payments	<u>\$ 11,214</u>

7. Retained deficit balance

The Enterprise Fund had a retained deficit balance of \$ 153,928 at June 30, 2002.

8. Retirement commitments

All employees of the Village of Dixie Inn are covered by the Federal Social Security System.

**Municipal Police Employees Retirement System of Louisiana (System)**

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 of their final average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Village of Dixie Inn is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Village of Dixie Inn are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Dixie Inn contributions to the System for the year ending June 30, 2002 was \$ 4,511, equal to the required contributions for each year.

**Defined Contribution Plan**

For the year ended June 30, 2002, the Village of Dixie Inn participated in a defined contribution plan, as set forth under section 457(b) of the Internal Revenue Code, for the town clerk and water superintendent. The plan is administered by the Trust Company of Louisiana and the participants may contribute the lesser of \$8,000 or 25% of their yearly compensation. Employer contribution requirements are established and may be amended by the village. The village currently contributes 10% of the employee's annual compensation. For the year ended June 30, 2002, employee and employer contributions to the plan were \$2,551 and \$5,087 respectively.

**9. Flow of funds; restrictions on use - water and sewer system revenues**

Under the terms of the bond indenture for the outstanding Revenue Bonds of 1975, all income and revenues earned or derived from the operation of the water and sewer system are pledged and dedicated to the retirement of said bonds and are to be maintained and administered in the following order of priority and for the following express purposes:

- (a) The payment of all reasonable expenses of administration, operation and maintenance of the water and sewer system.

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

- (b) Each month, there will be set aside into an account called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.
- (c) There shall also be set aside into a "Bond Reserve Account" an amount equal to 5% of the payments required to be made to the Bond and Interest Sinking Fund.

The funds available in the Bond Reserve Account may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Redemption Account and as to which there would otherwise be default.

- (d) Each fiscal year \$600 shall be set aside into a "Bond Contingency Account" until there shall have been accumulated in the account an amount equal to \$24,000. Money in this account may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond accounts.
- (e) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above-noted accounts shall be regarded as surplus and may be used for any lawful corporate purpose.

**10. Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at June 30, 2002:

Petty cash	\$ 100
Demand deposits	35,780
Interest-bearing deposits	55,872
Certificates of deposit	<u>58,434</u>
 Total	 <u>\$150,186</u>

These deposits are stated at cost, which approximates market. Under state law, these bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2002, the Village has \$153,819 in collected bank balances. These deposits are secured from risk by \$139,513 of federal deposit insurance and \$357,736 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

**11. Interfund assets/liabilities**

The following is a summary of due to/from other funds and operating transfers at June 30, 2002:

	<u>Due</u> <u>To</u>	<u>Due</u> <u>From</u>	<u>Operating</u> <u>To</u>	<u>Transfers</u> <u>From</u>
General fund	\$ 15,820	-	-	37,569
Utility fund	-	15,820	37,569	-
Total	<u>\$ 15,820</u>	<u>15,820</u>	<u>37,569</u>	<u>37,569</u>

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

**12. Receivables**

The following is a summary of receivables for June 30, 2002:

<u>Class of receivable</u>	General	Enterprise
Taxes:		
Sales & use	\$ 19,658	-
Beer	16,086	-
Tobacco	-	-
Intergovernmental - grants:		
Federal-	828	-
Intergovernmental - fees:		
Video Poker	3,869	-
Interest receivable	1,334	-
Franchise Fees	1,751	
Utility fund charges	<u>-</u>	<u>7,200</u>
Total	\$ <u>43,526</u>	<u>7,200</u>

**13. Risk Concentrations**

A majority of the Village's sales tax revenue receipts are derived from approximately seven (7) merchants within the Village limits.

**14. Prior Period Restatement**

The Village of Dixie Inn has adopted Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions." GASBS No. 33, established standards for all governments with nonexchange transactions by providing four broad categories or classes of nonexchange transactions and the appropriate requirement for recognizing revenues in the financial statements for each category. Nonexchange transactions are generally transactions where the Village either gives a benefit to another party without receiving an equal benefit or by receiving a benefit without directly giving equal value. Examples of nonexchange transactions are revenues received by the City such as sales taxes, property taxes, and franchise taxes.

VILLAGE OF DIXIE INN, LOUISIANA  
Notes to Financial Statements  
June 30, 2002

The adoption of GASBS No. 33 as it applies to recognizing nonexchange revenues of the Village required that accounting changes to implement the statement be treated as an adjustment of prior periods.

A restatement of the fund balance for the year ended June 30, 2001 was recognized in the financial statements as follows:

General Fund - fund balance, beginning of year, as previously stated:	\$ 148,086
Increase due to restating franchise tax revenues recognized due to retroactive application of GASB No.33:	<u>2,016</u>
General Fund - fund balance, beginning of year, as restated:	\$ <u>150,102</u>

SELECTED FINANCIAL STATEMENTS  
OF INDIVIDUAL FUNDS  
AND ACCOUNT GROUPS

## GENERAL FUND

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

VILLAGE OF DIXIE INN, LOUISIANA  
GENERAL FUND

Schedule of Expenditures by Departments Compared to Budget (GAAP Basis)  
Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<b>General Government:</b>			
Mayor's salary	\$ 12,000	11,700	300
Other salary	28,000	27,539	461
Payroll taxes	7,600	7,684	(84)
Office expense	1,000	822	178
Telephone	6,400	6,442	(42)
Supplies	5,700	5,423	277
Legal and accounting	6,800	6,505	295
Publication of minutes	2,400	1,837	563
Utilities	6,700	7,402	(702)
Insurance	27,500	25,519	1,981
Dues and subscriptions	1,600	1,581	19
Equipment and maintenance	3,400	3,931	(531)
Building maintenance	400	295	105
Gas and oil	3,900	4,143	(243)
Garbage Collection	550	466	84
Alderman fees	3,100	2,910	190
Retirement Expense	6,400	2,531	3,869
Travel expenses	2,900	2,811	89
Prison labor & meals	19,100	18,951	149
Interest Expense	-	532	(532)
Principal payments	1,600	2,084	(484)
Miscellaneous	2,900	2,899	1
	<u>149,950</u>	<u>144,007</u>	<u>5,943</u>
<b>Public safety:</b>			
Police -			
Salary	66,500	66,348	152
Retirement	4,300	4,511	(211)
Gas and oil	3,800	3,551	249
Equipment maintenance	2,100	2,199	(99)
Insurance	5,400	5,343	57
Supplies	2,600	2,665	(65)
Travel	2,500	2,281	219
Interest Expense	-	1,029	(1,029)
Principal payments	8,700	6,558	2,142
Parish jail bed	-	612	(612)
Miscellaneous	5,050	4,442	608
	<u>100,950</u>	<u>99,539</u>	<u>1,411</u>
Capital outlay	<u>10,000</u>	<u>2,351</u>	<u>7,649</u>
Total expenditures	<u>\$ 260,900</u>	<u>245,897</u>	<u>15,003</u>

The accompanying notes to financial statements are an integral part of this statement.

## ENTERPRISE FUND

Utility Fund      To account for the provision of water and sewer services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF DIXIE INN, LOUISIANA  
ENTERPRISE FUND  
UTILITY FUND

Schedule of Expenses by Departments  
Year Ended June 30, 2002

Water department expenses:	
Utilities	\$ 2,905
Plant and line maintenance	(235)
Chemicals	8,453
Depreciation	19,129
Gas and oil	1,221
Monitoring service	2,299
Supplies	927
Total water department expenses	<u>34,699</u>
Sewer department expenses:	
Utilities	6,535
Plant and line maintenance	9,257
Supplies	-
Depreciation	13,782
Total sewer department expenses	<u>29,574</u>
General and administrative expenses:	
Salaries	27,622
Legal and accounting	2,100
Payroll taxes	2,094
Office expense	2,066
Retirement contribution expense	2,556
Sales tax expense	871
Bad debt expense	216
Miscellaneous	4,292
Total general and administrative expenses	<u>41,817</u>
Total operating expenses	<u>\$ 106,090</u>

The accompanying notes to financial statements are an integral part of this statement.

VILLAGE OF DIXIE INN, LOUISIANA  
ENTERPRISE FUND  
UTILITY FUND

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service  
Year Ended June 30, 2002

	<u>Bond Sinking Fund-Savings</u>	<u>Reserve</u>	<u>Contingency</u>	<u>Total</u>
Cash, July 1, 2001	\$ 11,767	16,840	5,629	34,236
Cash receipts:				
Transfers from operating account	-	534	600	1,134
Transfers from general fund	11,822	-	-	11,822
Interest	75	128	24	227
Total cash receipts	<u>11,897</u>	<u>662</u>	<u>624</u>	<u>13,183</u>
Total cash available	<u>23,664</u>	<u>17,502</u>	<u>6,253</u>	<u>47,419</u>
Cash disbursements:				
Repairs	-	-	4,000	4,000
Principal payments	5,762	-	-	5,762
Interest payments	6,060	-	-	6,060
Total disbursements	<u>11,822</u>	<u>-</u>	<u>4,000</u>	<u>15,822</u>
Cash, June 30, 2002	<u>\$ 11,842</u>	<u>17,502</u>	<u>2,253</u>	<u>31,597</u>

The accompanying notes to financial statements are an integral part of this statement.

## CAPITAL PROJECTS FUND

Capital projects fund is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

VILLAGE OF DIXIE INN  
 CAPITAL PROJECTS FUND  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the year ended June 30, 2002

REVENUES:	
Grants	\$ 35,901
Total revenues	<u>35,901</u>
EXPENDITURES:	
Capital expenditures	<u>35,901</u>
Total expenditures	<u>35,901</u>
Excess of revenues over expenditures	-
Other financing (uses):	
Operating transfers out -	
Enterprise Fund	<u>-</u>
Total other financing (uses)	<u>-</u>
(Deficiency) of revenues over expenditures and other financing uses	-
Fund balance - beginning of year	<u>8</u>
Fund balance - end of year	<u>\$ 8</u>

The accompanying notes to financial statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

VILLAGE OF DIXIE INN, LOUISIANA

Statement of General Fixed Assets  
June 30, 2002

General fixed assets, at cost:	
Land	\$ 14,000
Buildings	48,420
Improvements other than building	254,291
Equipment	<u>198,196</u>
Total general fixed assets	<u>\$ 514,907</u>
Investment in general fixed assets:	
Property acquired prior to 7/1/72*	\$ 6,706
Property acquired after 7/1/72 from -	
General fund revenues	262,229
State grants	2,770
Federal revenue sharing fund	2,787
Sales tax fund revenues	56,794
LCDBG revenues	173,621
WPPJ Donated property	<u>10,000</u>
Total investment in general fixed assets	<u>\$ 514,907</u>

\*Records reflecting source from which assets were acquired were not maintained prior to 7/1/72.

The accompanying notes to financial statements are an integral part of this statement.

VILLAGE OF DIXIE INN, LOUISIANA

Statement of Changes in General Fixed Assets  
Year Ended June 30, 2002

	<u>Land</u>	<u>Building</u>	<u>Improvements other than Buildings</u>	<u>Equipment</u>	<u>Total</u>
General fixed assets, beginning of year	\$ 14,000	48,420	254,291	195,845	512,556
Additions:					
General fund revenue	-	-	-	2,351	2,351
Total additions	-	-	-	2,351	2,351
Deletions	-	-	-	-	-
General fixed assets, end of year	<u>\$ 14,000</u>	<u>48,420</u>	<u>254,291</u>	<u>198,196</u>	<u>514,907</u>

The accompanying notes to financial statements are an integral part of this statement.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds.

VILLAGE OF DIXIE INN  
STATEMENT OF GENERAL LONG-TERM DEBT  
For the year ended June 30, 2002

AMOUNTS AVAILABLE AND TO BE PROVIDED FOR  
PAYMENT OF GENERAL LONG-TERM OBLIGATIONS

Amount to be provided from General Fund	<u>11,214</u>
Total available and to be provided	<u>\$ 11,214</u>

GENERAL LONG-TERM DEBT PAYABLE

Obligations under capital leases	<u>11,214</u>
Total general long-term debt payable	<u>\$ 11,214</u>

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF DIXIE INN, LOUISIANA  
SCHEDULE OF BOARD OF ALDERMEN COMPENSATION  
Year Ended June 30, 2002

Stacy Chadwick	\$ 970
Joe Walden	970
Pauline Fontenot	<u>970</u>
Total	<u><u>\$ 2,910</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF DIXIE INN, LOUISIANA

Schedule of Current Year Audit Findings  
Year Ended June 30, 2002

2002-1 - VIOLATION OF LOAN COVENANTS

*Condition:* Under the terms of the bond indentures for the outstanding Revenue Bonds of 1975, the Village agrees to maintain rates for services furnished by the Water and Sewer system that are sufficient to provide for operating expenses, debt service payments and reserve requirements. For the year ended June 30, 2000, the enterprise fund incurred a loss, before operating transfers and depreciation, in the amount of \$ 18,611. In part to extensive repairs to the village's water plant, the enterprise fund continued to show a loss before operating transfers and depreciation expense. For year ended June 30, 2001, the enterprise fund incurred a loss of \$ 25,406, before operating transfers and depreciation expense. For the year ended June 30, 2002, the enterprise fund incurred a loss of \$ 25,672 before operating transfers and depreciation expense.

*Recommendation:* The Village of Dixie Inn, Louisiana should strive to implement measures to eliminate the operating loss including expense reduction, additional water rate increases and other appropriate measures.

2002-2 – SEGREGATION OF DUTIES

*Condition:* There is an inadequate segregation of duties among the personnel of the Village. Because of the limited number of employees, the office personnel perform incompatible functions such as those that allow an error or irregularity that is material to the financial statements to occur and remain undetected.

*Recommendation:* The Board of Aldermen and the management of the Village of Dixie Inn should be alert to the limitations on internal control and the risks to assets and financial reporting resulting from the lack of segregation of duties due to the limited number of personnel.

VILLAGE OF DIXIE INN, LOUISIANA

Summary Schedule of Prior Year Findings  
June 30, 2002

Prior year findings for the year ended June 30, 2001 were as follows:

01-1 - VIOLATION OF LOAN COVENANTS

*Condition:* Under the terms of the bond indentures for the outstanding Revenue Bonds of 1975, the Village agrees to maintain rates for services furnished by the Water and Sewer system that are sufficient to provide for operating expenses, debt service payments and reserve requirements. For the year ended June 30, 2000, the enterprise fund incurred a loss, before operating transfers and depreciation, in the amount of \$ 18,611. In part to extensive repairs to the village's water plant, the enterprise fund continued to show a loss before operating transfers and depreciation expense. For year ended June 31, 2001, the enterprise fund incurred a loss of \$ 25,406, before operating transfers and depreciation expense.

*Recommendation:* The Village of Dixie Inn, Louisiana should strive to implement measures to eliminate the operating loss including expense reduction, additional water rate increases and other appropriate measures.

*Current Status:* A similar finding for the year ended June 30, 2002 is noted in the Schedule of Current Year Findings

01-2 - PROHIBITED CONTRACTUAL ARRANGEMENTS

*Condition:* The Village entered into a transaction with an immediate family member of a supervisor. This arrangement was in violation of LSA-R.S. 42:1113, which pertains to prohibited contractual arrangements. A public servant, or a member of a public servant's immediate family is not allowed to bid on, or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant. The water superintendent hired his father to perform construction work in connection with a sewerage liftstation in the amount of \$1,500.

*Recommendation:* We recommend the Village of Dixie Inn take steps to ensure that immediate family members are not allowed to enter into contracts, subcontracts, or other transactions that are under the supervision of the related public servant, for any amount.

*Current Status:* This finding has been corrected. The Village has complied with the applicable law as listed above.

VILLAGE OF DIXIE INN, LOUISIANA

Summary Schedule of Prior Year Findings (continued)  
Year Ended June 30, 2002

01-3 - RETAINING PROPER DOCUMENTATION

*Condition:* Pertaining to the transaction noted above in Finding 01-2, documentation was not obtained. An invoice was not issued, nor did the Village request proper supporting documentation for the transaction.

*Recommendation:* The Village should obtain proper documentation for all transactions.

*Current Status:* This finding has been corrected. The Village has maintained proper documentation for all expenditures examined.

01-4 - PUBLIC BID LAW

*Condition:* The Village purchased a mosquito sprayer for \$7,500 and did not obtain the necessary three quotations as required by LSA-R.S. 38:2212. Purchases in the amount of \$7,500, but not more than \$14,999 should be made by obtaining not less than three telephone or facsimile quotations. These quotations should be made a part of the purchase file. For this particular purchase, the Village did not obtain any quotations.

*Recommendation:* The Village should retain evidence of at least three quotations on file for purchases in the amount of \$7,500, but not more than \$14,999 that are subject to the state public bid law.

*Current Status:* This finding has been corrected. The Village has complied with the applicable law as listed above.

01-5 - EXPENDITURES

*Condition:* The Village purchased flowers in the amount of \$47.40 for the funeral of a relative of a Village employee. The public purpose of this disbursement could not be ascertained.

*Recommendation:* We recommend the board of aldermen review all invoices and approve for payment only expenditures that the council is certain, and have supporting documentation to prove, are for the use of the Village. Additionally, we recommend the council investigate any and all purchases that do not appear to be for a public purpose.

VILLAGE OF DIXIE INN, LOUISIANA

Summary Schedule of Prior Year Findings (continued)  
Year Ended June 30, 2002

*Current Status:* This finding has been corrected. The Village did not make any further disbursements for which the public purpose could not be determined.



## Village of Dixie Inn

60 Shell Street

Minden, Louisiana 71055

December 9, 2002

Dr. Daniel G. Kyle  
Legislative Audit Advisory Council  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Listed below is our response to the problem areas of our 2002 annual audit report for the Village of Dixie Inn that was performed by Jamieson, Wise and Martin, Certified Public Accountants. At all times the areas in question could be reconstructed and records could be reconciled. Listed below are our comments concerning the problem areas:

Violation of loan covenants: The village of Dixie Inn has a new wastewater treatment plant that was built with LCDBG funds. This new plant went on line on October 2, 2002. All the large expenses that have been incurred due to the old plant will be eliminated. Also, the Board of Aldermen for the Village of Dixie Inn have amended the old water rates, established commercial rates and new sewer hook up fees. These new rates, along with the new sewer treatment plant will allow us to be in compliance with our loan covenant. All loan payments are paid annually and on time. At no time have we ever failed to meet our obligations with our loan provider.

Segregation of duties: The Village of Dixie Inn is a small village with approximately 450 residents. We are not financially able to pay more than one employee to manage the office. We have several controls in place to monitor the village business. All water is billed through an outside billing firm. Water money that is received has to match all money that is billed by this firm. This acts as a checks and balance method for the village. The Board of Aldermen reviews all invoices and signs off on these invoices before any expenses are paid out. All checking and saving accounts are reconciled in the office and then sent to a certified public accounting firm to have the financial statements

compiled. Strict records are kept concerning deposits and withdrawals of village funds. The Chief of Police for the village monitors all funds collected for fines. The accounting firm that conducted our audit discovered no errors concerning any funds.

I hope that I have addressed the areas in question in a sufficient manner. If you have any questions concerning our audit or our responses, please feel free to contact me at any time.

Sincerely,

A handwritten signature in cursive script that reads "Jane Rogers". The signature is written in black ink and is positioned above the printed name and title.

Jane Rogers  
Village Clerk