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## VILLAGE OF HALL SUMMIT, LOUISIANA

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## FINANCIAL STATEMENTS

December 31, 1997

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Release Date JUN 17 1998

**VILLAGE OF HALL SUMMIT, LOUISIANA**

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SMITH PUGH RABONOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

2100 MONROE STREET SUITE 800 • MONROE, LOUISIANA 70130-3333 • TELEPHONE 504-222-7501 • FAX 504-222-8700  
400 WOOD FORK ROAD SUITE 710 • MONROE, LOUISIANA 70113 • TELEPHONE 504-262-4899 • FAX 504-262-4886

**INDEPENDENT AUDITOR'S REPORT**

The Honorable W.L. Winbury, Mayor  
and the Members of the Board of Aldermen of  
Village of Hall Summit, Louisiana

We have audited the accompanying general purpose financial statements of the Village of Hall Summit, Louisiana, as of December 31, 1997, and for the year then ended, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the Village of Hall Summit, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with 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 amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with Government Auditing Standards, we have also issued a report dated May 22, 1998, on our consideration of the Village of Hall Summit, Louisiana's internal control structure and a report dated May 22, 1998, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Mayor's and Aldermen's Compensation on page 11 is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Village of Hall Summit, 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.

*Smith Pugh Rabonowitz L.L.P.*  
Certified Public Accountants

May 22, 1998

VILLAGE OF HALL SUMMIT, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group  
December 31, 1997

	ASSETS		Proprietary Fund Types		Account Group		Totals	
	Capital	Proprietary	General	Special	General	Special	General	Special
Cash	-	\$ 28,184	\$ -	\$ -	\$ -	\$ -	\$ 48,650	\$ 50,581
Receivables	-	-	-	-	-	-	-	-
Accounts	-	4,571	-	-	-	-	4,875	4,591
Inventories	-	5,727	-	-	-	-	5,727	2,603
Flood assets, net of accumulated depreciation	-	1,226,561	133,868	-	-	-	1,350,429	1,348,473
Unamortized grant assets	-	34,252	-	-	-	-	34,252	29,288
<b>Total Assets</b>	<b>\$ 30,445</b>	<b>\$ 1,329,295</b>	<b>\$ 133,868</b>	<b>\$ -</b>	<b>\$ 48,650</b>	<b>\$ -</b>	<b>\$ 1,480,009</b>	<b>\$ 1,480,009</b>
<b>LIABILITIES AND FUND EQUITY</b>								
Liabilities								
Accounts payable and accrued expenses	\$ 1,350	\$ 4,400	\$ -	\$ -	\$ 5,698	\$ -	\$ 8,177	\$ 8,177
Customer deposits	-	11,426	-	-	11,426	-	11,426	11,526
<b>Total Liabilities</b>	<b>\$ 1,350</b>	<b>\$ 15,826</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,124</b>	<b>\$ -</b>	<b>\$ 17,603</b>	<b>\$ 19,703</b>
Fund equity								
Contributed capital	-	-	-	-	923,726	-	923,726	508,381
Investment in general fund assets	-	-	-	-	-	133,868	133,868	133,344
Retained earnings	-	-	-	-	11,426	-	11,426	11,526
Reserve	-	-	-	-	717,817	-	717,817	768,251
Unreserved	-	-	-	-	-	-	-	-
Fund balance	-	-	-	-	-	-	-	-
Unreserved, undesignated	18,098	-	-	-	-	-	18,098	11,521
<b>Total Fund Equity</b>	<b>\$ 18,098</b>	<b>\$ 1,313,179</b>	<b>\$ 133,868</b>	<b>\$ -</b>	<b>\$ 1,042,969</b>	<b>\$ 133,868</b>	<b>\$ 1,480,009</b>	<b>\$ 1,480,009</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 29,498</b>	<b>\$ 1,349,474</b>	<b>\$ 133,868</b>	<b>\$ -</b>	<b>\$ 1,480,009</b>	<b>\$ 133,868</b>	<b>\$ 1,480,009</b>	<b>\$ 1,480,009</b>

**VILLAGE OF HALL SUMMIT, LOUISIANA**

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance  
All Governmental Fund Types  
For the Year Ended December 31, 1997

	Governmental Fund Types		Totals (Measurement Code)	
	General	Capital Projects	1997	1998
<b>Revenues</b>				
Total	\$ 11,758	\$ -	\$ 11,758	\$ 4,864
Licenses and permits	4,499	-	4,499	4,864
Intergovernmental revenues	1,372	-	1,372	1,899
Fees and tariffs	8,807	-	8,807	11,218
Miscellaneous	664	-	664	1,429
Federal and State grants	-	183,750	183,750	306,732
<b>Total Revenues</b>	<b>25,998</b>	<b>183,750</b>	<b>210,510</b>	<b>330,982</b>
<b>Expenditures</b>				
General government	19,906	-	19,906	18,122
Public safety	2,130	-	2,130	4,800
Grant expenditures	-	183,750	183,750	306,732
Capital outlay	1329	-	1,329	3,228
<b>Total Expenditures</b>	<b>23,465</b>	<b>183,750</b>	<b>212,182</b>	<b>333,182</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>2,533</b>	<b>-</b>	<b>2,533</b>	<b>(2,200)</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	24,479	-	24,479	18,000
Operating transfers out	(22,987)	-	(22,987)	(14,698)
<b>Total Other Financing Sources (Uses)</b>	<b>1,492</b>	<b>-</b>	<b>1,492</b>	<b>3,302</b>
<b>Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)</b>	<b>1,423</b>	<b>-</b>	<b>1,423</b>	<b>(1,098)</b>
<b>Fund Balance at Beginning of Year</b>	<b>11,523</b>	<b>-</b>	<b>11,523</b>	<b>18,581</b>
<b>Fund Balance at End of Year</b>	<b>12,946</b>	<b>-</b>	<b>12,946</b>	<b>17,483</b>

VILLAGE OF HULL, SUMMIT, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - All Governmental Fund Types For the Year Ended December 31, 1997

	General Fund		Capital Project		Trusts	
	Revenues		Expenditures		Revenues	
	Actual	Amount Available	Actual	Amount Available	Actual	Amount Available
<b>Revenues</b>						
Taxes	\$ 3,580	\$ 11,758	\$ -	\$ -	\$ 3,508	\$ 11,758
Licenses and permits	2,580	4,498	-	-	4,508	4,498
Intergovernmental revenues	580	1,172	-	-	608	672
Fees and forfeits	8,000	9,307	807	-	8,000	9,307
Miscellaneous	650	664	14	-	650	664
Interest and State Grants	-	-	150,000	151,250	150,000	151,250
<b>Total Revenues</b>	<b>15,150</b>	<b>26,300</b>	<b>151,000</b>	<b>151,250</b>	<b>158,168</b>	<b>158,422</b>
<b>Expenditures</b>						
General government	30,624	19,856	68	-	20,624	19,856
Public safety	3,170	4,110	201	-	3,170	4,110
Grant expenditures	-	-	100,000	103,750	46,179	103,750
Capital outlay	1,000	1,000	1,113	-	1,000	1,000
<b>Total Expenditures</b>	<b>34,794</b>	<b>24,966</b>	<b>101,802</b>	<b>103,750</b>	<b>68,873</b>	<b>68,716</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>8,854</b>	<b>8,334</b>	<b>50,198</b>	<b>47,500</b>	<b>89,295</b>	<b>89,706</b>
Operating transfers in	-	24,478	-	-	-	24,478
Operating transfers out	(18,000)	(17,201)	-	-	(18,000)	(17,201)
<b>Total Other Financing Sources (Less)</b>	<b>(18,000)</b>	<b>2,277</b>	<b>-</b>	<b>-</b>	<b>(18,000)</b>	<b>2,277</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(9,146)</b>	<b>10,611</b>	<b>50,198</b>	<b>47,500</b>	<b>71,295</b>	<b>91,983</b>
<b>Fund Balances at Beginning of Year</b>	<b>18,954</b>	<b>7,420</b>	<b>-</b>	<b>-</b>	<b>(18,954)</b>	<b>7,420</b>
<b>Fund Balances at End of Year</b>	<b>9,808</b>	<b>18,031</b>	<b>50,198</b>	<b>47,500</b>	<b>52,341</b>	<b>109,403</b>

See accompanying notes to financial statements.

**VILLAGE OF HALL SUMMIT, LOUISIANA**

Statement of Revenues, Expenses, and Changes in Retained Earnings -  
Proprietary Fund Type - Water/Sewer Fund  
For the Year Ended December 31, 1997  
With Comparative Amounts for the Year Ended December 31, 1996

	<u>1997</u>	<u>1996</u>
<b>Operating Revenues</b>		
Water services	\$ 38,036	\$ 38,081
Sewer services	34,381	33,397
Federal and State Grants	16,830	-
Interest	<u>800</u>	<u>130</u>
<b>Total Operating Revenues</b>	<u>90,047</u>	<u>71,608</u>
<b>Operating Expenses</b>		
Personnel cost	30,579	30,361
Repairs and maintenance	7,542	8,212
Utilities	7,690	7,823
Administration	8,708	11,307
Depreciation	35,340	35,890
Miscellaneous	<u>-</u>	<u>457</u>
<b>Total Operating Expenses</b>	<u>89,859</u>	<u>111,050</u>
<b>Operating Income (Loss)</b>	<u>1,188</u>	<u>(94,442)</u>
<b>Non-operating Expenses</b>		
Interest	-	2
Amortization of grant costs	<u>4,958</u>	<u>4,958</u>
<b>Total Non-operating Expenses</b>	<u>4,958</u>	<u>4,960</u>
<b>Loss Before Operating Transfers</b>	<u>(3,770)</u>	<u>(108,792)</u>
<b>Other Financing Sources (Uses)</b>		
Operating transfers in	22,587	14,688
Operating transfers out	<u>(24,679)</u>	<u>(13,500)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(2,092)</u>	<u>1,188</u>
<b>Net Loss</b>	<u>(5,862)</u>	<u>(107,604)</u>
<b>Amounts Charged to Contribution Accounts -</b>		
Depreciation on Fixed Assets	14,854	14,854
<b>Retained Earnings at Beginning of Year</b>	<u>799,711</u>	<u>788,507</u>
<b>Retained Earnings at End of Year</b>	<u>\$ 793,849</u>	<u>\$ 780,757</u>

**VILLAGE OF HALL, SUSSMIT, LOUISIANA**

Statement of Cash Flows - Proprietary Fund Type - Enterprise Fund  
For the Year Ended December 31, 1997  
With Comparative Amounts for the Year Ended December 31, 1996

	<u>1997</u>	<u>1996</u>
<b>Cash Flows from Operating Activities</b>		
Operating income (loss)	\$ 1,850	\$ (16,844)
<b>Adjustments to reconcile net operating income to net cash provided by operating activities</b>		
Depreciation	35,343	33,092
<b>Changes in operating assets and liabilities</b>		
Increase in accounts receivable	(228)	650
Increase in inventory	(4,884)	(1)
Increase (decrease) in accounts payable	146	(984)
Increase in customer deposits	185	411
<b>Net Cash Provided by Operating Activities</b>	<u>30,306</u>	<u>26,384</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Payments for capital additions	(18,177)	(4,829)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(18,177)</u>	<u>(4,829)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating transfers in (out)	(2,082)	1,152
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(2,082)</u>	<u>1,152</u>
<b>Net Increase in Cash</b>	12,151	8,588
<b>Cash at Beginning of Year</b>	18,033	7,153
<b>Cash at End of Year</b>	<u>\$ 30,184</u>	<u>\$ 15,741</u>



## VILLAGE OF HALL SUMMIT, LOUISIANA

### Notes to Financial Statements

December 31, 1997

The Village of Hall Summit, Louisiana, was incorporated on September 11, 1964, under the provisions of the Louisiana Act. The Village operates under the Mayor-Board of Aldermen form of government.

#### 1. Summary of Significant Accounting Policies

The accounting and reporting policies of the Village of Hall Summit, 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 24:517 and to the guides set forth in the "Louisiana Municipal Audit and Accounting Guide."

The following is a summary of certain significant accounting policies:

**A. Reporting Entity** - This report includes all funds and account groups which are controlled by or dependent on the Village's Executive and Legislative Branches (the Mayor and Board of Aldermen). Control by or dependence on the Village was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

**B. Fund Accounting** - The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are conducted. The following funds and group of accounts are used by the Village:

##### Governmental Funds

**General Fund** - The General Fund is the general operating fund of the Village. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

**Capital Projects Fund** - The Capital Projects Fund accounts for all financial resources used for the establishment of housing.

##### Proprietary Fund

**Enterprise Fund** - The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation of providing goods and services to the general public on a continuing basis are financed or recovered primarily through user charges.

##### General Fixed Assets

**General Fixed Assets** - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for capital purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

**C. 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 statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when receivable or accrued (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means it is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental revenues. Expenditures are recorded when the related fund liability is incurred.

## VILLAGE OF HALL SUMMIT, LOUISIANA

### Notes to Financial Statements December 31, 1993

#### I. Summary of Significant Accounting Policies (Continued)

- C. **Basic of Accounting (Continued)** - All proprietary funds are accounted for as a flow of economic resources management focus. With this management focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Those revenues susceptible to accrual are franchise fees, interest revenues and charges for services. Fees, grants and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded as the time liabilities are incurred.

The preparation of financial statements generally 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

- D. **Budgets and Budgetary Accounting** - The Village follows these procedures in establishing its budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principle object of expenditures. The Board of Aldermen may revise or amend the budget at its discretion during legally prescribed sessions. Management may spend the budget only below the Department level. There were no amendments made to the Budget for 1993 or 1996.
6. The Village utilizes formal budgetary integration as a management control device for all funds.

- E. **Inventories** - Inventory of supplies in the Proprietary Fund is stated at cost and adjusted to actual count at year end using the first-in, first-out method.

- F. **Bad Debts** - Uncollectible amounts due for the customer's utility reactivation, which are historically uncollectible, are charged against current earnings as they are determined to be uncollectible by the Board. There was no bad debt expense for 1993 or 1996.

- G. **Property, Plant, and Equipment** -

#### General Fixed Assets Account Group

Fixed assets in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public works ("infrastructure") general fixed assets, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on such assets.

## VILLAGE OF HALL SUMMITT, LOUISIANA

### Notes to Financial Statements December 31, 1987

#### 1. Summary of Significant Accounting Policies (Continued)

##### G. Property, Plant, and Equipment (Continued) -

###### Water and Sewer System

Depreciation is provided in the Enterprise fund in amounts sufficient to retire the cost of the depreciable assets in operations over their estimated service lives on the straight-line basis. The estimated service lives by asset type are as follows:

Water System	50 Year
Sewerage System	48-50 Years
Other Equipment	5-20 Year

H. **Refundable Deposits** - The enterprise fund of the Village requires customers to place a deposit before service is rendered. The monies are considered reserved and are held until the customer discontinues service.

I. **Compensated Absences** - The Village of Hall Summitt has only part-time employees and does not grant vacation or sick leave.

##### J. Fund Equity -

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

Contributed Capital is recorded in the Enterprise Fund for capital grants retained for the acquisition or improvement of capital assets. Contributed capital is amortized based on the depreciation recognized on the portion of the assets acquired or constructed from such reserves. A grant obligation is recorded when the Village has a right to reimbursement under the related grant.

K. **Grant Costs** consist of the administrative and engineering costs associated with the construction of the elevated water tank and additional water lines. These costs were paid by the 1986 LCOBGO grant and will be amortized over 20 years.

L. **Comparative Data** - Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Village's financial position and operations. However, presentations of prior-year amounts by fund type have not been presented in each of the statements since their inclusion would make the statements overly complex and difficult to read.

M. **Total Columns on Combined Statements** - Total columns on the combined statements are captioned "Minimums 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 accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Informed decisions have not been made in the aggregation of this data.

#### 2. Cash

At December 31, 1987, the carrying amount of the Village's deposits was \$48,271, and the bank balance was \$50,082. The bank balances were covered by federal depository insurance.

## VILLAGE OF HALL SUMMIT, LOUISIANA

Notes to Financial Statements  
December 31, 1997

### 3. Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance For Year End 1996	Additions	Deletions	Balance For Year End 1997
Buildings and improvements	\$ 77,676	-	-	\$ 77,676
Land	-	21,334	-	21,334
Furniture and fixtures	11,118	-	-	11,118
Police vehicles and equipment	24,700	-	6,120	18,580
<b>Total</b>	<b>\$ 113,494</b>	<b>\$ 21,334</b>	<b>\$ 6,120</b>	<b>\$ 133,508</b>

A summary of enterprise fixed property, plant, and equipment as December 31, 1997 and 1996, is as follows:

	1997	1996
Land	\$ 20,776	\$ 20,776
Water system	606,700	606,700
Sanitary system	597,264	699,037
	1,424,740	1,326,513
Less: accumulated depreciation	(738,373)	(744,514)
<b>Property, plant and equipment - net</b>	<b>\$ 686,367</b>	<b>\$ 581,999</b>

### 4. Sales and Use Tax

A one percent sales and use tax is in effect in the Village. The proceeds are dedicated to any lawful purposes of the Village.

### 5. Commitments and Contingencies

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; fire and accidents; injuries to employees; and natural disasters. The Village carries commercial insurance for all risks of loss, including "voluntary" collaboration. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Village participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Litigation** - The Village is not a defendant in any known lawsuits arising principally in the normal course of operations as of December 31, 1997, and accordingly, no provision for losses has been recorded. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

### 6. Interfund Operating Transfers

Interfund fixed operating transfers for fiscal year 1997, were as follows:

	Transfer In	Transfer Out
General fund	\$ 24,678	\$ 21,397
Enterprise	22,387	21,172
<b>Total</b>	<b>\$ 47,065</b>	<b>\$ 42,569</b>

VILLAGE OF HALL SUMMIT, LOUISIANA

Schedule of Mayor's and Aldermen's Compensation  
For the Year Ended December 31, 1997

During 1997 the following amounts were paid to the Mayor and Aldermen:

W.L. Winklerly - Mayor's Salary		\$	1,200
Aldermen - per diem:			
Barbara Moore	\$	600	
Gary Ayers		600	
Wyatt Tidwell		<u>600</u>	<u>1,800</u>
Total			<u>\$ 3,000</u>

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

The Honorable W.L. Westcott, Mayor  
and the Members of the Board of Aldermen of  
The Village of Hall Summit, Louisiana

We have audited the general purpose financial statements of the Village of Hall Summit, Louisiana, as of and for the year ended December 31, 1997, and have issued our report thereon dated May 22, 1998.

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.

The management of the Village of Hall Summit, 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 meaningful, but not absolute, assurance that errors 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 general purpose 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, projection 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 general purpose financial statements of the Village of Hall Summit, Louisiana, for the year ended December 31, 1997, 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 general purpose financial statements and we do not provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not intentionally disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and an opinion that we consider to be material weaknesses as defined above.

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the Village of Hall Summit, Louisiana, in a separate letter dated May 22, 1998.

This report is intended for the information of Management and the Board of Aldermen. However, this report is a matter of public report, and its distribution is not limited.

  
Certified Public Accountants



SMITH PUGH RABINCOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

2100 BARRINGER AVENUE SUITE 2000 • MONROE, LOUISIANA 70130-3444 • TELEPHONE 225 333-8701 • FAX 225 333-8700  
400 CANAL STREET SUITE 1700 • MONROE, LOUISIANA 70130 • TELEPHONE 225 342-4800 • FAX 225 342-4800

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

The Honorable W.L. Wintberly, Mayor  
and the Members of the Board of Aldermen of  
The Village of Hall Summit, Louisiana

We have audited the general purpose financial statements of the Village of Hall Summit, Louisiana as of and for the year ended December 31, 1993, and have issued our report thereon dated May 21, 1994.

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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Village of Hall Summit, Louisiana is the responsibility of the Village of Hall Summit, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village of Hall Summit, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose 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 Management and the Board of Aldermen. However, this report is a matter of public record and its distribution is not limited.

*Smith Pugh Rabincowitz*  
Certified Public Accountant

May 21, 1994



**SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS**

500 N. WASHINGTON STREET, SUITE 1100, MEMPHIS, TENNESSEE 38102-3333 • TELEPHONE 901 522 5700 • FAX 901 522 4700  
407 WASHINGTON STREET, SUITE 1100, MEMPHIS, TENNESSEE 38102 • TELEPHONE 901 522 4600 • FAX 901 522 4600

May 22, 1995

The Honorable W. L. Wimberly, Mayor  
and Members of the Board of Aldermen  
Village of Hall Summit, Louisiana

In planning and performing our audit of the general purpose financial statements of the Village of Hall Summit, Louisiana, for the year ended December 31, 1994, we considered the Village's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our reports dated May 22, 1995, on the general purpose financial statements of the Village of Hall Summit, Louisiana.

**Budget Act**

During our audit, we noted that the Village did not follow proper procedure in adopting a budget. The Budget Act requires that all municipalities prepare and adopt budgets for general and special revenue funds in a specific manner. The budget documents should include the following items:

1. A budget message signed by the budget preparer which should include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.
2. A statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year, estimates of all receipts and revenues to be received, revenues identified by source, recommended expenditures limited by agency, department, function, and character, other financing sources and uses by source and use, and the estimated fund balances at the end of the fiscal year.

After completion of the proposed budget, the budget should be made available for public inspection no later than fifteen (15) days prior to the beginning of each fiscal year. If the proposed expenditures exceed \$250,000 or more from the general fund and any special revenue funds, then the public should have an opportunity to participate in the budgetary process prior to adoption of the budget.

All action necessary to adopt and otherwise finalize and implement the budget for an ensuing fiscal year should be taken in open meeting and completed prior to the end of the fiscal year in progress.

**For Your Audit Findings**

- (1) Elected Officials for Public Servants - see the Village's response letter dated June 26, 1995.
- (2) Other - A resolution was adopted June 9, 1995.



The Honorable W. L. Winchery, Mayor  
and Members of the Board of Aldermen  
Page 2  
May 22, 1988.

We will review the status of those commitments during our next audit engagement. We have already discussed these concerns and suggestions with various Village officials, and we will be pleased to discuss them further at your convenience.

Sincerely,

*Smith Pepp. Robinson, C.P.A.*

Certified Public Accountant

# VILLAGE OF HALL SUMMIT

W. L. Winberry, Mayor  
Paul Seward, Clerk

P.O. Box 99  
HALL SUMMIT, IA, 51024  
Incorporated April 24, 1881

Hall Summit Development Corp.  
Hall Summit Graded Collection  
Hall Summit Police Dept./Street  
Hall Summit Sewer Department  
Grass Care/Arbor, Water Dept.  
San Public, Sewer Dept.

Gary Scott, Alderman  
Wynell Tidwell, Alderman  
Barbara A. Moon, Alderman  
Billy J. Gray, Chief of Police  
Mary Jo Bennett, Utility Clerk  
Telephone (515) 964-5200

May 17, 1998

Louisiana Legislative Auditor  
P O Box 97142  
Denton Rouge, LA 70624-0142

Re: Smith Pugh, Rubinstein L.L.P.  
May 11, 1998 (1997 Audit)  
Management Letter




Dear Gentlemen or Madam:



This letter is in response to the management letter of Smith Pugh Rubinstein L.L.P. dated May 11, 1998, regarding the Budget Act.

The Village had been following procedures from prior years and normally waited until after year-end to begin the adoption process for next years' budget. They used twelve months of financial information to more accurately estimate the next years' budget.

The Village of Hall Summit will take action to implement proper procedures in adopting the 1999 and future budgets. There should not be any future re-occurrence of this matter.

Sincerely,

    
Alderman Gary Scott                      Barbara Moon                      Wynell Tidwell

   
W. L. Winberry, Mayor                      Paul Seward, Clerk



**SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS**

618 BARRIS HILL STREET SUITE 800 • JACKSONVILLE, LOUISIANA • TELEPHONE: 337 533-8888 • TELEPHONE: 337 533-8801 • FAX: 337-484-8708  
401 MARLBOROUGH ROAD SUITE 1102 • BOSSIER-CITY, LOUISIANA 71111 • TELEPHONE: 214 742-8888 • FAX: 214 742-8888

May 21, 1998

The Honorable W. L. Winkler, Mayor  
and Members of the Board of Aldermen  
Village of Hall Summit, Louisiana

In planning and performing our audit of the general purpose financial statements of the Village of Hall Summit, Louisiana, for the year ended December 31, 1997, we considered the Village's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated May 22, 1998, on the general purpose financial statements of the Village of Hall Summit, Louisiana.

**Subject:**

During our audit, we noted that the Village did not follow proper procedure in adopting a budget. The budget Act requires that all municipalities prepare and adopt budgets for general and special revenue funds in a specific manner. The budget document should include the following items:

1. A budget message signed by the budget preparer which should include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.
2. A statement for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year, estimates of all receipts and revenues to be received, revenues limited by source, recommended expenditures limited by agency, department, function, and character, other financing sources and uses by source and use, and the estimated fund balances at the end of the fiscal year.

After completion of the proposed budget, the budget should be made available for public inspection no later than fifteen (15) days prior to the beginning of each fiscal year. If the proposed expenditures exceed \$150,000 or more from the general fund and any other special revenue fund, the Village should provide an opportunity to participate in the budgetary process prior to the adoption of the budget.

All action necessary to adopt and submit the budget to the Board of Aldermen for adoption at the beginning of each fiscal year should be taken to open meeting and completed by the date of the meeting.

**Enc: Your Audit Findings**

- (1) Ethical Standards for Public Servants
- (2) Other - A resolution was adopted

Release Date \_\_\_\_\_

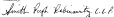
The Honorable W. L. Washburn, Mayor  
and Members of the Board of Aldermen

Page 2

July 22, 1998

We will review the status of these comments during our next on-site engagement. We have already discussed these comments and suggestions with various Village officials, and we will be pleased to discuss them further at your convenience.

Sincerely,



Certified Public Accountant