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STATE OF LOUISIANA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1997

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

Release Date: ~~Jul 01 1999~~

**TOWN OF FORDOCHE
PONTE COUPEE PARISH, LOUISIANA
P. O. BOX 10
FORDOCHE, LA 70712
(504) 637-3112**

MAYOR

Charles "Sammy" Barbone

COUNCIL

Robin Cashin

Willie Routledge, Jr.

Irene Smith

Fel Smith

Don Soumier

LEGAL COUNSEL

William Fayant

TOWN CLERK

Lisa Elvax

SHERIFF OF POLICE

Fred Guste

MEETING DATE

**2nd Tuesday of Every Month
6:30 pm - Town Hall**

**TOWN OF FURDOCHE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1997**

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TOWN OF FORDOCHIEU, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1997

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George F. Deloane

CERTIFIED PUBLIC ACCOUNTANT
Practice Limited to Governmental Accounting, Auditing and Financial Reporting

Phone
OFFICE: 225-633-6666
HOME: 225-633-6666
FACSIMILE: 225-633-6666
E-MAIL: gdeloane@comcast.net

Office
100 AIRBORNE DRIVE
MONROE, LA 70001

Member
AMERICAN SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS OF THE
STATE OF LOUISIANA
100 BROADWAY SUITE 1000

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The Honorable Charles Darlman, Mayor
and Board of Aldermen
Town of Fordoche, Louisiana

I have audited the accompanying general purpose financial statements of the TOWN OF FORDOCHE, LOUISIANA, as of and for the year ended December 31, 1997, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Town of Fordoche, Louisiana's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and with provisions of Louisiana Revised Statute 24:813 and the provisions of the *Louisiana Governmental Audit Code*, published jointly by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Fordoche, Louisiana, as of December 31, 1997, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 17, 1998, on my consideration of the Town of Fordoche, Louisiana's internal control over financial

reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

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

George F. Robinson, CPA

June 17, 1998

EXHIBIT A
TOWN OF BOEDOCHE, LOUISIANA
COMBINED BALANCE SHEET - ALL FUNDS TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1997

	General	Proprietary	Account	Totals	
	Fund Type	Fund Type	Group	Measurement Code	
	General	Enterprise	Capital Assets	1997	1996
ASSETS					
Cash	\$6,480	\$3,573		\$10,053	\$9,573
Receivables -					
Taxes - ad valorem	1,806			1,806	18,750
Taxes - franchise	1,970			1,970	1,000
Utility billings		1,251		1,251	1,713
Due from other governmental units -					
Licenses - beer sales	364			364	280
Licenses - tobacco taxes	1,075			1,075	1,075
Licenses - video games	287			287	184
Licenses - game vending	1,780			1,780	1,770
Due from other funds -					
Water systems	4,800			4,800	4,671
Prepaid expenses		1,643		1,643	713
Property, Plant and Equipment -					
Land			1,200	1,200	1,200
Buildings and improvements			40,000	40,000	44,500
Water system		\$4,190		\$4,190	\$4,190
Tractors and equipment			10,000	10,000	11,000
Equipment		1,204	1,076	2,280	2,011
Vehicles		1,400		1,400	1,200
Office equipment		1,500	1,076	2,576	2,000
Accumulated Depreciation		\$(14,800)		\$(14,800)	\$(15,000)
TOTAL ASSETS	\$21,600	\$87,000	\$51,800	\$250,449	\$251,774

The accompanying notes are an integral part of this statement.

	Gen- eral	Popula- tion	Acron- ym	Total	
	Fund Type	Fund Type	Group	Miscellaneous Other	
	General	Services	Fund Acct.	1997	1998
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$700	\$1,800		\$2,500	\$2,500
Deferred revenues		2,607		2,607	2,607
Due to other funds - Water system		3,240		3,240	3,240
Total Liabilities	700	5,647		8,387	8,347
Fund Equity					
Contributed capital:					
City		2,000		2,000	2,000
Municipality		20,000		20,000	20,000
Public grant		2,077		2,077	2,077
Federal grant		394,000		394,000	394,000
Interfund contributions		(74,000)		(74,000)	(230,000)
Revenues in general fund acct			93,628	93,628	93,627
Retained earnings - Miscellaneous		41,289		41,289	50,891
Fund balances - Miscellaneous					
Unexpended				20,000	20,000
Total Fund Equity	10,000	60,366	93,628	164,007	164,007
TOTAL LIABILITIES AND FUND EQUITY	\$10,700	107,013	93,628	172,394	172,354

The accompanying notes are an integral part of this statement.

EXHIBIT B
TOWN OF FORTCHIE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND TYPE - GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 1997

	1997	1996
Revenues:		
Taxes	\$66,487	\$63,640
Licenses and permits	15,791	11,488
Intergovernmental revenue	8,799	10,828
Fines and forfeitures	2,578	10,699
Miscellaneous revenues	8,112	4,522
Total Revenues	\$101,767	\$101,177
Expenditures:		
Current:		
General government	28,975	26,738
Public safety	17,189	33,280
Streets and drainage	13,655	13,876
Capital outlay:		
General government	3,742	3,885
Public safety	1,267	
Streets and drainage	2,066	20,100
Total Expenditures	\$67,794	\$104,803
Excess of Revenues (Expenditures)	29,001	(3,750)
Fund Balance - January 1	81,851	84,754
FUND BALANCE - December 31	\$110,852	\$81,004

The accompanying notes are an integral part of this statement.

EXHIBIT C
TOWN OF FORTCHIEF, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (GAAP BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1997

	1997		Variances Favorable (Unfavorable)	1996	
	Budget	Actual		Budget	Actual
Revenues:					
Taxes	\$62,700	\$66,487	\$3,787	\$62,643	\$62,643
Licenses and permits	9,755	13,791	4,036	11,458	11,458
Intergovernmental revenue	2,500	8,098	5,598	14,808	14,808
Fees and forfeitures	9,800	2,578	(7,222)	12,499	12,499
Miscellaneous revenue	4,845	8,119	3,274	4,373	4,373
Total Revenues	<u>90,000</u>	<u>98,073</u>	<u>7,872</u>	<u>104,581</u>	<u>104,581</u>
Expenditures:					
Current -					
General government	28,000	28,935	(935)	26,738	26,738
Public safety	25,000	17,119	7,881	50,285	50,285
Streets and drainage	11,600	13,665	(2,065)	13,856	13,856
Capital outlays -					
General government		3,742	(3,742)	2,883	2,883
Public safety		1,367	(1,367)		
Streets and drainage		2,856	(2,856)	27,579	27,579
Total Expenditures	<u>65,700</u>	<u>63,717</u>	<u>2,000</u>	<u>101,301</u>	<u>101,301</u>
Receipts of Revenues (Expenditures)	<u>24,300</u>	<u>34,356</u>	<u>1,056</u>	<u>3,280</u>	<u>3,280</u>
Fund Balance - January 1	<u>\$1,881</u>	<u>\$1,881</u>		<u>\$4,734</u>	<u>\$4,734</u>
FUND BALANCE - December 31	<u>\$300,021</u>	<u>\$118,810</u>	<u>\$1,711</u>	<u>\$181,861</u>	<u>\$181,861</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B
TOWN OF FORDOOSH, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND-TYPE (ENTERPRISE FUNDS)
FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>1997</u>	<u>1996</u>
Operating Revenues		
Charges for services -		
Water sales	\$21,607	135,760
Miscellaneous revenues	<u>1,587</u>	<u>3,088</u>
Total Operating Revenues	<u>23,194</u>	<u>138,848</u>
Operating Expenses		
Water Expenses -		
Superintendent salary	5,655	6,524
Maintenance salaries	3,444	305
Employer benefits	714	826
Current cost in pumping	6,087	4,776
Insurances	154	
Item - monitoring equipment	908	
Maintenance of vehicles and equipment	926	663
Maintenance of water mains and well	4,548	
Maintenance of pumping equipment	1,280	
Maintenance of lines	7,240	2,115
Maintenance of chlorinators	49	308
Chlorine	1,266	832
Vehicle - fuel and gas	305	688
Supplies and small tools	1,805	5,114
Depreciation	<u>19,308</u>	<u>18,416</u>
Total Water Expenses	<u>53,499</u>	<u>80,076</u>
General and Administrative -		
Office salaries	8,308	3,388
Employer benefits	503	288
Rent fee	1,608	1,880
Accounting services	305	280
Insurances	1,264	1,541
Travel	100	100
Office supplies	364	11
Printing and post cards	715	911
Maintenance of computer equipment	300	300
Miscellaneous	411	111
Depreciation	<u>121</u>	<u></u>
Total General and Administrative	<u>13,600</u>	<u>8,002</u>
Total Operating Expenses	<u>67,100</u>	<u>88,078</u>
Operating (Loss)	<u>(43,906)</u>	<u>(49,230)</u>

The accompanying notes are an integral part of this statement.

	<u>1997</u>	<u>1996</u>
Add depreciation on fixed assets acquired by grants for capital acquisition and construction that reduces contributed capital	<u>12,375</u>	<u>11,570</u>
Increase in Retained Earnings	(24,622)	6,248
Retained Earnings - January 1	<u>55,031</u>	<u>49,360</u>
RETAINED EARNINGS - December 31	<u>30,409</u>	<u>55,608</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B
TOWN OF BOEDOCHE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE (ENTERPRISE FUNDS)
FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>1997</u>	<u>1996</u>
Cash Flows from Operating Activities		
Operating (loss)	(\$25,377)	(9,127)
Adjustments to reconcile operating (loss) to net cash provided by operating activities -		
Depreciation	18,479	18,486
Changes in assets and liabilities -		
Decrease (increase) in receivables	(269)	1,148
Decrease (increase) in prepaid expenses	(111)	87
Increase (decrease) in accounts payable	374	(119)
Increase (decrease) in accrued expenses		(24)
Increase (decrease) in deferred income	1,216	(737)
Increase (decrease) in due to other funds	1,822	3,824
	<u>2,832</u>	<u>11,261</u>
Net Cash Provided by Operating Activities	<u>2,455</u>	<u>2,134</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(790)	
Capital contributions		
	<u>(790)</u>	
Net Cash (Used) for Capital and Related Financing Activities	<u>(790)</u>	
Net Increase in Cash and Cash Equivalents	<u>1,665</u>	<u>2,134</u>
Cash and Cash Equivalents - January 1	<u>41,156</u>	<u>39,022</u>
CASH AND CASH EQUIVALENTS - December 31	<u><u>42,821</u></u>	<u><u>41,156</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1997

NOTE 1 - INTRODUCTION

The Town of Fardoché, Louisiana (the "Town") was incorporated May 10, 1961, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawson Act - Act No. 36 of 1958). The Town operates under a Mayor-Board of Aldermen Council form of government and provides the following services—public safety (police), streets, public improvements, and general administrative services. In addition, the Town owns and operates a water enterprise activity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Fardoché is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Fardoché for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Fardoché (the primary government). There are no component units that are required to be included with the reporting entity.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

Other Organizations

The municipality may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organizations, (b) joint ventures and jointly governed organizations, and (c) component units of another government with characteristics of a joint venture or jointly governed organization.

Considered in the determination of component units of the reporting entity were the Pointe Coupee Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the 18th Judicial District. It was determined that these governmental entities are not component units of the Town of Fordoche reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Fordoche.

Also, excluded from the reporting entity:

Fire Protection District No. 4 of the Parish of Pointe Coupee, Louisiana

This potential component unit has a separate board appointed jointly by the area governments' governing bodies. It provides services to residents, within the geographic boundaries of the government and other areas adjacent to it. This unit is excluded from the reporting entity because the government does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

Fund Accounting

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

Governmental Fund

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund—the general operating fund of the municipality and accounts for all financial resources, except those required to be accounted for in other funds.

Proprietary Fund Type

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

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

Basis of Accounting

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

TOWN OF FORDOCHIE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

Revenues

Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1903 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Sales and use tax revenues are recorded in the month they are received by the parish tax collector.

Federal and state grants and reimbursements are recorded when the Town is entitled to the funds.

Fines, forfeitures, and court costs are recorded in the year they are received by the Town or parish tax collector.

Fees, charges and commissions are recognized as revenue in the month in which they are earned and billed.

Substantially all other revenues are recorded when received by the Town.

Expenditures

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as *other financing sources (uses)* and are recorded when the actual transfer occurs.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and

TOWN OF FORTDOUCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

Budgets

A proposed operating budget for the fiscal year, prepared on GAAP Basis, is approved by the Board of Aldermen and adopted in accordance with the Local Government Budget Law. The operating budget includes proposed expenditures and the means of financing them.

During the year, monthly budgetary comparison statements are used as management tools to control operations. When necessary the Board adopts budget amendments which are included in minutes published in the official journal.

The Board exercises budgetary control at the line item level. Unexpended appropriations lapse at the year end and must be reappropriated in the next year's budget to be expended.

Accruals

The Town does not follow the accruals method of accounting.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Accounts Receivable and Bad Debt

The Town uses the direct charge-off method whereby uncollectible amounts due from all valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

TOWN OF FORTDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1987

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Inventory

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

General Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, streets, and drainage systems, are not capitalized with other fixed assets. Interest cost incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

Property, Plant and Equipment - Proprietary Fund

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation is charged as an expense against operations. Depreciation is computed using the straight-line method with estimated useful lives as follows:

Water System	35 Years
Equipment	15 Years
Vehicles	5 Years
Office Equipment	5 Years

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

Compensation Absences

The Town has not established any vacation or sick leave policies.

Goodwill

Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital accounts and is reflected as a adjustment to net income.

Unreserved Retained Earnings

Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution.

Unreserved-Undesignated Fund Balances

The unreserved-undesignated fund balances for governmental funds represent the amount available for budgeting future operations.

Interfund Transactions

All interfund transfers are reported as operating transfers.

Comparative Data

Comparative total data for the prior year have 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.

TOWN OF PORDOCHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

At December 31, 1997, the status of deposited funds and collateralized balances are as follows:

Balance per bank statements	\$125,662
Secured by Federal Deposit Insurance	100,000
Secured by Pledge of securities	<u>25,662</u>
Unsecured and Uncollateralized	<u> 0</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 38:1229 imposes a statutory requirement on the collateral bank to advertise and sell the pledged securities within 30 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF FORDOUCHE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 1997

NOTE 4 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$1,900			\$1,900
Buildings and improvements	44,514			44,514
Tractor and equipment	12,299	\$25,866	\$-23,800	14,365
Equipment	5,507	1,547		6,874
Office equipment	7,947	3,742	-5,514	6,175
Totals	<u>\$71,467</u>	<u>\$31,155</u>	<u>\$-28,814</u>	<u>\$73,808</u>

A summary of changes in proprietary fund type property, plant and equipment follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Water system	\$641,990			\$641,990
Equipment	3,216			3,216
Office equipment	591	\$758		1,349
Vehicles	3,216			3,216
	<u>649,013</u>	<u>\$758</u>		<u>649,809</u>
Accumulated depreciation	<u>-175,486</u>	<u>\$-13,473</u>		<u>-214,963</u>
	<u>\$473,527</u>			<u>\$434,846</u>

From 1987 through 1990 the Town received federal capital grant funds for the purpose of expanding and enhancing the existing water system. Grant funds received and expended on this project amounted to \$534,065, which were capitalized. This capital grant and capital contributions of \$4,077 is reported under fund equity and is amortized over the estimated useful life of the improvements of 30 years.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

NOTE 5 - AD VALOREM TAXES

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of general property taxes levied by the Towns. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If the 1993 taxes are not paid by the due date of December 31st, the taxes bear interest at 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are collected from November to February by the Sheriff. Any amounts not collected at December 31st are shown as accounts receivable.

TOWN OF BOULDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

The following is a summary of the tax assessment rolls for the last two years:

Year	Mills Levied	Assessed Value	Homestead Exemption	Tax to be Paid by Owner	Tax to be Paid by State	Total Tax
1988	7.42	\$8,081,640		\$8,035.71		\$8,035.71
1989	7.42	8,298,750		8,130.43		8,130.43
1990	7.42	8,318,850		8,309.81		8,309.81
1991	7.00	1,159,135		8,114.06		8,114.06
1992	6.68	1,250,330		8,218.62		8,218.62
1993	13.68	1,256,348		17,186.79		17,186.79
1994	14.08	1,276,829		18,259.59		18,259.59
1995	14.08	1,335,182		18,802.34		18,802.34
1996	13.05	1,487,390		19,541.65		19,541.65
1997	13.05	1,525,695		19,910.99		19,910.99

NOTE 6 - SALES TAX and CENTRALIZED COLLECTION AGENCY AGREEMENT

In accordance with Paragraph (B)(3) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Town entered into an agreement on May 22, 1992 with all of the sales and use taxing authorities of the Parish of Pointe Coupee designating the Sales Tax Department of the Pointe Coupee Parish Police Jury as the single tax collection entity. The agreement is effective as of July 1, 1992, the agreement authorizes the Town to compensate the collection agency 1.5% of the gross amount collected.

NOTE 7 - FRANCHISE AGREEMENTS

The Town has granted three franchises:

Cable Television

A non-exclusive cable television franchise was granted to Spillway Cablevision, Inc. on November 14, 1995 for a period of 15 years. The annual franchise fee for this franchise shall be 3% of the annual gross subscriber revenues.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

Telephone

On January 15, 1998, the Town renewed a telephone franchise with Star Telephone Company, Inc. for a period of twenty-five years ending December 31, 2022. The annual franchise fee for this franchise is 2% of the Company's gross receipts.

Electric

On February 10, 1994, the Town granted a franchise to Pointe Coopes Electric Membership Corporation (a non-profit corporation) to supply electric energy to the Town and the inhabitants thereof for a period of 30 years. In consideration, the Town shall receive a fee equaling \$0.025 per kilowatt-hour for each kilowatt-hour sold within the corporate limits of the Town. In addition, the Town is provided street lighting in the corporate limits of the Town existing on the date of the franchise at no charge. Any additional street lighting needed after the franchise date will be furnished under the applicable rate.

NOTE 8 - PENSION PLAN AND RETIREMENT COMMITMENTS

All Town employees belong to the Social Security System.

NOTE 9 - CONTINGENT LIABILITIES

There is no pending litigation against the Town.

TOWN OF FORTDOACHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 1997

NOTE 10 - COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 34 of the 1975 session of the Louisiana Legislature, compensation paid to the outgoing mayor and board members is as follows:

Charles Dardonne, Mayor	\$0
John Barry Bergeron (resigned 4-8-1997)	0
Nelson Bergeron (appointed 4-8-1997; resigned 12-8-1997)	0
Robin Caskie	0
Willie Roubique, Jr.	0
Irene Smith	0
Pat Smith	0
Don Sommer (appointed 12-8-1997)	0
	<hr/>
	<u>\$0</u>

NOTE 11 - FEDERAL FINANCIAL ASSISTANCE

There are no active awards for the year ended December 31, 1997.

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SUPPLEMENTAL INFORMATION

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SCHEDULE I
TOWN OF BOEDOCHE, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (DARF BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1997

	1997		Variance Favorable (\$ Unfavorable)	(%)
	Budget	Actual		Actual
Taxes:				
General property	\$15,500	\$15,680	\$180	\$15,500
Sales	28,000	28,879	879	28,000
Electric franchise	12,800	13,280	480	12,779
Cable TV franchise	1,400	1,508	108	1,368
Telephone franchise	1,000	1,340	340	95%
Total Taxes	\$62,700	\$66,687	\$3,987	\$63,687
Licenses and Permits:				
Occupational licenses	\$5,440	\$10,458	\$5,018	\$10,098
Liquor and beer licenses	300	730	430	300
Building permits	55	25	(30)	60
Total Licenses and Permits	\$5,795	\$11,213	\$5,418	\$10,458
Intergovernmental Revenues:				
La - Grant		\$125	125	\$2,458
La - Police supplemental pay		4,699	4,699	4,699
La - Tobacco taxes	\$4,700	4,699	(1)	4,699
La - Beer taxes	1,600	875	(725)	1,675
La - Video poker	2,000	1,705	(295)	1,994
La - Law Enforcement		3,800	3,800	
Total Intergovernmental Revenues	\$8,300	\$8,999	\$699	\$10,806
Fines and Penalties:				
Traffic violations and Eas	\$8,500	\$2,488	(\$6,012)	\$8,999
DWI fines	300	300		300
Total Fines and Penalties	\$8,800	\$2,788	(\$6,012)	\$11,499
Miscellaneous Revenues:				
Game machine contracts	\$5,000	\$5,000	\$1,400	\$5,000
Interest earned	100	1,115	1,015	301
Sale of fixed assets				301
Other	25	1,407	1,382	
Total Miscellaneous Revenues	\$5,125	\$8,115	\$2,974	\$8,213

**SCHEDULE 2
TOWN OF FORDCORN, LOUISIANA
GENERAL FUNDS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 1997**

	1997		Variance Favorable (Unfavorable)	1996
	Budget	Actual		Actual
General Government				
Office salaries	\$3,300	\$4,713	(\$1,413)	\$3,900
Benefits	1,000	834	1,606	1,800
Automobile fees	5,000	5,000		5,000
Assessors fee	500	479	21	474
Audit fee	1,000	1,000		1,000
Accounting services	600	925	(\$325)	300
Collection fees	100	14	(\$71)	91
Travel and construction	800	3,097	(\$2,297)	314
Electric expense	200			200
Utilities	1,470	1,826	(\$354)	1,714
Maintenance of buildings	1,300	1,552	(\$252)	805
Maintenance of office equipment	750	621	129	718
Insurance	3,600	3,749	(\$144)	3,250
Telephone	2,200	2,521	(\$321)	1,969
Publishing and recording	3,600	1,883	1,717	1,883
Expense accounts - Mayor	500	600	(\$100)	100
Deer and collectibles	400	700	100	300
Office supplies and stationery	700	1,744	(\$1,044)	1,204
Postage	500	471	27	260
Recreation programs	1,000	912	88	2,211
Miscellaneous reports	1,200	1,318	(\$118)	870
Total General Government	\$33,140	\$38,375	(\$5,235)	\$33,734
Police Department				
Salaries and wages	\$13,000	\$9,704	\$3,296	\$28,300
Benefits	3,000	769	2,231	1,500
Base supplemental pay		120	(\$120)	3,404
Police training	1,000	309	645	1,000
Psychological tests		725	(\$725)	
School crossing guard	500	500		400
Radio and radio repairs	500			200
Insurance	3,000	1,604	1,396	3,500
Telephone	500	546	(\$46)	600
Vehicle - gas and oil	1,800	870	930	1,540
Vehicle - repairs and maintenance	1,000	815	185	500
Cooler maintenance	800	370	430	
Uniforms, supplies and expenses	1,300	383	917	700
Miscellaneous	500	147	353	571
Total Police Salary - Police	\$25,500	\$17,108	\$8,392	\$33,281

	1997		Variance Favorable (Unfavorable)	1996
	Budget	Actual		Actual
Streets and Drainage				
Street - interim salary	\$4,200	\$4,099	(\$101)	\$4,704
Employee benefits	370	381	(\$11)	390
Contract labor		348	(\$48)	
Dirt and sand		30	(\$8)	
Culverts and drainage	1,000	1,399	(\$399)	3,011
Maintenance of equipment	500		500	1,013
Insurance	1,200	1,093	(\$107)	1,880
Vehicle - gas and oil	250	374	(\$124)	174
Vehicle - repairs and maintenance	500	66	(\$434)	79
Supplies and small tools	1,000	413	(\$587)	1,843
Total Streets and Drainage	\$11,620	\$13,633	(\$2,013)	\$13,826
Capital Outlays				
General government		\$2,743	(\$1,743)	\$2,883
Police department		1,567	(\$1,567)	
Streets and drainage		7,000	(\$7,000)	\$7,000
Total Capital Outlays		\$11,310	(\$11,310)	\$10,883

George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT
Practice Limited to Government Accounting, Auditing and Financial Reporting

Phone
OFFICE: (504) 885-1007
FACSIMILE: (504)
885-1008
MOBILE: (504) 885-1009
EMAIL: gdel@att.net

Office
154 AIRBORNE DRIVE
METairie, LOUISIANA

Member
ASSOCIATION OF CPAs
LOUISIANA SOCIETY OF CPAs
GOVERNMENT ACCOUNTING
OFFICERS ASSOCIATION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Charles Dardene
and the Board of Aldermen
Town of Fardoché, Louisiana

I have audited the financial statements of the TOWN OF FORDOCHE, LOUISIANA (the "Town"), as of and for the year ended December 31, 1997, and have issued my report thereon dated June 17, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Town of Fardoché, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Fardoché, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operations that I consider to be material weaknesses.

This report is intended for the information of management and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

George F. Belliveau, CPA

June 17, 1998