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TOWN OF WELLS, LOUISIANA
ANNUAL FINANCIAL REPORT
MAY 31, 1997

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TOWN OF WELLS, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended May 31, 1991

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TOWN OF BELLE, LOUISIANA

May 31, 1987

MADE:

The Honorable Mary Sue P. Lynn

BOARD OF ALDERMEN

Edward Leamy
Alexander Gradkowski, Jr.
Wendell Richard

Joe Ray Watson
Joseph L. "Joe" Ray Head

LEGAL COUNSEL

Richard M. Adams

TOWN CLERK

Shirley Heide

McELROY, QUINN & BUNCH

IS PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

100 BLM. DR.
LAFAYETTE, LOUISIANA 70504
(504) 281-1000

MEMBER FIDELITY &
TRUST COMPANY OF
LOUISIANA
MEMBER OF THE
NATIONAL CPAS SOCIETY

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
Town of Welsh,
Welsh, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Welsh, Louisiana, as of May 31, 1997, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Welsh, Louisiana 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 generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These 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 accounts 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 aforementioned general purpose financial statements present fairly, in all material respects, the financial position of the Town of Welsh, Louisiana as of May 31, 1997, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and supplementary information 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 the Town of Welsh, 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose, combining and supplemental information for the Town of Welsh, Louisiana.

In accordance with accounting auditing standards, we have also issued a report dated August 13, 1997, on our consideration of the Town of Welsh's internal control structure and reports dated August 21, 1997, on its compliance with laws and regulations.

Mr. Elroy, David - Burch

Lake Charles, Louisiana
August 21, 1997

COMBINED STATEMENTS - OVERVIEW
[“LISTABLE” GENERAL PURPOSE
FINANCIAL STATEMENTS]

TOWN OF WHEEL, LOUISIANA

COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUPS

May 31, 1993

With Comparative Totals for May 31, 1992

| ASSETS | Departmental Fund Type | | | |
|--|------------------------|-------------------|-------------------|-------------------|
| | General | Special Revenue | Debt Service | Capital Project |
| Cash and cash equivalents | \$ 25,836 | \$ 3,396 | \$ 31,943 | \$ 832,488 |
| Investments | 222,500 | 66,774 | 20,827 | - |
| Receivables: | | | | |
| Taxes | 3,718 | - | - | - |
| Accounts | 23,848 | - | - | - |
| Estimated receivables and allowances | - | - | - | - |
| Unbilled accounts | - | - | - | - |
| Faring assessments | - | - | 56,948 | - |
| Due from other funds | 142,814 | 74,058 | - | - |
| Due from other agencies | - | - | - | - |
| Accrued interest | - | - | - | - |
| INVENTORY, AT COST | - | - | - | - |
| Prepaid expenses | - | - | - | - |
| Restricted assets: | | | | |
| Cash | - | - | - | - |
| Investments | - | - | - | - |
| Property, plant and equipment, net | - | - | - | - |
| Bond issue cost, net | - | - | - | - |
| Bond refunding cost, net | - | - | - | - |
| Amount to be provided for retirement of general long-term debt | - | - | - | - |
| Total assets | \$ 421,956 | \$ 144,228 | \$ 109,718 | \$ 832,488 |

| Property and Fixed Asset Retirement | ACCOUNT GROUP | | Totals | |
|---|----------------------------|------------------------------|---------------------|---------------------|
| | General Fixed Assets | General Long-Term Debt | Elimination Entry | |
| | | | 1997 | 1998 |
| \$ 181,983 | \$ - | \$ - | \$ 599,898 | \$ 507,808 |
| 184,834 | - | - | 489,498 | 489,827 |
| - | - | - | 3,780 | 3,878 |
| 1,380,882 | - | - | 1,388,327 | 1,443,248 |
| 1381,865 | - | - | 1381,410 | 1395,364 |
| 81,265 | - | - | 81,360 | 88,548 |
| - | - | - | 55,249 | - |
| 84,774 | - | - | 322,848 | 243,244 |
| 22,253 | - | - | 22,253 | - |
| 3,598 | - | - | 3,598 | 3,888 |
| 389,273 | - | - | 389,273 | 383,423 |
| 28,288 | - | - | 28,288 | 27,329 |
| 24,858 | - | - | 24,858 | 45,728 |
| 1,832,883 | - | - | 1,892,953 | 1,977,447 |
| 2,382,699 | 2,335,332 | - | 2,419,832 | 2,142,287 |
| 53,608 | - | - | 53,608 | 88,328 |
| 70,658 | - | - | 70,658 | 108,877 |
| | | 1,899,089 | 1,899,858 | - |
| <u>\$ 3,884,272</u> | <u>\$ 2,335,332</u> | <u>\$ 1,899,089</u> | <u>\$ 3,325,208</u> | <u>\$ 3,120,320</u> |

(continued on next page)

TOWN OF WELLS, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT CATEGORIES

May 31, 1987

With Comparative Totals for May 31, 1986

(Continued)

| LIABILITIES | Governmental Fund Type | | | |
|--|------------------------|---------------------|-------------------|---------------------|
| | General | Special Revenues | Debt Service | Capital Projects |
| Cash overdraft | \$ - | \$ - | \$ 188,810 | \$ - |
| Accounts payable | 23,120 | 187 | - | - |
| ACCRUED LIABILITIES | 5,988 | - | - | - |
| Due to other funds | 113,800 | 88 | - | - |
| Due to other agencies | - | - | - | - |
| Deferred paving assessments | - | - | 56,940 | - |
| Long-term debt: | | | | |
| Revenue bonds payable | - | - | - | - |
| General obligation bonds | - | - | - | - |
| Sinking certificates | - | - | - | - |
| Payable from restricted assets | - | - | - | - |
| Total liabilities | <u>\$ 118,908</u> | <u>\$ 275</u> | <u>\$ 188,810</u> | <u>\$ -</u> |
| FUND ASSETS | | | | |
| Contributed capital | - | - | - | - |
| Investment in general fixed assets | - | - | - | - |
| Retained earnings: | | | | |
| Reserved: | | | | |
| Unassigned | - | - | - | - |
| Assigned | - | - | - | - |
| Fund balance: | | | | |
| Reserved | - | - | - | 421,400 |
| Unreserved: | | | | |
| Designated | - | - | 170,071 | - |
| Undesignated | <u>266,380</u> | <u>117,378</u> | <u>18,848</u> | <u>-</u> |
| Total retained earnings/ fund balance | <u>266,380</u> | <u>117,378</u> | <u>188,919</u> | <u>421,400</u> |
| Total fund equity | <u>266,380</u> | <u>117,378</u> | <u>188,919</u> | <u>421,400</u> |
| Total liabilities and fund equity | <u>\$ 418,128</u> | <u>\$ 418,128</u> | <u>\$ 418,128</u> | <u>\$ 421,400</u> |

See accompanying notes to financial statements

| Proprietary Real Estate Enterprises | Account Group | | Totals | |
|---|----------------------------|------------------------------|---------------------|------|
| | General Fixed Assets | General Long-Term Debt | (Nonrecourse Only) | |
| | | | 1997 | 1998 |
| | \$ | \$ | \$ | \$ |
| - | - | 100,000 | - | |
| 223,228 | - | 592,485 | 600,442 | |
| 78,278 | - | 84,084 | 118,985 | |
| 188,883 | - | 339,849 | 343,448 | |
| - | - | - | 118,748 | |
| - | - | 38,943 | - | |
| 3,431,817 | - | 3,423,007 | 3,794,488 | |
| - | - | 1,418,000 | - | |
| - | - | 84,000 | - | |
| <u>38,823</u> | | <u>38,823</u> | <u>37,823</u> | |
| <u>4,448,888</u> | | <u>5,423,820</u> | <u>4,928,311</u> | |
| 1,428,287 | - | 1,828,247 | 1,828,221 | |
| - | 2,228,222 | 2,228,222 | 1,878,787 | |
| 3,432,345 | - | 1,823,245 | 1,278,871 | |
| 3,078,437 | - | 2,878,437 | 3,938,144 | |
| - | - | 823,459 | - | |
| - | - | 178,227 | - | |
| - | - | <u>824,828</u> | <u>828,828</u> | |
| <u>3,168,882</u> | | <u>3,878,882</u> | <u>3,828,321</u> | |
| <u>4,218,328</u> | <u>2,228,222</u> | <u>5,648,822</u> | <u>6,628,822</u> | |
| <u>\$ 4,868,772</u> | <u>\$ 2,228,222</u> | <u>\$ 7,488,882</u> | <u>\$ 7,458,321</u> | |

TOWN OF BELLEVILLE, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND FINANCIAL POSITION
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended May 31, 1957

| | <u>General</u> | <u>Special</u> | <u>Non-</u> |
|---|-------------------|-------------------|-------------------|
| | | <u>Revenue</u> | <u>Supporting</u> |
| Revenues: | | | |
| Taxes | \$ 84,188 | \$ 445,454 | \$ - |
| Licenses and permits | 79,427 | - | - |
| Intergovernmental | 43,483 | - | - |
| Fees for services | 141,728 | - | - |
| Fines and forfeits | 25,149 | - | - |
| Interest income | 24,385 | 5,455 | 1,570 |
| Vision machine commission | 21,939 | - | - |
| Self Service Station Landfill | 46,753 | - | - |
| Donations | 26,814 | - | - |
| Miscellaneous | 7,322 | 726 | 26,181 |
| Total revenues | <u>500,348</u> | <u>451,625</u> | <u>26,831</u> |
| Expenditures: | | | |
| General: | | | |
| General government | 123,594 | 5,328 | 242,181 |
| Police | 166,814 | - | - |
| Fire | 79,346 | - | - |
| Street | 156,819 | - | - |
| Sanitation | 113,636 | - | - |
| Recreation | 78,848 | - | - |
| Collection | 4,444 | - | - |
| Sewer | 3,892 | - | - |
| Roads and bridges | 12,984 | - | - |
| Economic development | 12,275 | - | - |
| Total expenditures | <u>767,855</u> | <u>5,328</u> | <u>242,181</u> |
| Excess (deficiency) of revenues over expenditures | <u>(267,507)</u> | <u>(437,703)</u> | <u>(215,350)</u> |
| Other financing sources (uses): | | | |
| Bond proceeds | - | - | - |
| Surplus contributions | - | - | - |
| Grants-in-aid | 515,180 | - | 284,371 |
| Operating transfers out | - | (222,834) | - |
| Total other financing sources (uses) | <u>515,180</u> | <u>(222,834)</u> | <u>284,371</u> |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | <u>(152,327)</u> | <u>(660,537)</u> | <u>(130,979)</u> |
| Fund balance at beginning of year | <u>274,304</u> | <u>182,117</u> | <u>13,156</u> |
| Fund balance at end of year | <u>\$ 121,977</u> | <u>\$ 521,580</u> | <u>\$ 176,823</u> |

See accompanying notes to financial statements

| Reported Percent | Totals | |
|---------------------|--------------------|------------------|
| | Distributions Sold | |
| | 1997 | 1998 |
| \$ | \$ 888,278 | \$ 311,180 |
| - | 79,437 | 79,503 |
| - | 48,485 | 48,133 |
| - | 143,738 | 142,188 |
| - | 38,987 | 18,853 |
| 89,884 | 48,436 | 17,871 |
| - | 32,833 | 32,780 |
| - | 48,783 | 38,554 |
| 288,176 | 318,898 | 238,133 |
| - | 18,872 | 18,283 |
| <u>325,824</u> | <u>3,388,281</u> | <u>828,861</u> |
| - | 888,887 | 848,283 |
| - | 888,841 | 318,428 |
| - | 78,288 | 318,883 |
| 3,181,787 | 3,887,688 | 828,181 |
| 288,176 | 388,873 | 318,284 |
| - | 78,843 | 78,884 |
| - | 8,888 | 8,828 |
| - | 2,878 | 318,784 |
| - | 18,888 | 18,888 |
| - | 18,278 | 8,284 |
| <u>3,818,321</u> | <u>3,878,387</u> | <u>1,128,518</u> |
| <u>(1,188,222)</u> | <u>(1,528,888)</u> | <u>(388,187)</u> |
| 3,888,888 | 3,888,888 | - |
| 88,888 | 88,888 | - |
| - | 78,878 | 88,888 |
| - | 828,873 | 318,284 |
| <u>3,888,888</u> | <u>3,818,888</u> | <u>318,888</u> |
| 818,781 | 388,818 | 318,287 |
| <u>8,728</u> | <u>888,387</u> | <u>818,781</u> |
| <u>3,888,888</u> | <u>3,728,818</u> | <u>828,888</u> |

STATE OF MISSISSIPPI

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—BUDGET (BAAF BASIS) AND ACTUAL—ALL GOVERNMENTAL FUNDS TYPES
Year Ended May 31, 1967

| | General Fund | | |
|--|-------------------|-------------------|----------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES: | | | |
| Taxes | \$ 84,000 | \$ 84,189 | \$ 189 |
| Licenses and permits (nongovernmental) | 85,000 | 79,407 | (5,593) |
| Charges for services | 11,000 | 45,483 | 34,483 |
| Fines and forfeits | 100,000 | 142,709 | 42,709 |
| Interest income | 10,000 | 46,884 | 36,884 |
| State-mailed collection | 0 | 14,000 | 14,000 |
| Grants | 10,000 | 32,919 | 22,919 |
| Landfill | 50,000 | 60,712 | 10,712 |
| Miscellaneous | 500 | 1,985 | 1,485 |
| Total revenues | <u>370,500</u> | <u>468,818</u> | <u>98,318</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Capital government | 104,410 | 101,944 | 2,466 |
| Police | 104,000 | 100,815 | 3,185 |
| Fire | 81,000 | 75,035 | 5,965 |
| Prison | 134,000 | 133,000 | 1,000 |
| Sanitation | 185,000 | 132,400 | 52,600 |
| Occupation | 131,000 | 78,000 | 53,000 |
| Commission | 55,000 | 4,400 | 50,600 |
| Airport | 15,000 | 2,400 | 12,600 |
| Health and welfare | 14,000 | 15,000 | (1,000) |
| Economic development | 20,000 | 10,000 | 10,000 |
| Total expenditures | <u>1,021,410</u> | <u>745,004</u> | <u>276,406</u> |
| Increase (decrease) of revenues over expenditures | <u>349,090</u> | <u>723,814</u> | <u>374,724</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | 840,000 | 100,000 | (740,000) |
| Operating transfers out | — | — | — |
| Total other financing sources (uses) | <u>840,000</u> | <u>100,000</u> | <u>(740,000)</u> |
| Increase (decrease) of revenues and other financing sources over expenditures and other uses | <u>169,090</u> | <u>623,814</u> | <u>334,724</u> |
| Fund balance at beginning of year | <u>120,340</u> | <u>178,532</u> | <u>(58,192)</u> |
| Fund balance at end of year | <u>\$ 289,430</u> | <u>\$ 792,346</u> | <u>\$ 502,916</u> |

See accompanying notes to financial statements

| Special Services Funds | | | Subs Services Funds | | |
|------------------------|-------------------|----------------------------------|---------------------|-------------------|----------------------------------|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 420,000 | \$ 485,454 | \$ 65,454 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 5,700 | 5,400 | 300 | 4,500 | 5,475 | 75 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 704 | 704 | 20,000 | 20,845 | 845 |
| <u>425,700</u> | <u>492,552</u> | <u>66,852</u> | <u>24,500</u> | <u>26,845</u> | <u>2,345</u> |
| 16,200 | 5,120 | 9,100 | 250,000 | 250,000 | (4,000) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>16,200</u> | <u>5,120</u> | <u>9,100</u> | <u>250,000</u> | <u>250,000</u> | <u>(4,000)</u> |
| <u>441,900</u> | <u>497,672</u> | <u>55,772</u> | <u>(248,500)</u> | <u>(246,925)</u> | <u>(1,575)</u> |
| - | - | - | 248,500 | 248,275 | 2,225 |
| <u>(20,000)</u> | <u>(20,812)</u> | <u>(20,812)</u> | <u>(248,500)</u> | <u>(248,275)</u> | <u>2,225</u> |
| 112,500 | 100,500 | 12,000 | 170,000 | 170,000 | 0 |
| <u>20,240</u> | <u>100,812</u> | <u>210,572</u> | <u>15,500</u> | <u>20,525</u> | <u>5,025</u> |
| <u>\$ 40,000</u> | <u>\$ 127,812</u> | <u>\$ 207,812</u> | <u>\$ 100,000</u> | <u>\$ 120,525</u> | <u>\$ 20,525</u> |

FORM OF WILLS, INCORPORATED

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUNDS TOGETHER
Years Ended May 31, 1987 and 1986

| | <u>Million Dollars</u> | |
|---|------------------------|----------------------|
| | 1987 | 1986 |
| Operating revenues: | | |
| Charges for services | \$ 4,914,560 | \$ 7,338,894 |
| Provision for bad debts | (216,120) | (62,151) |
| Contractual allowances | (278,778) | (468,141) |
| Property taxes | (5,494) | 79,444 |
| Claims and considerations | 6,886 | 58,474 |
| INTEREST INCOME | 71,821 | (6,127) |
| Total operating revenues | <u>\$ 4,357,875</u> | <u>\$ 7,307,411</u> |
| Operating expenses: | | |
| Public utility | 2,702,473 | 3,822,451 |
| Hospital | 2,878,583 | 3,243,712 |
| Extended care facility | 2,264,754 | 3,871,343 |
| DEPRECIATION | 228,487 | 278,463 |
| Amortization | (2,824) | (2,422) |
| Total operating expenses | <u>\$ 7,271,677</u> | <u>\$ 11,218,392</u> |
| Operating income | <u>\$ (313,802)</u> | <u>\$ (910,981)</u> |
| Nonoperating revenues (expenses): | | |
| Interest expense | (191,822) | (264,455) |
| INVESTMENT INCOME | (41,828) | (21,328) |
| Total nonoperating revenues (expenses) | <u>(233,650)</u> | <u>(285,783)</u> |
| Income before operating transfers and extraordinary gain | 284,245 | 95,714 |
| Extraordinary gain - removal of medical reserves | <u> </u> | <u>(285,342)</u> |
| Income before operating transfers | <u>284,245</u> | <u>(289,628)</u> |
| OPERATING TRANSFERS: | | |
| Operating transfers in | - | 89,733 |
| Operating transfers out | (284,245) | (289,628) |
| TOTAL OPERATING TRANSFERS | <u>(284,245)</u> | <u>(200,895)</u> |
| Net income | | 158,245 |
| Retained earnings at beginning of year | <u>\$ 2,184,027</u> | <u>\$ 2,025,811</u> |
| Retained earnings at end of year | <u>\$ 2,184,027</u> | <u>\$ 2,184,056</u> |

See accompanying notes to financial statements.

TOWN OF WELLS, LOUISIANA

COMBINED STATEMENTS OF CASH FLOW
ALL INFORMATION FOR THREE
YEARS ENDED MAY 31, 1977 and 1976

| | Enterprise Funds | |
|---|------------------|------------------|
| | 1977 | 1976 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Operating income | \$ 384,537 | \$ 387,590 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 289,807 | 279,800 |
| Amortization | 49,324 | 5,455 |
| Extraordinary item - Medicare adjustment | - | 855,245 |
| Net change in assets and liabilities: | | |
| Decrease in receivables and accruals | 26,532 | 26,871 |
| Increase/ decrease in inventories | 12,838 | 22,145 |
| Increase/ decrease in prepaid expenses | 11,888 | 8,794 |
| Decrease in due from other agencies | - | 30,808 |
| Increase/ in accounts payable and accruals | (151,832) | (225,873) |
| Increase/ in amounts due to other agencies | (81,647) | (211,944) |
| Increase/ decrease/ in liabilities payable from restricted assets | (27,868) | 3,158 |
| Net cash provided by operating activities | <u>326,885</u> | <u>382,148</u> |
| CASH FLOW FROM NONOPERATING FINANCING ACTIVITIES | | |
| Increase/ decrease in due from other funds | (281,898) | 62,812 |
| Increase in amounts due to other funds | 66,362 | - |
| Contributed capital | 1164 | 150,264 |
| Operating transfers in | - | 69,128 |
| Operating transfers out | (251,808) | (238,800) |
| Net cash used in nonoperating financing activities | <u>(456,280)</u> | <u>(156,606)</u> |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of fixed assets | 126,576 | 1369,099 |
| Principal paid on bonds | (223,838) | 1811,178 |
| Interest paid on bonds and capital lease obligations | (281,382) | (254,852) |
| Net cash used in capital and related financing activities | <u>(378,644)</u> | <u>1,123,225</u> |

Continued on next page

BOHR OF WELLS, LOUISIANA

COMBINED STATEMENTS OF CASH FLOW
 ALL PROPRIETARY FUNDS TYPES
 Years Ended May 31, 1997 and 1996
 (CONTINUED)

| | <u>Interim Periods</u> | |
|--|------------------------|-------------------|
| | <u>1997</u> | <u>1996</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Redemption of short-term investments | 67,833 | 589,238 |
| Interest income | <u>61,578</u> | <u>83,838</u> |
| Net cash provided by investing activities | <u>129,411</u> | <u>673,076</u> |
| Net increase (decrease) in cash and cash equivalents | 28,503 | (169,160) |
| Cash and cash equivalents: | | |
| Beginning of year | <u>322,833</u> | <u>491,993</u> |
| End of year | <u>\$ 351,336</u> | <u>\$ 322,833</u> |
| Cash and cash equivalents at end of year consist of: | | |
| Restricted cash | \$ 34,858 | \$ 48,719 |
| Unrestricted cash | <u>316,478</u> | <u>274,114</u> |
| Total | <u>\$ 351,336</u> | <u>\$ 322,833</u> |

See accompanying notes to financial statements

TOWN OF WELSH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
May 31, 1987

Note 2. Summary of Significant Accounting Policies

The Town of Welsh, Louisiana was incorporated September 4, 1964, under the provisions of the Actson Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Welsh, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:507 and to the guidance 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. Financial Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and Board of Aldermen of the Town of Welsh, Louisiana. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board. This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either of the ability to impose will by the primary government, or to the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Consistent with this criteria, the Town of Welsh, Louisiana has determined that the Welsh Central Hospital and Welsh Extended Care Facility are component units of the Town.

B. Fund Accounting

The accounts of the Town 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 the 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 general fund types and bonded fund categories as follows:

GOVERNMENTAL FUNDS

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - These funds account for all financial resources segregated for the acquisition or construction of major general government capital projects.

ENTERPRISE FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations 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 (2) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

ACCOUNT GROUPS

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) is considered a measure of "available spendable resources" during a period. Fixed assets used in governmental fund type operations (general fixed assets) should be accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds.

Long-term liabilities reported to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the Governmental Funds.

The two account groups mentioned above are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to include amounts represented by noncurrent liabilities. Since they do not reflect net current assets, such long-term accounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all depreciable fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

| | |
|--------------------------------------|-------------|
| Public utility: | |
| Plant and equipment | 50 years |
| Hospital and extended care facility: | |
| Building and improvements | 10-50 years |
| Equipment | 5-25 years |
| Land improvements | 10-20 years |

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement form applied.

All governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for personnel and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

The proprietary fund is accounted for and reported using a flow of economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds are included on the balance sheet and fund equity consists of contributed capital and retained earnings. The operating statements for the proprietary fund present increases or decreases in net total assets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets account group, rather than in governmental funds. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Assets account group. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

The Governmental Accounting Standards Board (GASB) Statement Number 26 (relating to financial) statements for periods beginning after December 15, 1990 provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying provisions issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Town of Melish has elected to use the first option for reporting its activities. This approach applies all GASB provisions and FASB

Statements and Interpretations, Accounting Principles Based GAAP Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 18, 1977. Unless these pronouncements conflict with or contradict GASB pronouncements, changes in FRSS statements and interpretations, APB Opinions and ARBs issued after November 18, 1977, would not apply unless adopted by GASB.

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.

D. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to May 15, the Town Clerk submits to the Mayor and Town Council a proposed operating budget for the fiscal year commencing the following June 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at Town Hall to obtain comments from the public.
3. Prior to May 31, the budget is legally enacted through passage of an ordinance.
4. Amendments to the budget are approved by the Town Council by a formal adoption of an ordinance.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue and Self Service Funds. The capital budget ordinances which encompass the Capital Project Funds present cumulative as opposed to annual budget amounts and their budget and actual comparisons are not reported in the accompanying financial report for these funds.
6. Any revisions that alter total expenditures of any fund must be approved by the citizens. Expenditures cannot legally exceed appropriations on a fund level.
7. The Town does not utilize encumbrance accounting.
8. Budget appropriations lapse at year end.

E. Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. Certificates of deposit are stated at cost.

Louisiana State Statutes, as stipulated in R.S. 38:1271, authorize the TSEM to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investments pool. Investments are stated at cost.

F. Estimated Uncollectibles and Contractual Allowances

Deductible amounts due from customers' utility receivables, hospital and extended care receivables are recognized as bad debts and contractual allowances expense through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

G. Inventories

Inventories held by the Enterprise Funds are priced at the lower of cost (first-in, first-out) or market.

H. Fixed Assets

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Approximately 45 percent of general fixed assets and 41 percent of public utility fixed assets are recorded at estimated historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group, if possessed, are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight line method.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

1. Restricted Assets

These assets consist of cash and investments restricted for various purposes as detailed in Note 4.

2. Reserves and Designations

The Town records reserves to indicate that a portion of the fund balance or retained earnings is legally segregated for a specific future use. The Town records designations to indicate the adoption of tentative plans that, if carried out, would restrict the use of financial resources. The following is a list of all reserves and designations used by the Town and a description of each as of May 31, 1987:

| | ---RESERVED--- |
|--|---------------------|
| Enterprise funds: | |
| Reserved for public utility revenue bond debt service (inking and reserve fund) | \$ 128,888 |
| Reserved for hospital maintenance | 807 |
| Reserved for public utility construction in progress, contingencies, capital additions | 287,242 |
| Reserved for verification of indebtedness-inking fund | ---285,118 |
| | <u>\$ 1,821,145</u> |

3. Revenue Recognition - Property Taxes

Property taxes are levied on June 1, billed on November 3, and payable by December 31.

Property tax revenues are recognized when they become available. Accruals include those property tax receivables expected to be collected within sixty days after year end.

The total millage of 17.12 for the year ending May 31, 1991 was composed of the following:

| DESCRIPTION | Millage | Collected |
|--------------------------|---------|-----------|
| General property tax | 7.12 | \$ 81,888 |
| Hospital maintenance tax | 10.00 | \$3,634 |

L. Compensated Absences

The Town accrues a liability for compensated absences which meet the following criteria:

1. The Town's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria the town has accrued a liability for vacation pay which has been earned but not taken by Town employees. For governmental funds the liability for compensated absences is on the general fund since it is anticipated that the liability will be liquidated with expendable available financial resources. The liability for compensated absences is recorded in proprietary fund types as an accrued liability in accordance with FASB Statement 43.

M. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

B. Total Columns on Combined Statements - Overview

Total columns on the combined statements - Overview are captioned Memoranda 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 cash flows in conformity with generally accepted accounting principles. Memora in such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Interest Expense

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Financial Accounting Standards Board (FASB) Statement No. 43-Depreciation of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants.

Note 2. Cash and Investments

Pursuant to state law the Town may deposit funds with state banks organized under the laws of Louisiana and national banks having principal offices in the state. Investments may include instruments or obligations issued by the United States Government or its agencies, time certificates of deposit of certain banks, or any other federally insured investment.

The Town's bank demand and time deposits at year end were entirely covered by Federal depositary insurance or by pledge of securities owned by the financial institutions in the Town's name. The deposits at May 31, 2000 classified to give an indication of the level of risk assumed by the Town are as follows:

| | Cash and Demand Deposits | Certificates of Deposit |
|---|--------------------------------|-------------------------------|
| May 31, 1997 | | |
| carrying amount | \$ 428,730 | \$ 1,490,341 |
| Bank balances: | | |
| 1. Insured or collateralized with securities held by the entity or its agent in the entity's name | \$ 428,730 | \$ 1,490,341 |
| 2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name | - | - |
| 3. Uncollateralized, including any securities held for the entity but not in the entity's name | - | - |
| Total bank balances | \$ 428,730 | \$ 1,490,341 |

Credit Risk Categories:

The Town's deposits and investments are categorized above in accordance with GABF Statement No. 3 to give an indication of the level of risk assumed at year end. Category 1, which represents the lowest level of risk, includes investments and deposits that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments with the securities held by the financial institution's trust department or agent in the Town's name. Category 3, which represents the greatest level of risk, includes uninsured and unregistered investments or deposits which are not protected by collateral, or for which securities are not held in the Town's name. Categories 2 and 3 were not applicable to any deposits or investments at any time during the fiscal year ended May 31, 1997.

Note 5. Deduction of Proceeds and Pledge of Funds - 2.75 Sales and Use Tax

Proceeds of a 2.75 sales and use tax levied by the Town of Welsh, Louisiana (1997 collections \$242,957; 1996 \$234,624) are dedicated to the following purposes:

1. need for any legal purpose as approved by Mayor and Board of Aldermen.

Proceeds of a 1% sales and use tax levied by the Town of Welsh, Louisiana approved by voters May, 1996 to expire April 2003 (1997 collections \$242,837; 1996 \$1,882) are dedicated to the following purposes:

1. 100% of collections to be used for street maintenance, construction and bonded debt repayment.

Note 6. Restricted Assets

Assets were restricted for the following purposes as of May 31, 1997:

Public Utility:

| | | |
|---|----|----------------|
| CUSTOMER deposits | \$ | 8,702 |
| Water and sewer system construction in progress | | 489,389 |
| Revenue bond sinking fund, 1998 series | | 280,721 |
| Revenue bond reserve fund, 1998 series | | 310,439 |
| Revenue bond sinking fund, 1994 series | | 8,274 |
| Revenue bond reserve fund, 1994 series | | <u>14,211</u> |
| | | <u>701,736</u> |

Hospital:

| | | |
|---|--|------------|
| Hospital repairs and operations-property tax monies | | <u>500</u> |
|---|--|------------|

(continued on next page)

| | |
|--|---------------------|
| Extended Care Facility: | |
| Retirement of revenue bonds—certificates of indebtedness, 1988 bonds | 43,795 |
| Repair and replacement reserve for \$100,000 revenue bonds dated September 1, 1973 | 98,167 |
| Reserve, unobligated fund-certificates of indebtedness, 1988 bonds | <u>308,118</u> |
| | <u>449,079</u> |
| Total-all proprietary fund types | <u>\$ 4,857,795</u> |

Note 3. Fixed Assets

A summary of proprietary fund type property, plant and equipment at May 31, 1987 follows:

| | Building | Hospital | Facility | Total |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Land | \$ 128,804 | \$ 14,413 | \$ - | \$ 143,217 |
| Land improvements | - | 48,973 | 71,213 | 120,186 |
| Buildings and building equipment | - | 880,473 | 2,078,428 | 2,958,901 |
| Electric system | 3,781,247 | - | - | 3,781,247 |
| Water system | 3,553,878 | - | - | 3,553,878 |
| Waste system | 3,237,780 | - | - | 3,237,780 |
| Equipment | - | 1,290,153 | 347,849 | 1,638,002 |
| Vehicle | - | - | 38,810 | 38,810 |
| Construction in progress | <u>3,448,378</u> | <u>-</u> | <u>-</u> | <u>3,448,378</u> |
| | 8,062,812 | 2,421,108 | 2,416,813 | 12,899,533 |
| Less accumulated depreciation | <u>3,451,556</u> | <u>3,274,253</u> | <u>782,522</u> | <u>7,508,331</u> |
| | <u>\$ 4,611,256</u> | <u>\$ 1,146,855</u> | <u>\$ 1,634,291</u> | <u>\$ 7,392,402</u> |

Note 4. Bond Issue Cost

Bond issue costs are being amortized on the straight-line method over the life of the bonds. The following is a summary of net bond issue cost at May 31, 1987:

| | Public Facility | Extended Care Facility | Total |
|-------------------------------|------------------|------------------------|------------------|
| Cost | \$ 78,878 | \$ 52,385 | \$ 131,263 |
| Less accumulated amortization | <u>31,888</u> | <u>17,461</u> | <u>49,349</u> |
| | <u>\$ 46,990</u> | <u>\$ 34,924</u> | <u>\$ 81,914</u> |

Note 3. **Liabilities Payable From Restricted Assets**

Certain cash and investments of the Town have been restricted for payment of the following:

Customer deposits \$ 24,820

Note 4. **Changes in General Fixed Asset Group**

A summary of changes in general fixed assets follows:

| | Balance 1/1/1987 | Additions | Reductions | Balance 12/31/87 |
|--------------------------------------|---------------------|-------------------|------------------|---------------------|
| Buildings | \$ 373,441 | - | - | \$ 373,441 |
| Equipment and Furniture | 295,484 | 28,210 | 480 | 323,114 |
| Improvements other than Buildings | 385,218 | 787 | - | 386,005 |
| Land | 87,340 | 5,188 | - | 92,528 |
| Vehicles | 422,583 | 149,937 | 28,148 | 544,372 |
| Construction in progress - LCRA | 28,800 | 221,176 | - | 250,000 |
| | <u>\$ 1,533,766</u> | <u>\$ 405,308</u> | <u>\$ 28,628</u> | <u>\$ 2,110,446</u> |

Note 5. **Long-Term Debt**

The following is a summary of bonds payable of the Town for the year ended May 31, 1987:

| | Balance 1/1/1987 | Issuances | Reductions | Balance 12/31/87 |
|---------------------------------|---------------------|--------------|------------|---------------------|
| Enterprise: | | | | |
| Revenue Bonds | \$ 2,724,426 | - | \$ 215,420 | \$ 2,509,006 |
| General Long-Term debt group | - | \$ 2,268,000 | \$ 28,000 | \$ 2,440,000 |

Bonds payable are comprised of the following:

Enterprise fund debt:

Enterprise Revenue Bonds:

\$25,000, 1971 Hospital Revenue Bonds, MATURING
serially and become due September 1, of each
year until final retirement on September 1,
1981. Interest at 8.5%

\$ 242,000

(continued on next page)

| | |
|--|----------------------------|
| \$1,500,000, 1988 Series Public Utility Revenue Bonds, maturing serially on September 1, of each year until final retirement on September 1, 2020, at interest rate varying from 7.00% to 8.0% | 125,000 |
| \$1,987,000 1988A Loan, interest rate 8.000%, permanent financing approved by 1988A | 1,494,707 |
| \$210,000 Municipal Certificates of Indebtedness, Series 1992, interest rate varies from 8.0-8.5%, interest payments made in December and June each year, principal payments due on June 1 each year, bonds mature on June 1, 1999 | 185,000 |
| \$1,000,000 1994 Water Revenue Bonds, maturing December 31, 2014, principal and interest payable annually in amount of \$5,000, interest rate of 5.00% per annum | 954,250 |
| Outstanding Bonds-Series 1995, maturing serially and become due September 1 of each year until final retirement September 1, 2020, interest rate at 8.75% | <u>788,120</u> |
| Total Enterprise Fund Debt | <u>\$ 3,421,117</u> |

General Obligation Debt:

| | |
|--|----------------------------|
| \$1,000,000 Public Improvement Sales Tax Bonds Series 97-1998 maturing May 1, 2021, principal payable annually, interest payable semi-annually until final retirement, interest rate 8.00% through May 1, 1991 and increases annually from 4.9% at May 1, 1991 to 5.5% at maturity | \$ 1,435,400 |
| Saving Certificates-1991 - 10 certificates each at \$8,480 maturing one each year at January 1 beginning 1998 through January 1, 2007, fixed annual payment of \$8,480 plus 8.0% annual interest from issue to maturity | <u>48,120</u> |
| Total General Long-Term Debt Group | <u>\$ 1,483,520</u> |

The annual requirements to amortize all bonded debts outstanding as of May 31, 1987 are shown:

Enterprise Fund Bonds:

| Year Ending May 31 | Revenue Bond - Series 1971 | | |
|-----------------------|----------------------------|-------------------|-------------------|
| | Principal | Interest | Total |
| 1988 | \$ 11,908 | \$ 12,712 | \$ 24,620 |
| 1989-2000 | 51,908 | 44,378 | 96,286 |
| 2001-2007 | 80,000 | 36,142 | 116,142 |
| 2008-2013 | 182,800 | 22,912 | 205,712 |
| | <u>\$ 326,616</u> | <u>\$ 116,144</u> | <u>\$ 442,760</u> |

| Year Ending May 31 | Utility Revenue Bonds - Series 1988 | | |
|-----------------------|-------------------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 1988 | \$ 40,000 | \$ 16,194 | \$ 56,194 |
| 1989 | 40,000 | 9,818 | 49,818 |
| | <u>\$ 120,000</u> | <u>\$ 26,012</u> | <u>\$ 146,012</u> |

| Year Ending May 31 | PMA Hospital Revenue Bond Series A | | |
|-----------------------|------------------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 1988 | \$ 26,247 | \$ 49,146 | \$ 75,393 |
| 1989-2000 | 1,616,312 | 1,263,720 | 2,880,032 |
| | <u>\$ 1,642,559</u> | <u>\$ 1,312,866</u> | <u>\$ 2,955,425</u> |

| Year Ending May 31 | Hospital Certificate of Indebtedness Series 1980 | | |
|-----------------------|--|------------------|-------------------|
| | Principal | Interest | Total |
| 1988 | \$ 58,000 | \$ 8,800 | \$ 66,800 |
| 1989 | 58,000 | 1,200 | 59,200 |
| | <u>\$ 116,000</u> | <u>\$ 10,000</u> | <u>\$ 126,000</u> |

| Year Ending May 31 | PMA Water Revenue Bonds | | |
|-----------------------|-------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 1988 | \$ 38,149 | \$ 48,212 | \$ 86,361 |
| 1989 | 38,151 | 48,409 | 86,560 |
| 2000 | 38,748 | 48,812 | 87,560 |
| 2001-2004 | 813,782 | 318,238 | 1,132,020 |
| | <u>\$ 968,830</u> | <u>\$ 363,671</u> | <u>\$ 1,332,501</u> |

| Year Ending Mar. 31 | Utility Revenue Bonds - Series 1989 | | |
|------------------------|-------------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 1988 | \$ - | \$ 48,000 | \$ 48,000 |
| 1989 | - | 48,000 | 96,000 |
| 1990 | 80,000 | 38,000 | 118,000 |
| 1991 | 80,000 | 38,794 | 118,794 |
| 1991-Hereafter | 888,000 | 547,000 | 1,435,000 |
| | <u>\$ 1,048,000</u> | <u>\$ 681,794</u> | <u>\$ 1,729,794</u> |

General Long-Term Debt Group:

| Year Ending Mar. 31 | Public Improvement Bonds-RT-1990 | | |
|------------------------|----------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 1988 | \$ 70,000 | \$ 84,000 | \$ 154,000 |
| 1989 | 70,000 | 70,000 | 140,000 |
| 1990 | 80,000 | 70,000 | 150,000 |
| 1991 | 80,000 | 48,000 | 128,000 |
| 1991-1995 | 2,120,000 | 368,000 | 2,488,000 |
| | <u>\$ 2,420,000</u> | <u>\$ 640,000</u> | <u>\$ 3,060,000</u> |

| Year Ending Mar. 31 | Parson Capitalization - 1992 | | |
|------------------------|------------------------------|-----------------|------------------|
| | Principal | Interest | Total |
| 1988 | \$ 0,000 | \$ 0,000 | \$ 0,000 |
| 1989 | 0,000 | 0,000 | 0,000 |
| 1990 | 0,000 | 0,000 | 0,000 |
| 1991 | 0,000 | 0,000 | 0,000 |
| 1991-Hereafter | 30,000 | 3,100 | 33,100 |
| | <u>\$ 30,000</u> | <u>\$ 3,100</u> | <u>\$ 33,100</u> |

The Utilities Revenue Bond, Series 1989 was refunded during the fiscal year ended May 31, 1991, which will produce an ultimate savings of \$151,016 over the life of the issue, which will be fully paid on September 1, 1996. A new bond issue in the amount of \$700,000 will be combined with funds of the Town to retire the 1989 issue on September 1, 1996. The Series 1989 issue had an interest rate of above 8% while the refunding bonds have an interest rate of 5.75%.

All issuance costs of the transaction (\$185,771) were paid with various restricted funds remaining from the Series 1989 issue. The net proceeds were used to purchase U.S. Government Securities yielding 5 percent. These funds were deposited with the money agent to provide for debt service on September 1, 1996. These costs will be amortized over the life of the 1991 issue (thirty years) beginning June 1, 1991.

Line 12. Segment Information for Enterprise Funds

The Trust maintains three enterprise funds which provide utilities (electricity, water and sewer), in and out patient hospital services, and extended care services for the aged. Segment information for the year ended May 31, 1997 was as follows:

| | Public Utility | Hospital | Extended Care Facility | Total Enterprise Funds |
|---|-------------------|--------------|------------------------------|------------------------------|
| Operating revenues | \$ 2,220,115 | \$ 2,018,887 | \$ 2,188,418 | \$ 6,427,420 |
| Depreciation and amortization | 126,120 | 99,945 | 95,510 | 321,575 |
| Operating income | 194,007 | 144,938 | 98,903 | 437,848 |
| Operating grants, subsidies, and shared revenues | - | - | - | - |
| Operating transfers: In | - | - | - | - |
| Out | 1201,880 | - | - | 1201,880 |
| Net income (loss) | 44,454 | 141,938 | 489 | 3,441 |
| INTEREST COSTS: Total incurred | 48,748 | - | 104,804 | 153,552 |
| Net working capital | 208,287 | 485,874 | 1094,000 | 1,788,161 |
| Total assets | 8,214,790 | 2,283,200 | 2,448,321 | 13,946,311 |
| Bonds and other long-term liabilities: Payable from operating revenues | 1,484,800 | - | 1,484,800 | 2,969,600 |
| Total equity | 2,460,412 | 2,083,600 | 489,289 | 4,933,301 |

NOTE 13. Commitments and Contingencies

On August 21, 1980, the Town adopted a resolution authorizing the issuance of \$2,980,000 in Hospital Revenue Bonds. On September 17, 1981, a resolution amending the August 21, 1980 resolution was adopted changing the authorized amount to be loaned to \$1,987,000. The loan was approved. The proceeds were used for expansion of the nursing home. On April 7, 1982, the Town adopted an additional resolution authorizing the issuance of \$10,000 of General Certificates of Indebtedness. The proceeds of this issue were received in June, 1982 and used for the nursing home expansion.

The Town is under a compliance order from the Environmental Protection Agency (EPA) to meet specific effluent limitations by August 1, 1987. Under the order the Town has entered into an agreement with the EPA to make modifications to the sewage disposal plant. The sewage disposal plant modifications are estimated to cost approximately \$2.4 million.

NOTE 14. LITIGATION

The Town has had various claims and lawsuits lodged against it. All are within the normal course of business and have been decided by the Town's attorney and management. It is the opinion of legal counsel that these claims are adequately covered by insurance.

NOTE 15. Landfill Joint Venture

The Town is a participant in a joint venture referred to as the Jefferson Davis Parish Secondary Landfill Commission. This entity was chartered on February 17, 1984. The Commission's purpose is the establishment of a long-term plan for the disposal of solid waste in Jefferson Davis Parish. According to the charter, each participant in the Commission is responsible for a pro rata share of any operating deficits. Likewise, any distributions of surpluses are also shared on a pro rata basis. Each participant's pro rata share is based on the number of households within each participant's unit to the total number of households within all participating units. These proportions were determined using the 1980 U.S. Census as follows:

| Location | Number of Households | Proportions |
|---|----------------------|-------------|
| Jennings | 4,261 | .481194 |
| Wich | 1,287 | .146179 |
| Lake Arthur | 1,212 | .138084 |
| Parish including Jennings, Wich, Lake Arthur and Hibon | 2,122 | .242543 |
| | 2,872 | 1.000000 |

The Commission consists of six commissioners as follows: TWO MEMBERS OF Jennings, one resident of Welsh, one resident of Lake Arthur, and two residents of Jefferson Davis Parish living outside the city limits of Jennings, Welsh, Lake Arthur and Elton. The Commission members are to be appointed by the governing body of their place of residence.

The Commission has the power and authority to employ personnel, adopt its own budget and enter into agreements necessary for the operation of the landfill. In certain instances, some agreements must be consented to by all six members of the Commission.

condensed financial information for the Jefferson Davis Parish Sanitary Landfill as of December 31, 1976 (the latest available audited financial statements) were as follows:

| | Total | Welsh |
|--------------------------------|--------------|------------|
| | (\$1,000) | (\$1,000) |
| Total assets | \$ 2,868,898 | \$ 822,271 |
| Total liabilities | 12,808 | 4,828 |
| Total equity | 2,856,090 | 817,443 |
| Total installations and equity | 2,868,898 | 822,271 |
| Total revenues | 178,000 | 50,000 |
| Total expenditures | 810,207 | 72,883 |
| Net increase in fund balance | 188,893 | 18,818 |

As of December 31, 1976, the Commission had no long-term debt outstanding.

The Landfill Commission as owner of a sanitary landfill is subject to recent Environmental Protection Agency (EPA) regulations that require monitoring the landfill site for 30 years following closure of the site in addition to other closure requirements. These regulations also require that landfill owners provide financial assurances that they will have the resources available to satisfy the post-closure standards. These assurances can be third-party trusts, surety bonds, letters of credit, insurance, or state sponsored plans. According to the Commission's contract with the site operator, "...the contractor shall be responsible for closure in accordance with the permit...". Additionally, "...the contractor's post-closure care, maintenance and monitoring responsibility shall be three (3) years, as so required by law...". In the event the operator is for whatever reason unwilling or unable to fulfill their requirements, the responsibility for closure and post-closure monitoring will revert back to the Commission.

ADDITIONALLY, BECAUSE OF THE INDUSTRY THE COMMISSION PARTICIPATES IN, CERTAIN POTENTIAL LIABILITIES ARE ALWAYS PRESENT. THESE INCLUDE, BUT ARE NOT LIMITED TO, ENVIRONMENTAL CLEANUP COSTS AND EPA PENALTIES FOR VIOLATION OF ITS REGULATIONS. THE EPA IS EMPowered BY LAW THROUGH THE SUPERFUND LEGISLATION TO ASSESS RECOVERY FROM DISPOSES WHO WERE ASSESSED OR OPERATED A PARTICULAR CONTAMINATED SITE, OR ASSESSOR WHO WERE GENERATED OR TRANSPORTED HAZARDOUS MATERIALS IN A SITE (SOME PARTIES ARE COMMONLY REFERRED TO AS POTENTIALLY RESPONSIBLE PARTIES, OR PRPs). USUALLY, THE LIABILITY CAN BECOME TO SUBSEQUENT OWNERS OR TO THE PARENT COMPANY OF A PRP. WHILE THERE ARE NO ASSESSED OR UNASSESSED POTENTIAL COSTS OR PENALTIES AT THE DATE OF THIS REPORT THAT THE COMMISSION IS AWARE OF, THE POTENTIAL IS PRESENT.

DURING THE YEAR ENDED DECEMBER 31, 1994, THE COMMISSION VOTED TO DISTRIBUTE \$180,000 TO THE FOUR LOCAL GOVERNMENT BODIES THAT PARTICIPATE IN THE LANDFILL COMMISSION AND FUNDED ITS CONSTRUCTION AND EARLY OPERATIONS. THE DISTRIBUTIONS WERE MADE IN THE SAME PROPORTIONS AS THE ORIGINAL AGREEMENTS BY THE GOVERNMENTS. FOR THE TOWN OF WELSH, THE DISTRIBUTION AMOUNTED TO \$40,713 AND \$18,182, RESPECTIVELY, WHICH IS RECORDED AS "JEFF HANCO SENIORITY LANDFILL" IN THE GENERAL FUND IN THE FISCAL YEAR ENDED MAY 31, 1991 AND 1994.

ITEM 14. EMPLOYEE RETIREMENT SYSTEMS

THE TOWN CONTRIBUTES TO THE STATE RETIREMENT SYSTEMS FOR THE BENEFIT OF ITS EMPLOYEES AS FOLLOWS:

Municipal Employees' Retirement System Plan #:

MEMBERSHIP IS MANDATORY AS A CONDITION OF EMPLOYMENT BEGINNING ON THE DATE EMPLOYED IF THE EMPLOYEE IS ON PERMANENT BASIS WORKING AT LEAST THIRTY-FIVE HOURS PER WEEK, NOT PARTICIPATING IN ANOTHER PENSION FUNDED RETIREMENT SYSTEM AND UNDER AGE SIXTY ONE AT DATE OF EMPLOYMENT. THESE INDIVIDUALS PAID JOINTLY BY A PARTICIPATING EMPLOYER AND THE PARISH ARE NOT ELIGIBLE FOR MEMBERSHIP IN THE SYSTEM. THIS SYSTEM WAS ESTABLISHED BY ACT 104 OF THE 1984 REGULAR SESSION OF THE LEGISLATURE OF THE STATE OF LOUISIANA. THIS PLAN IS A COST-SHARING MULTIPLE-EMPLOYER PLAN. THE SYSTEM ALSO PROVIDES DEATH AND DISABILITY BENEFITS. THESE BENEFITS ARE ESTABLISHED BY STATE STATUTES. THE TOWN'S PAYROLL COVERED BY THE SYSTEM FOR THE YEAR ENDED MAY 31, 1993 WAS \$350,000. THE TOWN'S TOTAL PAYMENT FOR THE YEAR ENDED MAY 31, 1993 WAS \$484,000.

A MEMBER OF THE SYSTEM QUALIFIES FOR RETIREMENT PROVIDED HE MEETS ONE OF THE FOLLOWING CRITERIA:

1. Age 55 WITH THIRTY (30) YEARS OF CREDITABLE SERVICE

3. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statute, the benefits are limited to specified amounts.

Covered employees are required by state statute to contribute 1% of their salary to the plan. Employer contributions are established by statute at 0.5% of employee's salary. The contribution requirement per statute for the Year's year ended May 31, 1993 was \$24,824, which consisted of \$15,442 paid by employees and \$9,382 paid by the Town as 75% of covered payroll.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any separate benefits estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among other systems. The system does not take separate measurements of assets and pension benefit obligations for individual employees. The pension benefit obligation at June 30, 1994 (latest available report) for the system as a whole, determined through an actuarial valuation performed as of that date, was \$28,887,448. The total net assets of Plan "B" available for benefits at June 30, 1994 was \$45,137,143. The Year's contribution represented less than .1% of total contributions (as compared to the system's June 30, 1993 report) required of all participating entities.

See page historical listed information showing the system's progress in accumulating additional assets to pay benefits when due as presented in the system's June 30, 1994 annual financial statements.

Municipal and State Police Retirement System:

Membership is mandatory for any full time police officers, employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing they do not have to pay social security and providing they meet the statutory criteria. This system was established by Act 188 of 1975 and amended by Act 1310391. This plan is a cost-sharing multiple-employer plan. The system also provides death and disability benefits. These benefits are established by state statute. The Town's payroll covered by the system for the year ended May 31, 1997 was \$8,319,150. The Town's total police department payroll for the year ended May 31, 1997 was \$189,615.

Any member is eligible for normal retirement after being a member of the system for one year, if they have 33 years of creditable service and are age 55 or have 25 years of creditable service and are age 60. Benefit rates are three and one-third percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service is interrupted) per number of years creditable service not to exceed 3004.

Covered employees are required by state statute to contribute 8% of taxable compensation. Employer contributions are established by statute at 8% of employee's taxable compensation including overtime but including state supplemental pay. The contribution requirement per statute for the Town's year ended May 31, 1997 was \$1,979, which consisted of 90% paid by employees and 10% paid by the Town (8% of covered payroll).

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of committed projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among other systems. The system does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation at June 30, 1996 (latest available report) for the system as a whole, determined through an actuarial valuation performed as of that date, was \$77,713,871. The system's net assets available for benefits at that date (value as reported) were \$829,214,464. The Town's contributions represented less than .05% of total contributions as compared to the system's June 30, 1996 report required of all participating entities.

The year historical trend information showing the system's progress in accumulating sufficient assets to pay benefits when due is presented in the system's June 30, 1996 annual financial statements.

Note 17. Contributed Capital

The following is a schedule of changes in contributed capital for the year ended May 31, 1997:

| | <u>Enterprise Fund</u> | | <u>Extended</u> | <u>Total</u> |
|-----------------------|------------------------|-------------------|----------------------|---------------------|
| | <u>Public Utility</u> | <u>Hospital</u> | <u>Care Facility</u> | |
| Balance, June 1, 1996 | \$ 294,114 | \$ 289,189 | \$ 889,812 | \$ 1,472,915 |
| Transfers | - | - | - | - |
| Other | - | (1,818) | 1,490 | (248) |
| Balance, May 31, 1997 | <u>\$ 294,114</u> | <u>\$ 287,371</u> | <u>\$ 891,302</u> | <u>\$ 1,472,787</u> |

Note 18. Surplus of Expenditures Over Appropriations

Expenditures and other financing uses for the current year exceeded appropriations for the following funds or departments by \$1 or more:

| | <u>Fund</u> | <u>Account</u> | <u>Balance</u> |
|-------------------|-------------|----------------|----------------------|
| | | | <u>(Unallocated)</u> |
| General Fund: | | | |
| Police Department | \$ 294,481 | \$ 148,814 | \$ 145,667 |

COMBINED STATEMENTS

SPECIAL REVENUE FUNDS

SALES TAX FUND - an account for the collection of the 1% sales and use tax which is to be used for purposes approved by the Mayor and Board of Aldermen.

FEDERAL REVENUE SHARING FUND - to account for the revenues and expenditures of the Federal Revenue sharing program as required by Federal regulations.

LOCAL GOVERNMENT ASSISTANCE - an account for the revenue received from the State of Louisiana Local Government Assistance Fund. The Town must submit a report to each member of its legislative delegation on the proposed use of these funds prior to the commitment of such funds.

SALES TAX - 1994 - an account for the 1994 sales tax collections of the 1% year 1% sales and use tax to be used to retire \$2,500,000 long-term debt and for street improvements and maintenance.

TOWN OF WELSH, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINED BALANCE SHEET

May 31, 1997

With Comparative Totals For May 31, 1996

| ASSETS | Sales Tax | Federal Revenue Sharing | Local GOVERNMENT ASSISTANCE |
|--|-------------------------|-------------------------------|-----------------------------------|
| Cash | \$ 2,200 | \$ 98 | \$ - |
| Investments, at cost | 1,897 | 1,779 | 24,218 |
| Due from other funds | <u>88,882</u> | <u>-</u> | <u>5,810</u> |
| TOTAL ASSETS | <u>\$ 92,979</u> | <u>\$ 1,877</u> | <u>\$ 30,028</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 147 | \$ - | \$ - |
| Due to other funds | <u>-</u> | <u>38</u> | <u>-</u> |
| Total Liabilities | 147 | 38 | - |
| Fund balances: | | | |
| Unassigned: | | | |
| Undesignated | <u>72,832</u> | <u>1,839</u> | <u>30,028</u> |
| Total Liabilities and Fund balances | <u>\$ 72,989</u> | <u>\$ 1,877</u> | <u>\$ 30,028</u> |

| Sales Tax 2008 | Totals | |
|----------------------|-------------------|-------------------|
| | 2007 | 2008 |
| \$ - | \$ 3,388 | \$ 8,870 |
| - | 88,794 | 127,378 |
| - | 74,000 | 95,500 |
| <u>\$ -</u> | <u>\$ 118,202</u> | <u>\$ 129,878</u> |

| | | |
|-------------|-------------------|-------------------|
| \$ - | \$ 147 | \$ 507 |
| - | 56 | 25,560 |
| - | 213 | 28,387 |
| <u>\$ -</u> | <u>\$ 317,878</u> | <u>\$ 189,517</u> |
| <u>\$ -</u> | <u>\$ 118,202</u> | <u>\$ 129,878</u> |

TOWN OF WELLS, MAINE
SPECIAL REVENUE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended May 31, 1997
With Comparative Totals for Year Ended May 31, 1996

| | Sales <u>Tax</u> | Federal Grants <u>Financing</u> | Local Government Assistance |
|---|---------------------|---------------------------------------|-----------------------------------|
| REVENUES: | | | |
| Taxes | \$ 242,937 | \$ - | \$ - |
| Interest income | 1,470 | 559 | 2,875 |
| Miscellaneous | - | - | - |
| Total revenues | <u>244,407</u> | <u>559</u> | <u>2,875</u> |
| EXPENDITURES: | | | |
| General government | 3,520 | - | - |
| Excess (deficiency) of revenues over expenditures | <u>238,487</u> | <u>559</u> | <u>2,875</u> |
| Other financing sources (total): operating transfers net | <u>125,580</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures and other uses | <u>364,067</u> | <u>559</u> | <u>2,875</u> |
| Fund balance at beginning of year | 122,812 | 3,382 | 87,382 |
| Fund balance at end of year | <u>\$ 271,812</u> | <u>\$ 3,941</u> | <u>\$ 90,257</u> |

| Sales Tax 1998 | Totals | |
|----------------------|------------------|------------------|
| | 1997 | 1998 |
| \$ 248,919 | \$ 485,874 | \$ 204,204 |
| 718 | 8,850 | 7,690 |
| <u>718</u> | <u>728</u> | <u>-</u> |
| 244,873 | 492,450 | 211,894 |
| - | 9,320 | 4,813 |
| 244,873 | 497,320 | 216,707 |
| <u>1244,273</u> | <u>2628,873</u> | <u>1320,248</u> |
| - | 142,020 | 183,204 |
| - | <u>188,517</u> | <u>271,569</u> |
| <u>2</u> | <u>2,115,272</u> | <u>2,180,217</u> |

DEBT SERVICE FUNDS

1955 HOSPITAL SERIAL BOND FUND - to accumulate monies for the payment of the 1955 \$122,000 3.3 percent Hospital Serial Bonds. These bonds, which were being serviced by ad valorem taxes, were paid off on April 1, 1958.

1978 POLICE AND FIRE STATION IMPROVEMENT BOND FUND - to accumulate monies for the payment of the 1978 \$125,000 6.0 percent Police and Fire Station Improvement Serial Bonds (Series ST-2). This issue is being serviced with the proceeds of the Town's 1% sales and use tax. The remaining balance is due in annual installments of \$1,000 through October 1, 1981.

SAVING CERTIFICATES ISSUED IN 1964 - to accumulate monies for payment of 10 saving certificates at \$1,400 each to retire one per year for 10 years at 3.5% annual interest. Funds for servicing debt provided by paying assessments payable in 30 days at 2% interest or annually over 10 years at 6.25 interest.

ST-1898 - to accumulate monies for the payment of \$1,180,000 sales tax bonds with graduated annual payments from \$65,000 to \$145,000 for 15 years with semi-annual interest at 8% for 5 years and 4.25% graduated to 6.25 for 10 years. This issue is being serviced with the proceeds of the Town's 1% sales and use tax.

TOWN OF WELLS, LOUISIANA
DEBT SERVICE FUND

COMBINED BALANCE SHEET
May 31, 1997

with comparative totals for May 31, 1996

| ASSETS | 1996 | 1997 | Dwelling Circumstances |
|---------------------------------------|----------------------------|---|---------------------------|
| | Hospital Serial Fund | Police and Fire Station Improvement Fund | |
| Cash | \$ - | \$ - | \$ 10,389 |
| Cash - sinking | - | - | 187 |
| Investments, at cost | 20,527 | - | - |
| Assessments receivable | - | - | 38,828 |
| Total assets | <u>\$ 20,527</u> | <u>\$ -</u> | <u>\$ 49,404</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities: | | | |
| Cash - overdrafts | \$ - | \$ - | \$ - |
| Due to other fund | - | - | - |
| Interest payable | - | - | - |
| Deferred paving assessments | - | - | 38,828 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>38,828</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Dwelling FT-1898 | - | - | 10,487 |
| Expenses: | | | |
| Undesignated | 20,527 | - | - |
| Total fund balance | <u>20,527</u> | <u>-</u> | <u>10,487</u> |
| Total liabilities and fund balance | <u>\$ 20,527</u> | <u>\$ -</u> | <u>\$ 49,315</u> |

| Description Number | Totals | |
|-----------------------|-------------------|------------------|
| | 2007 | 2008 |
| | \$ - | \$ 31,300 |
| - | 137 | - |
| - | 20,527 | 19,554 |
| - | <u>52,964</u> | <u>19,554</u> |
| <u>\$ -</u> | <u>\$ 322,818</u> | <u>\$ 18,328</u> |
| | | |
| \$ 188,810 | \$ 188,810 | \$ - |
| - | - | 93 |
| - | - | 200 |
| - | <u>38,388</u> | <u>-</u> |
| <u>188,810</u> | <u>188,810</u> | <u>293</u> |
| | | |
| - | 38,440 | - |
| <u>188,810</u> | <u>227,250</u> | <u>29,315</u> |
| <u>188,810</u> | <u>227,250</u> | <u>29,315</u> |
| | | |
| <u>\$ -</u> | <u>\$ 108,928</u> | <u>\$ 18,328</u> |

STATE OF MISSISSIPPI
 DEER SERVICE FUND

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Year Ended May 31, 1997
 With Comparative Actual Accounts for Year Ended May 31, 1996

| | 1996 | 1997 | |
|---|-----------|---------------|-------------|
| | Hospital | Police and | |
| | Animal | Fire Services | Funding |
| | Fund | Fund | Commitments |
| Revenues: | | | |
| Assessments | \$ - | \$ - | \$ 18,840 |
| Interest income | 312 | - | 312 |
| Total revenues | 312 | - | 19,152 |
| Expenditures: | | | |
| General government | - | - | - |
| Fund principal | - | - | - |
| Fund interest | - | - | - |
| Fund sale expenses | - | - | - |
| Total expenditures | - | - | - |
| Excess (deficiency) of revenues over expenditures | 312 | - | 19,152 |
| Other financing sources (uses): | | | |
| Operating transfer in | - | - | - |
| Excess of revenues over expenditures and other uses | 312 | - | 19,152 |
| Fund balances at beginning of year | 12,556 | - | - |
| Fund balances at end of year | \$ 12,868 | \$ - | \$ 19,152 |

| Year 07-1996 Street Improvement Bonds | Totals | |
|---|-------------------|-------------------|
| | 1997 | 1998 |
| \$ - | \$ 38,845 | \$ - |
| - | 1,372 | 1,438 |
| - | 32,433 | 1,438 |
| - | - | 88,812 |
| 88,800 | 88,800 | - |
| 88,780 | 88,780 | - |
| <u>387,822</u> | <u>187,822</u> | - |
| <u>352,382</u> | <u>382,382</u> | <u>88,812</u> |
| 358,340 | 1,019,979 | 448,450 |
| <u>344,372</u> | <u>344,372</u> | - |
| 1,008,018 | 778,897 | 448,450 |
| - | 18,328 | 68,788 |
| <u>\$ 1,008,018</u> | <u>\$ 797,225</u> | <u>\$ 517,238</u> |

CAPITAL PROJECTS FUND

LCRHS GRANT - to account for funds received and expenditures made in connection with the LCRHS Grant Program for the sewer project.

PAVING - to account for paving certificate proceeds and expenditures made for paving.

SALES TAX-1994 - to account for proceeds of ST-1994 bonds and expenditures made for streets, drainage, equipment and improvements.

BOARD OF WATER, LANDS AND
CAPITAL PROJECTS FUND

BALANCE SHEETS
May 31, 1987 and 1986

| ASSETS | Totals | | | |
|------------------------------|--------|------------|------------|------------|
| | 1987 | 1986 | 1987 | 1986 |
| Cash | \$ - | \$ 121,978 | \$ 443,483 | \$ 431,493 |
| Grant revenues receivable | | | | |
| Total assets | \$ - | \$ 121,978 | \$ 443,483 | \$ 431,493 |
| FUND BALANCE | | | | |
| Fund balance | \$ - | \$ 121,978 | \$ 443,483 | \$ 431,493 |

TOWN OF WELLS, LOUISIANA
CAPITAL PROJECTS FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEARS ENDED MAY 31, 1997 and 1996

| | PARISH | | SALES TAX | | TOTALS | |
|---|----------------|-----------------|------------------|------------------|----------------|---------------|
| | 1997 | 1996 | 1997 | 1996 | 1997 | 1996 |
| REVENUES: | | | | | | |
| Grant income | \$ 283,174 | \$ - | \$ - | \$ - | \$ 283,174 | \$ 28,810 |
| Proceeds: | | | | | | |
| Savings | - | \$4,000 | - | - | \$4,000 | - |
| Bonds | - | - | 1,900,000 | 1,900,000 | - | - |
| Interest | - | 328 | 42,188 | 42,328 | - | - |
| Total revenues | <u>283,174</u> | <u>\$4,328</u> | <u>1,942,188</u> | <u>1,942,328</u> | <u>283,174</u> | <u>28,810</u> |
| EXPENDITURES: | | | | | | |
| Construction in programs | 283,174 | - | - | - | 283,174 | 28,810 |
| Printing/miscellaneous | - | \$8,200 | 1,200,463 | 1,200,703 | - | - |
| Total expenditures | <u>283,174</u> | <u>\$8,200</u> | <u>1,200,463</u> | <u>1,200,703</u> | <u>283,174</u> | <u>28,810</u> |
| Excess of revenues over expenditures | - | \$21,970 | \$717,725 | \$741,625 | - | - |
| Fund balance at beginning of year | - | - | \$-742 | \$-742 | - | \$-742 |
| Fund balance at end of year | <u>\$-</u> | <u>\$21,970</u> | <u>\$717,725</u> | <u>\$741,625</u> | <u>\$-</u> | <u>\$-742</u> |

ENTERPRISE FUNDS

HOSPITAL AND EXTENDED CARE FACILITY - An account for all services provided for patients and the aged. All activities necessary to provide such services are provided in these funds, including, but not limited to, administration, operations, maintenance, financing, billing and collection.

PUBLIC UTILITY FUND - An account for the provision of electricity, water, and sewer services to the residents of the Town. 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, billing and collection.

STATE OF MISSISSIPPI
 GENERAL FUND

COMBINED BALANCE SHEET
 May 31, 1997

With Comparative Totals for May 31, 1996

| ASSETS | Public | | Extended Care Facility |
|---|------------------|------------------|------------------------------|
| | Authority | Hospital | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 36,320 | \$ 18,824 | \$ 45,144 |
| Investments | 56,812 | 6,824 | 3,818 |
| Receivables: | | | |
| Accounts | 280,898 | 408,814 | 322,890 |
| Estimated uncollectibles and allowances | (18,800) | (188,800) | (28,842) |
| Unbilled accounts | 81,260 | - | - |
| Accrued interest | 3,284 | 324 | - |
| Inventory | 64,464 | 77,871 | 3,848 |
| Prepaid expenses | 3,197 | 3,183 | 13,294 |
| Due from other funds | 80,374 | 6,480 | - |
| Due from other agencies | - | 28,151 | - |
| Total current assets | 581,120 | 679,344 | 453,184 |
| Restricted assets: | | | |
| Cash and cash equivalents | 21,272 | 187 | 1,879 |
| Investments | 128,818 | - | 128,219 |
| Total restricted assets | 150,090 | 207 | 130,098 |
| Property, plant and equipment, net | 2,513,130 | 628,851 | 2,542,739 |
| Other assets: | | | |
| Bond issue cost, net | 18,864 | - | 13,704 |
| Bond refunding costs/accrow | 12,650 | - | - |
| Total other assets | 31,514 | - | 13,704 |
| Total assets | 8,226,714 | 8,337,192 | 8,249,825 |

Totals

| | <u>1927</u> | | <u>1926</u> |
|----|------------------|----|------------------|
| \$ | 181,703 | \$ | 88,727 |
| | 181,624 | | 132,346 |
| | 5,189,643 | | 1,148,384 |
| | 521,419 | | 152,181 |
| | 81,240 | | 66,648 |
| | 2,898 | | 3,859 |
| | 185,271 | | 182,433 |
| | 38,380 | | 37,328 |
| | 86,754 | | 5,027 |
| | <u>22,353</u> | | — |
| | <u>3,458,822</u> | | <u>1,284,268</u> |
| | 34,850 | | 45,719 |
| | <u>3,493,672</u> | | <u>1,330,087</u> |
| | <u>3,528,521</u> | | <u>1,375,806</u> |
| | <u>6,987,343</u> | | <u>2,705,894</u> |
| | 73,480 | | 89,110 |
| | <u>74,210</u> | | <u>138,221</u> |
| | <u>148,420</u> | | <u>276,442</u> |
| \$ | <u>8,075,763</u> | \$ | <u>3,202,336</u> |

TOWN OF WELLS, LONGLEAK
 ENTERPRISE FUNDS

COMBINED BALANCE SHEETS

May 31, 1997

With Comparative Totals for May 31, 1996

(Continued)

| LIABILITIES AND FUND EQUITY | Public | | Extended Care |
|--|---------------------|---------------------|---------------------|
| | Utility | Hospital | |
| Current liabilities: | | | |
| Current portions of long-term debt | \$ 94,380 | \$ - | \$ 67,547 |
| Accounts payable | 138,723 | 178,884 | 268,109 |
| Accrued liabilities | 19,844 | - | 26,107 |
| Due to other funds | 104,985 | 12,178 | 51,001 |
| Due to other agencies | - | - | - |
| Total current liabilities | <u>357,932</u> | <u>291,062</u> | <u>412,765</u> |
| Other liabilities: | | | |
| Long-term debt, net of current portions: | | | |
| Revenue bonds payable, certificates of indebtedness payable | 1,484,808 | - | 1,484,500 |
| Payable from restricted assets | <u>36,515</u> | <u>-</u> | <u>-</u> |
| Total other liabilities | <u>1,521,323</u> | <u>-</u> | <u>1,484,500</u> |
| Fund equity: | | | |
| Contributed capital | 264,214 | 148,850 | 818,000 |
| Retained earnings: | | | |
| Received | 718,318 | 587 | 517,285 |
| Unassigned: | | | |
| Undesignated | <u>1,898,381</u> | <u>627,202</u> | <u>1,642,561</u> |
| Total fund equity/retained earnings (deficit) | <u>2,880,913</u> | <u>876,649</u> | <u>2,978,446</u> |
| Total fund equity | <u>2,880,913</u> | <u>1,021,028</u> | <u>289,281</u> |
| Total liabilities and fund equity | <u>\$ 3,534,718</u> | <u>\$ 1,333,458</u> | <u>\$ 2,846,712</u> |

Balance

| <u>1987</u> | <u>1995</u> |
|----------------|------------------|
| 6 181,597 | 2 170,448 |
| 471,126 | 848,280 |
| 78,278 | 128,888 |
| 188,950 | 120,260 |
| <u>429,950</u> | <u>328,388</u> |
| <u>611,547</u> | <u>5,008,386</u> |

| | |
|------------------|------------------|
| 3,488,420 | 3,422,088 |
| <u>38,628</u> | <u>37,488</u> |
| <u>3,527,048</u> | <u>3,459,576</u> |

| | |
|-----------|-----------|
| 1,409,147 | 1,408,321 |
|-----------|-----------|

| | |
|-----------|-----------|
| 1,823,145 | 1,878,874 |
|-----------|-----------|

| | |
|------------------|------------------|
| <u>2,232,292</u> | <u>2,287,195</u> |
|------------------|------------------|

| | |
|------------------|------------------|
| <u>2,228,888</u> | <u>2,288,323</u> |
|------------------|------------------|

| | |
|------------------|------------------|
| <u>8,328,728</u> | <u>8,828,248</u> |
|------------------|------------------|

| | |
|------------------|------------------|
| <u>8,228,723</u> | <u>8,228,623</u> |
|------------------|------------------|

TOWN OF WELLS, MAINE
BUDGETARY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
YEAR ENDED MAY 31, 1997
WITH COMPARATIVE DATA FOR YEAR ENDED MAY 31, 1996

| | Public Utilities | General | Extended Care Facility |
|--|---------------------|------------------|------------------------------|
| Operating revenues: | | | |
| Charges for services | \$ 3,170,408 | \$ 3,318,789 | \$ 3,403,169 |
| Provision for bad debts | 37,714 | 196,473 | 229,773 |
| Continental allotment | - | (248,734) | - |
| Tax fees | 3,328 | - | - |
| Franchise taxes | - | 47,494 | - |
| State and other subsidies | - | 3,883 | - |
| Maintenance | 37,808 | 12,824 | - |
| Total operating revenues | <u>3,246,358</u> | <u>3,328,959</u> | <u>3,633,142</u> |
| Operating expenses: | | | |
| Public utility | \$ 998,473 | - | - |
| Hospital | - | 1,488,691 | - |
| Extended care facility | - | - | 3,265,704 |
| Depreciation | 47,344 | 83,848 | 64,176 |
| Amortization | 38,888 | - | - |
| Total operating expenses | <u>1,123,505</u> | <u>1,572,539</u> | <u>3,329,880</u> |
| Operating income | <u>212,853</u> | <u>756,420</u> | <u>303,262</u> |
| Nonoperating revenues (expenses): | | | |
| Interest expense | (84,788) | - | (216,814) |
| Interest income | 32,781 | 3,632 | 28,157 |
| Total nonoperating revenues (expenses) | <u>(52,007)</u> | <u>3,632</u> | <u>(188,657)</u> |
| Income (loss) before operating transfers and extraordinary gains | 160,846 | 760,052 | 114,605 |
| Extraordinary gain: removal of retained reserve | | | |
| Income (loss) before operating transfers | <u>160,846</u> | <u>760,052</u> | <u>114,605</u> |
| Operating transfers: | | | |
| Operating transfers to | - | - | - |
| Operating transfers from | (250,000) | - | - |
| Total operating transfers | <u>(250,000)</u> | <u>-</u> | <u>-</u> |
| Net income (loss) | 90,846 | 760,052 | 114,605 |
| Retained earnings (deficit) at beginning of year | | | |
| | <u>1,413,862</u> | <u>168,832</u> | <u>(128,731)</u> |
| Retained earnings (deficit) at end of year | | | |
| | <u>1,504,698</u> | <u>928,904</u> | <u>1,233,210</u> |

Totals

| <u>1937</u> | <u>1936</u> |
|------------------|------------------|
| \$ 4,704,540 | \$ 5,134,294 |
| 1134,130 | 951,181 |
| 1288,770 | 664,144 |
| 2,100 | 2,100 |
| 47,484 | 78,484 |
| 8,190 | 24,484 |
| 47,484 | 47,484 |
| <u>5,802,108</u> | <u>6,187,284</u> |
| | |
| 1,710,471 | 1,872,254 |
| 1,889,594 | 2,112,140 |
| 1,328,714 | 2,121,290 |
| 88,480 | 109,884 |
| 48,258 | 3,608 |
| <u>4,275,600</u> | <u>4,558,635</u> |
| | |
| <u>154,502</u> | <u>161,820</u> |
| | |
| 1121,940 | 1294,850 |
| 51,578 | 51,828 |
| <u>1173,518</u> | <u>1346,678</u> |
| | |
| 264,948 | 26,728 |
| | <u>264,948</u> |
| | |
| <u>264,948</u> | <u>264,948</u> |
| | |
| - | 48,120 |
| <u>1261,580</u> | <u>1278,868</u> |
| <u>1261,580</u> | <u>1261,580</u> |
| | |
| 2,640 | 112,500 |
| <u>1,308,822</u> | <u>1,308,822</u> |
| <u>1,308,822</u> | <u>1,308,822</u> |

TOWN OF WEAKE, LOUISIANA
BUDGETARY FUNDS

COMBINED STATEMENT OF CASH FLOWS
Year Ended May 31, 1997
With Comparative Results for Year Ended May 31, 1996

| | Public Accounts | Revenue | Estimated Cash Reserves |
|---|--------------------|----------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Operating income | \$ 104,440 | \$ 104,440 | \$ 104,440 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 97,240 | 97,240 | 97,240 |
| Amortization | 24,848 | - | 1,310 |
| EXTRAORDINARY GAIN | - | - | - |
| Changes in assets and liabilities: | | | |
| Decrease in investments and accounts (decrease) increase in inventory | 57,800 | 7,340 | 1,247 |
| Decrease in accounts payable | (1,390) | (540) | 390 |
| Decrease in prepaid expenses | 11,410 | (140) | 700 |
| Increase in the City Fund Reserve | - | - | - |
| Increase (decrease) in accounts payable and accrued | (27,800) | (28,020) | 8,700 |
| Decrease in accounts due to other agencies | 14,990 | (77,370) | - |
| Increase in liabilities payable from | | | |
| UNALLOCATED MONIES | (11,840) | - | - |
| Net cash provided by operating activities | <u>143,848</u> | <u>143,848</u> | <u>143,848</u> |
| CASH FLOWS FROM OPERATING FINANCING ACTIVITIES: | | | |
| Decrease in amount due to other funds | (49,740) | (10,140) | - |
| Increase in amount due to other funds | - | - | 48,480 |
| Contributed capital | - | 11,480 | 1,480 |
| Operating transfers in | - | - | - |
| Operating transfers out | (124,020) | - | - |
| Net cash provided by fund in/ noncapital financing activities | <u>(173,760)</u> | <u>1,340</u> | <u>49,960</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and construction of fixed assets | (24,810) | 10,310 | (1,460) |
| Principal paid on bonds | (27,610) | - | (15,480) |
| Interest paid on bonds and capital lease obligations | (20,740) | - | (204,810) |
| Net cash used in capital and related financing activities | <u>(173,160)</u> | <u>10,310</u> | <u>(221,750)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| PLACEMENT/REDEMPTION of short-term investments | 87,510 | 80,000 | (221,000) |
| Interest income | (41,700) | (2,200) | (18,217) |
| Net cash provided by fund in/ investing activities | <u>45,810</u> | <u>77,800</u> | <u>(239,217)</u> |
| Net (decrease) in cash and cash equivalents | (74,162) | (74,162) | (18,962) |
| Cash and cash equivalents: | | | |
| Beginning of year | <u>120,000</u> | <u>120,000</u> | <u>120,000</u> |
| End of year | <u>45,838</u> | <u>45,838</u> | <u>101,038</u> |

Income

| | <u>1937</u> | | <u>1938</u> |
|---|----------------|---|-------------------|
| 0 | 184,837 | 0 | 207,489 |
| | 785,457 | | 278,423 |
| | 40,238 | | 2,453 |
| | - | | 245,949 |
| | 24,870 | | 34,877 |
| | 19,651 | | 12,620 |
| | 11,621 | | 8,784 |
| | - | | 34,853 |
| | (211,853) | | (229,815) |
| | 84,841 | | (213,945) |
| | <u>19,887</u> | | <u>3,358</u> |
| | <u>318,880</u> | | <u>382,318</u> |
| | 200,000 | | 83,410 |
| | 48,760 | | - |
| | 1101 | | 120,288 |
| | - | | 49,328 |
| | <u>318,880</u> | | <u>170,026</u> |
| | <u>118,815</u> | | <u>128,324</u> |
| | 128,874 | | 128,000 |
| | 112,818 | | 151,574 |
| | <u>112,815</u> | | <u>128,884</u> |
| | <u>112,815</u> | | <u>12,815,373</u> |
| | 87,815 | | 818,234 |
| | <u>81,818</u> | | <u>82,824</u> |
| | <u>121,438</u> | | <u>812,734</u> |
| | 38,438 | | (265,346) |
| | <u>222,438</u> | | <u>528,852</u> |
| 0 | <u>241,128</u> | 0 | <u>328,822</u> |

STATE OF MISSISSIPPI
PUBLIC UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year Ended May 31, 1987
With Comparative Totals for Year Ended May 31, 1986

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|---------------------|
| OPERATING REVENUES: | | |
| Charges for services | \$ 2,272,608 | \$ 2,148,284 |
| Provision for bad debts | (7,734) | (7,874) |
| Gas fees | 3,328 | 8,170 |
| Miscellaneous | <u>82,839</u> | <u>21,382</u> |
| Total operating revenues | <u>2,321,241</u> | <u>2,270,262</u> |
| OPERATING EXPENSES: | | |
| Public utility | 1,756,475 | 1,823,261 |
| Depreciation | 97,285 | 84,878 |
| Amortization | <u>18,868</u> | <u> </u> |
| TOTAL operating expenses | <u>1,872,628</u> | <u>1,908,139</u> |
| Operating income | <u>448,613</u> | <u>362,123</u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| Interest expense | (190,748) | (142,270) |
| Interest income | <u>42,321</u> | <u>48,588</u> |
| Total nonoperating revenues (expenses) | <u>(148,427)</u> | <u>(93,682)</u> |
| Income before operating transfers | <u>300,186</u> | <u>268,441</u> |
| OPERATING TRANSFERS: | | |
| Operating transfers in | - | 89,138 |
| Operating transfers out | <u>(289,089)</u> | <u>(229,308)</u> |
| Total operating transfers | <u>(289,089)</u> | <u>(140,170)</u> |
| Net income (loss) | 44,836 | (128,881) |
| Retained earnings at beginning of year | <u>2,821,894</u> | <u>2,950,775</u> |
| Retained earnings at end of year | <u>\$ 2,886,226</u> | <u>\$ 2,821,894</u> |

TOWN OF WILM, LOUISIANA
EXTENDED-CARE FACILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year Ended May 31, 1997
WALA Cooperative Totals for Year Ended May 31, 1996

| | <u>1997</u> | <u>1996</u> |
|--|---------------------|---------------------|
| Operating revenues: | | |
| Charges for services | \$ 2,483,150 | \$ 2,473,195 |
| Provision for bad debts | <u>(22,321)</u> | <u>(6,624)</u> |
| Total operating revenues | <u>2,460,829</u> | <u>2,466,571</u> |
| Operating expenses: | | |
| Extended-care facility | 2,266,714 | 2,260,242 |
| Depreciation | 24,374 | 27,265 |
| Amortization | <u>1,355</u> | <u>1,455</u> |
| Total operating expenses | <u>2,300,443</u> | <u>2,300,532</u> |
| Operating income | <u>160,386</u> | <u>166,039</u> |
| Nonoperating revenues (expenses): | | |
| Interest expense | (104,404) | (113,404) |
| Interest income | <u>14,525</u> | <u>10,533</u> |
| Total nonoperating revenues (expenses) | <u>(89,879)</u> | <u>(102,871)</u> |
| Net income (loss) | 70,507 | (36,832) |
| Retained earnings (deficit) at beginning of year | <u>(329,718)</u> | <u>(393,317)</u> |
| Retained earnings (deficit) at end of year | <u>\$ (159,211)</u> | <u>\$ (329,718)</u> |

SUPPLEMENTARY INFORMATION

TOWN OF WELLS, MICHIGAN

STATEMENT OF CONTRIBUTIONS PAID TO GOVERNING BOARD
Year Ended May 31, 1977

| | Salary | Fee Dues | Mileage Reimbursement | Total |
|--------------------------|-----------------|----------------|--------------------------|-----------------|
| Mayor: | | | | |
| James F. Martin | \$ 2,880 | \$ 2,400 | \$ 200 | \$ 5,480 |
| Mary Sue P. Lyon | - | 2,100 | 200 | 2,300 |
| Aldermen: | | | | |
| Alexander Pridemore, Jr. | 2,975 | 1,800 | 50 | 4,825 |
| Jimmy Gormier | 1,275 | 400 | 50 | 1,725 |
| Richard Landry | 1,200 | - | - | 1,200 |
| Mary Sue P. Lyon | 1,275 | 400 | 80 | 1,755 |
| Wendell Richard | 1,200 | 50 | - | 1,250 |
| Wesley K. Bloom | 1,275 | - | - | 1,275 |
| Don Ray Varkko | 2,280 | - | - | 2,280 |
| Joseph L. Van Wert | <u>2,175</u> | <u>480</u> | <u>50</u> | <u>2,705</u> |
| | <u>\$12,480</u> | <u>\$6,150</u> | <u>\$3,280</u> | <u>\$20,910</u> |

TOWN OF WELSH, LOUISIANA
PUBLIC UTILITY ENTERPRISE FUND

SCHEDULE OF NUMBER OF UTILITY CUSTOMERS
May 31, 2007

| | <u>Retired</u> | <u>Nonretired</u> |
|--------------|----------------|-------------------|
| Electricity: | | |
| Industrial | 00 | - |
| Commercial | 100 | - |
| Municipal | 2,200 | - |
| Residential | 00 | - |
| Water | 2,200 | 0 |
| Other | 0,000 | - |

TOWN OF WELSH, LOUISIANA
PUBLIC UTILITY ENTERPRISE FUND

STATEMENT OF ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT
REQUIRED BY SECTION 18 OF 1988 PUBLIC UTILITY SERVICE BOND
Year Ended May 31, 1997

| Description | | Amount |
|---------------------------|----------------|-------------------|
| Land | | \$ - |
| Electricity: | | |
| Distribution system | \$ - | |
| Equipment | <u>29,320</u> | 29,320 |
| Water: | | |
| Distribution system | - | |
| Equipment | <u>28,074</u> | 28,074 |
| Waste: | | |
| Distribution system | - | |
| Equipment | <u>2,740</u> | 2,740 |
| Construction in progress: | | |
| Water | - | |
| Sewer | <u>200,254</u> | 200,254 |
| Total additions | | <u>\$ 260,388</u> |

STATE OF MISSISSIPPI, LOUISIANA

SCHEDULE OF INSURANCE POLICIES ON FILED
May 31, 1997

| Insurer | Policy Number | Amount of Policy |
|---|-----------------------|---------------------|
| OVERSIGHT UNIT-TOWN OF WELLS | | |
| Harford Steamboiler Insurance | 888-80-8414180-80 | \$ 500,000 |
| Louisiana Municipal Risk Management Agency | LML-388 | 500,000 |
| Academy Indemnity Co. | 200-88081-02 | 250,000 |
| SEAFORD Insurance Company of America | 200-7504738 | 500,000 |
| Medical Surety | 6889983 | 25,000 |
| Trinity Universal Insurance Company | 00701887 86 10 | 10,000 |
| of Kansas, Inc. | | 50,000 |
| Audubon Insurance Company | CP813428 | 500 of 1,000,000 |
| Trinity Universal Insurance Company of Kansas, Inc. | CP813417 07 | 1,000,000 |
| Louisiana Municipal Risk Management Agency | LML-388 | 500,000 |
| Louisiana Municipal Risk Management Agency | LML-388 | 500,000 |
| Louisiana Municipal Risk Management Agency | LML-388 | 500,000 |
| Western Surety Co. | 6889983 | 5,000 |
| Western Surety Co. | 6889984 | 5,000 |
| Louisiana Municipal Risk Management | WC-8077 | 100,000 |
| | | 500,000 |
| | | 100,000 |
| CONCRETE UNIT-HOSPITAL & HETEROGENEOUS CARE FACILITY | | |
| Travelers Insurance Co. | P-200-51882807-TVL-84 | 3,000,000 |
| | MS-6495-618827 | 4,000,000 |
| | | 500,000 |
| Louisiana Hospital Association Trust Fund | HPL-100-84 | 100,000 |
| | | 500,000 |
| Louisiana Patient Compensation Fund | HPL-100-84 | 100,000 |
| Louisiana Hospital Association Trust Fund | HPL-100-84-82 | 100,000 |
| | | 500,000 |
| Louisiana Hospital Association Trust Fund | HPL-100-84-82 | 100,000 |
| | | 500,000 |
| Louisiana Patient Compensation Fund | HPL-100-84-82 | 100,000 |
| Louisiana Hospital Association Trust Fund | HPL-100-84-82 | 100,000 |
| | | 100,000 |
| Trinity Universal Insurance Co. | 817883 | 75,000 |
| Wells Insurance Agency | 8842436 | |

Policy
 Expired 108
 Data

Risk Coverage

| | |
|---|----------|
| Property damage | 12/31/98 |
| Auto-liability | 12/31/97 |
| Fire occurrence | 12/31/98 |
| Airport access, landlords and tenants liability | 12/31/98 |
| Public employees blanket bond | 5/31/97 |
| Robbery and safe | 4/12/97 |
| H burglary | 4/12/97 |
| Buildings and contents | 10/28/97 |
| Buildings and contents | 10/28/97 |
| Law enforcement liability | 12/31/97 |
| Public officials | 12/31/97 |
| General liability | 12/31/97 |
| EM officio rotary public safety bond | 7/31/98 |
| EM officio rotary public safety bond | 7/31/98 |
| Medical injury by accident - each accident | 1/1/97 |
| Medical injury by disease - policy limit | 1/1/97 |
| Medical injury by disease - each employee | 1/1/97 |
| Boiler and machinery coverage | 12/31/98 |
| Building systems | 12/31/98 |
| Building systems | 12/31/98 |
| - per claim hospital professional liability | 11/1/98 |
| - per occurrence comprehensive general liability | |
| - per claim | 11/1/98 |
| - per occurrence comprehensive general liability | 11/1/98 |
| - per claim hospital professional liability | 11/1/98 |
| - per occurrence comprehensive general liability | 11/1/98 |
| - per claim | 11/1/98 |
| - per claim hospital professional general liability | 11/1/98 |
| - per occurrence comprehensive general liability | 11/1/98 |
| Public employees blanket bond | 6/30/98 |
| Glass coverage | 7/31/98 |

ADDITIONAL REPORTS

McELROY, QUIRK & BURCH

AN PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Board of Aldermen
Town of Welsh
Welsh, Louisiana

We have audited the general purpose financial statements and the combining and account group financial statements of the Town of Welsh, Louisiana for the year ended May 31, 1977, and have issued our report thereon dated August 18, 1977.

We conducted our audit in accordance with generally accepted auditing standards and Government Audit Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements and combining and account group financial statements are free of material misstatement.

The management of the Town of Welsh, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, protection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Town of West, Louisiana for the year ended May 31, 1987, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions:

General:

- Because of the entity's size and the limited number of accounting personnel, it is not feasible to segregate duties to achieve effective internal accounting control. Management of the Town has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by via supervision and review procedures.

Open:

- During our review of the Town's internal control system, we noted that the policy and procedure manual needs to be reviewed and updated. This manual was developed several years ago and addresses many aspects of the Town's operations. It is recommended that management review this manual and update and reflect the Town's current policies and procedures in effect.
- During our review of the budget of the Town, it was noted that expenditures exceeded appropriations in the General Fund Department of Police by more than \$1. Special compliance rules apply to budgets applicable to elected officials in that expenditures cannot exceed appropriations by more than \$1. The elected chief of police in a municipality shall advise the municipal governing authority in writing when the actual expenditures plus projected expenditures for the remainder of the year within the police department exceed the total budgeted expenditures by \$1 or more, and shall make recommendations in writing to the governing authority for responsive action. It is recommended that future budgets be reviewed on a monthly basis by the appropriate department heads to insure that expenditures do not exceed appropriations.

HOSPITAL AND EXTENDED CARE FACILITY:

- During our review of billing procedures for patient services at the hospital, it was noted there are occasions in which there are significant delays between the dates of service and billings to patients and/or third party payers. The delays are largely a result of not receiving dictated medical records from physicians that perform the services. It is recommended that procedures be established to assist the physician in preparing the dictated medical records in order to decrease the time lag between medical service delivery and billing. By improving the timeliness of the billing process collection time for the hospital should improve.
- During our review of the procedures currently in place relating to coding medical supplies used for patients, it was noted that supplies used are not checked against current price lists or otherwise verified by independent employees after input to coding. Additionally, the "yellow tabs" used to charge for supplies used are not always accounted for. It is recommended that procedures be established to provide a "double check" to insure that all medical supplies used are properly charged and coded to patients' medical records and that all used and unused "yellow tabs" be strictly accounted for.
- CURRENTLY, LYMED expenses are collected to supervisors who review and approve the reports for payment. It is recommended that hospital management periodically review travel reports submitted to insure compliance with hospital policy.
- CURRENTLY, employees do not sign payroll time cards. Time card hours are calculated by supervisors and submitted to payroll for processing. The payroll department does not recalculate the time card hours. Additionally, our review of payroll checks indicated that not all payroll checks are signed by employees. It is recommended that all employees be required to sign their time cards. Additionally, the payroll department should "double check" computer hours on each time card. Management should review the complete payroll listings for each payroll for reasonableness.
- During our review of daily deposits, it was noted that receipts are generally prepared for all window deposits. While the deposit practitioners have improved over the past year, it was noted that some receipts did not indicate whether the collections were in cash or by check. It is recommended that all receipts indicate the nature of the collection on the receipt. Deposits for window receipts should be made by accounting personnel independent of the cashier function. Additionally, the components of the deposit, i.e., cash and checks, should be compared to the receipts to insure that cash and checks deposited agree with actual receipts.

- Improvements in the form of deposits were noted over the prior year. However, it is still recommended that all cash drawers be counted and reconciled daily. A reconciliation form has been developed to document this process. Additionally, it is recommended that management spot check cash drawers on a random basis to insure that proper procedures are being followed.
- During our review it was noted that various supplies are sold to employees and visitors from the hospital. Requisitions for such sales should be associated for numerically and a log maintained for all requisitions issued. Funds collected for such sales should be summarized on the log and requisitions and deposited daily. Additionally, an evaluation by management should be undertaken to determine whether appropriate markup on supplies sold is being charged. Also, it does not appear that sales tax is being charged and collected for such sales. It is recommended that applicable taxes be charged and remitted to the appropriate taxing authorities. Payments from such sales are currently being coded as a reduction of supplies expense and should more properly be recorded as a miscellaneous revenue. The practice of selling supplies has been discontinued by management.
- Our review of accounts receivable indicated that even through remissions have decreased from the prior year, receivables from private pay patients have increased and represent about 48.8% of the total receivables. Many of these receivables are over 120 days old. Efforts should be focused on recovering as much of these receivables as possible to improve cash flow. Additionally, it is recommended that management consider reviewing and revising admission policies to address financial responsibility of patients for services provided by the hospital.
- During our review of the sinking fund requirements for the extended care facility it was noted that there appears to be funds in excess of the required reserves. It is recommended that management review these fund balances in order to determine if such funds are available for other uses. These balances should be reviewed with the trust authorities, as well as the bonding attorney to determine the proper utilization of these potential excess funds. Additionally, it appears that there are some excess funds in the debt service funds of the Town.
- It is recommended that at admission a legal agreement be executed by the admitted patient and their family in an effort to insure collectibility of nursing home charges. It was noted that in some instances Medicaid practitioners a resident but then requesting the patient's resources and restrict their approval. This results in the patient being converted to a private pay patient and in some instances collectibility for indirect charges is not certain. By implementing the above admission procedure, the collection process could be improved.

- All petty cash reimbursement checks should continue to be made out to petty cash and cashed at the bank. All petty cash reimbursements should continue to be reviewed in detail by the person signing the petty cash reimbursement check. All petty cash vouchers and receipts should be cancelled to avoid possible reimbursement.
- We encouraged the continued review of bank reconciliations and bank statements by management on a monthly basis to insure proper oversight regarding the reconciliation process.
- Cash flow continues to be a problem at the hospital and extended care facility. Management has significantly reduced operating costs of the hospital by \$128,873 and extended care facility by \$88,248. Overall costs for both facilities were reduced by \$208,858. Management should be commended for its efforts in reducing costs. It is recommended that management continue to research possible affiliations with larger hospital facilities in the area in order to increase patient census and physician participation.

Other comments:

- We recommend cross-training of accounting personnel. Each position should have an individual that is assigned the responsibility of the position and an individual that is trained as a back-up to the position in the event of illness or other absence from work of the primary individual. We further recommend that each employee be required to take at least one week's vacation at one time each year.
- All checks prepared for signature should be presented to the authorized signer along with the supporting documentation for the check. No check should be signed until the signer has reviewed the accompanying invoice and sign documentation. We recommend no vendor be paid from a statement. Vendors should be paid from invoices only to assist in elimination/duplicate payments of the same invoice.

Both the Town and Hospital management worked diligently to implement the recommendations from the prior year and make the necessary improvements. While not all recommendations have been completely implemented, management is making a concerted effort to accomplish these tasks.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure prevents does not reduce to a relatively low level the risk that errors or irregularities in accounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions described above are material weaknesses.

The findings and recommendations from this prior year's audit have been received or are in the process of being implemented.

This report is intended for the information of the Board, management, and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Town of Natch, Louisiana, is a matter of public record.

Ms. Elroy, Smith & Burch

Lake Charles, Louisiana
August 15, 1997

MCELROY, QUINN & BURCH

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INDEPENDENT AUDITOR'S COMPLIANCE REPORT BASED ON AN AIDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Monsieur Mayor and Board of Aldermen,
Town of Weibé,
Weibé, Louisiana.

We have audited the general purpose financial statements of the Town of Weibé, Louisiana, as of and for the year ended May 31, 1997, and have issued our report thereon dated August 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular E-128, Audit of State and Local Governments. Those standards and OMB Circular E-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Weibé, Louisiana, is the responsibility of the Town of Weibé, Louisiana management. As part of obtaining reasonable assurance about whether the general purpose financial statements and combining and account group financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements and combining and account group financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board, management, and other state and federal main agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Town of Metairie, Louisiana, is a matter of public record.

Mr. Elroy, David & Burch

Lake Charles, Louisiana
August 10, 1987

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NEW ORLEANS AREA

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Honorable Mayor and Board of Aldermen
Town of Welsh
Welsh, Louisiana

We have audited the general purpose financial statements and the combining and account group financial statements of the Town of Welsh, Louisiana, for the year ended May 31, 1997, and have issued our report thereon dated August 15, 1997. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-118, Justice of Peace and Local Government. These standards and OMB Circular A-118 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and account group financial statements of the Town of Welsh, Louisiana. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose, combining and account group financial

statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose, combining and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements and account group financial statements taken as a whole.

J. J. Elroy, President & Partner

Lake Charles, Louisiana
August 28, 1987

STATE OF LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
Year Ended May 31, 1997

| | CFDA NUMBER | FY97 FEDERAL | FY97 STATE | FY97 MATCHING |
|---|----------------|-----------------|---------------|------------------|
| Department of Agriculture: Farmers Home Administration | | \$ | \$ | \$ |
| Department of Housing and Urban Development: Community Development BLOCK Grant Funds | | \$4,318 | 1,800,808 | 283,178 |

* Loan balance outstanding as of May 31, 1997 \$462,360

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Memphis Mayor and Board of Aldermen
Town of Welsh
Welsh, Louisiana

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Welsh, Louisiana, for the year ended May 31, 1997, and have issued our report thereon dated August 25, 1997. We have also audited the compliance of Town of Welsh, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated August 25, 1997.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements and the combining, individual fund and account group financial statements are free of material misstatement and about whether the Town of Welsh, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended May 31, 1997, we considered the internal control structure of the Town in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the town and the town's compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control policies and procedures relevant to our audits of the general purpose financial statements in a separate report dated August 25, 1997.

The management of the Town of Welsh, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, perfection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Administrative controls used in administering the major federal financial assistance programs

| | |
|----------------------------------|------------------------------|
| General requirements: | Specific requirements: |
| Political activity | Types of services |
| Davis-Starr Act | Eligibility |
| Civil rights | Matching and level of effort |
| Cash management | Reporting |
| Federal financial reports | Cost allocations |
| Drug free workplace | Specific requirements: |
| Alliance's cost/audit principles | Bonds assessment |
| Administrative requirements | Records retention |

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended May 31, 1997, the Town of Welsh, Louisiana, expended one hundred (100) percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-109, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements

governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Town's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Town's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure policies and procedures used in administering federal financial assistance programs would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we considered to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the Town of Welsh, Louisiana, compliance with requirements applicable to its major federal financial assistance programs for the year ended May 31, 1997, and this report does not affect our report thereon dated August 13, 1997.

Material weaknesses:

General:

- Because of the entity's size and the limited number of accounting personnel, it is not feasible to implement duties to achieve effective internal accounting control. Management of the Town has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. Management has attempted to mitigate this weakness by its supervision and review procedures.

Items:

- During our review of the Town's internal control system, we noted that the policy and procedure manual needs to be reviewed and updated. This manual was developed several years ago and addresses many aspects of the Town's operations. It is recommended that management revise this manual and update and reflect the Town's current policies and procedures in effect.
- During our review of the budget of the Town, it was noted that expenditures exceeded appropriations in the General Fund Department of Police by more than 2%. Special compliance rules apply to budgets applicable to elected officials in that expenditures cannot exceed appropriations by more than 2%. The elected chief of police in a municipality shall advise the municipal governing authority in writing when the actual expenditures plus projected expenditures for the remainder of the year within the police department exceed the total budgeted expenditures by 2% or more, and shall make recommendations in writing to the governing authority for responsive action. It is recommended that future budgets be reviewed on a monthly basis by the appropriate department heads to insure that expenditures do not exceed appropriations.

Hospital and extended care facility:

- During our review of billing procedures for patient services at the hospital, it was noted there are occasions in which there are significant delays between the dates of service and billings to patients and or third party payers. The delays are largely a result of not receiving dictated medical records from physicians that perform the services. It is recommended that procedures be established to assist the physician in preparing the dictated medical records in order to decrease the time lag between medical service delivery and billing. By improving the timeliness of the billing process collection time for the hospital should improve.
- During our review of the procedures currently in place relating to coding medical supplies used for patients, it was noted that supplies used are not checked against current price lists or otherwise verified by independent employees after input or coding. Additionally, the "yellow tabs" used to charge for supplies used are not always accounted for. It is recommended that procedures be established to provide a "double check" to insure that all medical supplies used are properly charged and coded in patient's medical records and that all used and unused "yellow tabs" be strictly accounted for.
- Currently, travel expenses are submitted to supervisors who review and approve the reports for payment. It is recommended that hospital management periodically review travel reports submitted to insure compliance with hospital policy.

- Currently, employees do not sign payroll time cards. Time card hours are calculated by supervisors and submitted to payroll for processing. The payroll department does not recalculate the time card hours. Additionally, our review of payroll checks indicated that not all payroll checks are signed by employees. It is recommended that all employees be required to sign their time cards. Additionally, the payroll department should "double check" computed hours on each time card. Management should review the complete payroll listings for each payroll for reasonableness.
- During our review of daily deposits, it was noted that receipts are generally prepared for all window deposits. While the deposit practices have improved over the past year, it was noted that some receipts did not indicate whether the collections were in cash or by check. It is recommended that all receipts indicate the nature of the collection on the receipt. Deposits for window receipts should be made by accounting personnel independent of the cashier function. Additionally, the components of the deposit, i.e., cash and checks, should be compared to the receipts to insure that cash and checks deposited agree with actual receipts.
- Improvements in the area of deposits were noted over the prior year. However, it is still recommended that all cash drawers be counted and reconciled daily. A reconciliation form has been developed to document this process. Additionally, it is recommended that management spot check cash drawers on a random basis to insure that proper procedures are being followed.
- During our review it was noted that various supplies are sold to employees and patients from the hospital. Requisitions for such sales should be accounted for numerically and a log maintained for all requisitions issued. Funds collected for such sales should be reconciled to the log and requisitions and deposited daily. Additionally, an evaluation by management should be undertaken to determine whether appropriate markup on supplies sold is being charged. Also, it does not appear that sales tax is being charged and collected for such sales. It is recommended that applicable taxes be charged and remitted to the appropriate taxing authorities. Proceeds from such sales are currently being coded as a reduction of supplies expense and should more properly be recorded as a miscellaneous revenue. The practice of selling supplies has been discontinued by management.
- Our review of accounts receivable indicated that even though receivables have decreased from the prior year, receivables from private pay patients have increased and represent about 25.5% of the total receivables. Many of these receivables are over 120 days old. Efforts should be focused on enumerating as much of these receivables as possible to improve cash flow. Additionally, it is recommended that management consider reviewing and revising admission policies to address financial responsibility of patients for services provided by the hospital.

- During our review of the existing fund requirements for the extended care facility it was noted that there appears to be funds in excess of the required reserves. It is recommended that management review these fund balances in order to determine if such funds are available for other uses. These balances should be reviewed with the trust authorities, as well as the bonding attorney to determine the proper utilization of these potential excess funds. Additionally, it appears that there are some excess funds in the debt service funds of the Trust.
- It is recommended that at admission a legal agreement be executed by the admitted patient and their family in an effort to insure collectibility of nursing home charges. It was noted that on some occasions Medicaid beneficiaries a resident had their resources the patient's resources and assets without their approval. This results in the patient being converted to a private pay patient and in some instances collectibility for insured charges is not certain. By implementing the above admission procedure, the collection process could be improved.
- All petty cash reimbursement checks should continue to be made out to petty cash and cashed at the bank. All petty cash reimbursements should continue to be reviewed in detail by the person signing the petty cash reimbursement check. All petty cash vouchers and receipts should be retained to avoid possible reimbursement.
- We recommend the continued review of bank reconciliations and bank statements by management on a monthly basis to insure proper oversight regarding the reconciliation process.
- Cash flow continues to be a problem at the hospital and extended care facility. Management has significantly reduced operating costs of the hospital by \$651,576 and extended care facility by \$68,248. Overall costs for both facilities were reduced by \$719,824. Management should be commended for its efforts in reducing costs. It is recommended that management continue to research possible affiliations with larger hospital facilities in the area in order to increase patient census and physician participation.

Other comments:

- We recommend cross-training of accounting personnel. Each position should have an individual that is assigned the responsibility of the position and an individual that is trained as a back-up to the position in the event of illness or other absences from work of the primary individual. We further recommend that each employee be required to take at least one week's vacation at one time each year.

- All checks prepared for signature should be presented to the authorized signer along with the supporting documentation for the check. No check should be signed until the signer has reviewed the accompanying invoice and sign documentation. No recommend no vendor be paid from a statement. Vendors should be paid from invoices only to assist in eliminating duplicate payment of the same invoice.

Both the Town and Hospital management worked diligently to implement the recommendations from the prior year and make the necessary improvements. While not all recommendations have been completely implemented, management is making a concerted effort to accomplish these tasks.

The above items were discussed with appropriate Town personnel and management. It is management's intention to initiate or consider the above items for implementation during the next fiscal year.

Also, the findings noted and recommendations suggested in our prior audit have been implemented. Those not implemented have been restated as part of these recommendations.

This report is intended for the information of the Board, management, and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Town of Metairie, Louisiana, is a matter of public record.

Mr. Craig, David + Beach

LABS CHARLES, Louisiana
August 18, 1997

McELROY, QUIRK & BUNCH

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MEMBER FIDELITY
TRUSTEES COMPANY AND
FINANCIAL GROUP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Honorable Mayor and Board of Aldermen
Town of Welsh
Welsh, Louisiana

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Welsh, Louisiana, as of and for the year ended May 31, 1977, and have issued our report thereon dated August 18, 1977.

We have applied procedures to test the Town of Welsh's compliance with the following requirements applicable to its Federal financial assistance programs, which are identified in the schedule of federal financial assistance for the year ended May 31, 1977:

- Political activity
- Debarment Act
- Civil rights
- Cash management
- Federal financial reports
- Drug-Free Workplace Act
- Allowable costs/cost principles
- ADMINISTRATIVE REQUIREMENTS

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than in such, the objective of which is the expression of an opinion on Town of Welsh, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, NOTHING came to our attention that caused us to believe that the Town of Welsh, Louisiana, had not complied in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board, management, and other state and Federal audit agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Town of Welsh, Louisiana, is a matter of public record.

Mrs. Elroy, Russell & Burch

1886 Charbon, Louisiana
August 18, 1987

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Honorable Mayor and Board of Aldermen
Town of Welsh
Welsh, Louisiana

We have audited the general purpose financial statements of the Town of Welsh, Louisiana, as of and for the year ended May 31, 1997, and have issued our report thereon dated August 15, 1997.

We have also audited Town of Welsh's compliance with the requirements governing federal loans and loan guarantees that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended May 31, 1997. The management of the Town of Welsh is responsible for the Town's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circulars A-133, Justice of State and Local Governments. Those standards and OMB Circulars A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the Town of Welsh's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to in the second paragraph.

In our opinion, the Town of Welsh, Louisiana complied in all material respects, with the requirements governing loans and loan guarantees that are applicable to each of the major Federal financial assistance programs for the year ended May 31, 1997.

This report is intended for the information of the Board, management, and other state and Federal audit agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Town of Welsh, Louisiana, is a matter of public record.

M. Elroy David & Beach

Lake Charles, Louisiana
August 10, 1997

MCILROY, QUINN & BURCH

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NON-MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Honorable Mayor and Board of Aldermen
Town of Welsh
Welsh, Louisiana

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Welsh, Louisiana, as of and for the year ended May 31, 1987, and have issued our report thereon dated August 19, 1987.

In connection with our audit of the general purpose financial statements and combining and individual fund and account group financial statements of the Town of Welsh, Louisiana, and with consideration of the town's internal control system used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audit and State and Local Governments, we selected certain transactions applicable to certain nonmajor Federal financial assistance programs for the year ended May 31, 1987. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or disallowed and eligibility that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Welsh, Louisiana compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items listed, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not listed, nothing came to our attention that caused us to believe that the Town of Welsh, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board, management, and other state and Federal audit agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Town of Metairie, Louisiana, is a matter of public record.

M^r Elroy, Davis & Bousch

Lake Charles, Louisiana
August 15, 1959