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**TOWNSHIP OF ERDS
Eros, Louisiana**

**General Purpose Financial Statements
With Accountant's Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended
December 31, 1998
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of this report has been distributed to the public, its members, and to other appropriate public officials. This report is available for public inspection at the State House of Legislative Institutions and, when appropriate, at the office of the presiding clerk of court.

Wolcott T. Wolcott T. 1998

TOWN OF EROS
Eros, Louisiana

General Purpose Financial Statements
With Accountant's Compilation Report
and Agreed-Upon Procedures Report
As of and for the Year Ended December 31, 1998
With Supplemental Information Schedules

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M. Carolyn Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Accountant's Compilation Report

MAYOR AND BOARD OF ALDERMEN
TOWN OF EROS
Eros, Louisiana

I have compiled the accompanying general purpose financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Town of Eros as of December 31, 1998, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and schedules, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated March 1, 1999, on the results of my agreed-upon procedures.



Calico, Louisiana
March 1, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

TOWN OF ERON
Eron, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Continental Balance Sheet, December 31, 1995

	COMPREHENSIVE FUND TYPE						TOTAL (ARITHMETICAL TOTAL)
	GENERAL FUND	WATERWORKS FUND	SEWER DEPARTMENT SPECIAL PROJECTS FUND	COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	MODERATE RENT FUND UTILITIES ENTERPRISE FUND	ACCOUNT GROUPS	
ASSETS							
Current assets:							
Cash	\$66,658			\$59,918	\$40,331	\$188,907	\$696,971
Accounts receivable	1,480				2,971	44,312	44,312
Due from Various Enterprise Fund	2,726					2,348	2,348
Total current assets	11,864			59,918	43,302	195,557	744,003
Investments	2,194				4,771	7,165	7,165
Real-estate assets - investments							
Property, plant and equipment (net of accumulated depreciation)					\$75,035	\$188,981	114,629
TOTAL ASSETS	\$15,158			\$59,918	\$48,078	\$192,703	\$866,932
LIABILITIES AND FUND EQUITY							
Liabilities:							
Current liabilities payable from current assets:							
Accounts payable	\$1,387			\$59,918	\$1,802	\$63,107	\$63,107
Payroll liabilities payable	403					403	403
Due to Various Enterprise Fund (Continued)					2,243	2,243	2,243
See accompanying notes and accountant's compilation report.							

TOPS OF EROS

Eros, Louisiana

ALL FUND TYPES AND ACCOUNT CATEGORIES

Consolidated Balance Sheet, December 31, 1998

	CONVENTIONAL FUND TYPE						TOTAL MODERATION FUND
	GENERAL FUND	GENERAL POLICE DEPARTMENT	LOUISIANA COMMERCE DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	PROFESSIONAL FUND TYPE UTILITIES ESTIMATES FUND	ACCOUNT GROUP GENERAL FUND		
Liabilities (Cont'd):							
Total accrued liabilities (payable from current assets)	\$1,800	\$0	\$28,618	\$1,862	\$0	\$48,568	
Current liabilities (payable from non-current assets) - customer deposits	1,800	0	28,618	1,862	0	48,568	1,822
Total liabilities	3,600	0	57,236	3,724	0	97,136	1,822
Fund Equity:							
Investment in general fund assets	\$0	\$0	\$0	\$0	\$18,281	\$18,281	\$18,281
Contributed capital	0	0	0	0	0	0	0
Retained earnings (deficit):							
Reserved for customer deposits	0	0	0	0	0	0	0
Unreserved - unassigned	0	0	0	0	0	0	0
Total retained earnings	0	0	0	0	0	0	0
Fund balance:							
Designated for conveyance	2,444						2,444
Unreserved - unassigned	68,181	62,808					68,181
Fund total balance	70,625	62,808					70,625
Total Fund Equity	70,625	62,808					70,625
TOTAL LIABILITIES AND FUND EQUITY	\$11,425	\$62,808	\$57,236	\$3,724	\$18,281	\$186,672	\$186,672

(Continued)

See accompanying notes and accountant's compilation report.

TOWN OF EROS
Eros, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended December 31, 1988

	GENERAL FUND	EROS VOLUNTEER FIRE DEPARTMENT SPECIAL REVENUE FUND	LOUISIANA COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES				
Taxes:				
Sales	\$8,789			8,789
Franchise	2,477			2,477
Occupational licenses	12,565			12,565
Intergovernmental:				
Federal funds			\$90,729	90,729
State funds	1,483			1,483
Fees, charges, and commissions				
for services	1,896			1,896
Traffic fines	26,502			26,502
Use of money and property:				
Interest	1,688	\$0,230		2,918
Rent	892			892
Other revenues	1,667			1,667
Total revenues	<u>56,031</u>	<u>1,230</u>	<u>90,729</u>	<u>147,990</u>
EXPENDITURES				
General government:				
Current:				
Personnel services and related benefits	9,661			9,661
Operating services	8,745			8,745
Materials and supplies	1,606			1,606
Other	1,318	649		2,033
Total general government	<u>21,330</u>	<u>649</u>	<u>NONE</u>	<u>22,032</u>

(Continued)

See accompanying notes and accountant's compilation report.

TOWN OF EROS

Eros, Louisiana

GOVERNMENTAL FUND TYPE:

Qualified Statement of Revenues, Expenditures, and
Changes in Fund Balances

For the Year Ended December 31, 1998

	GENERAL FUNDS	EROS VOLUNTARY SERV. DEPARTMENT SPECIAL REVENUE FUNDS	LOUISIANA COMMUNITY DEVELOPMENT BLOCK GRANT CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM PAGE 3)
EXPENDITURES (Cont'd.)				
Public safety - current:				
Personal services and related benefits	\$13,712			\$13,712
Operating services	6,097			6,097
Materials and supplies	46			46
Total public safety	<u>19,855</u>	<u>NONE</u>	<u>NONE</u>	<u>19,855</u>
Facilities acquisition and construction			90,729	90,729
Total expenditures	<u>41,308</u>	<u>\$649</u>	<u>90,729</u>	<u>132,583</u>
EXCESS OF REVENUES OVER EXPENDITURES	14,606	981	NONE	15,487
FUND BALANCE AT BEGINNING OF YEAR	56,869	20,314	NONE	77,183
FUND BALANCE AT END OF YEAR	<u>\$71,435</u>	<u>\$20,955</u>	<u>NONE</u>	<u>\$92,390</u>

(Continued)

See accompanying notes and accountant's compilation report.

TOWNS OF EROS
Eros, Louisiana
GOVERNMENTAL FUND TYPE

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 1998

	GENERAL FUND		SPECIAL REVENUE FUND		TOTAL	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
REVENUES						
Taxes:						
Sales	\$4,000	\$6,789	\$2,789			
Franchise	2,000	1,477	477			
Occupational licenses	11,000	11,995	1,085			
Intergovernmental - state funds:						
Tobacco 08	750	953	203			
Beer tax	900	528	378			
Fees, charges, and commissions for services		1,896	1,896			
Traffic fines	13,000	26,932	11,932			
Use of money and property:						
Interest	1,000	1,688	688	\$0	\$0	\$0
Rent		892	892			
Other revenues	21,500	1,637	(29,893)			
Total revenues	\$6,650	\$56,031	\$38,985	\$0	\$0	\$0

(Continued)

See accompanying notes and accountant's compilation report.

TOWN OF EBOS
 Eros, Louisiana
 GOVERNMENTAL FUND TYPE
 Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 1998

	-----GENERAL FUND-----		SPECIAL REVENUE FUNDS---		VARIANCE FAVORABLE UNFAVORABLE
	BUDGET	ACTUAL	BUDGET	ACTUAL	
EXPENDITURES					
General government	\$12,500	\$11,390	\$68,860	\$649	\$151
Streets and drainage	7,500	7,500			
Public safety	16,000	19,815	(4,815)		
Recreation	450	450			
Other	10,000	20,000	20,000		
Total expenditures	<u>66,450</u>	<u>61,225</u>	<u>800</u>	<u>649</u>	<u>151</u>
EXCESS OF REVENUES OVER EXPENDITURES	NONE	14,656	14,656	581	581
FUND BALANCE AT BEGINNING OF YEAR	73,000	86,880	(18,141)	20,374	6000
FUND BALANCE AT END OF YEAR	<u>\$73,000</u>	<u>\$101,536</u>	<u>\$(3,485)</u>	<u>\$11,024</u>	<u>\$10,600</u>

(Continued)
 See accompanying notes and accountant's compilation report.

TOWN OF EROS
Eros, Louisiana
PROPRIETARY FUND TYPE -
UTILITIES ENTERPRISE FUND

Statement of Revenues, Expenses, and
 Changes in Retained Earnings
 For the Year Ended December 31, 1998

OPERATING REVENUES	
Water sales	\$21,853
Sewer charges	18,000
Other operating revenues	<u>2,744</u>
Total operating revenues	<u>42,597</u>
OPERATING EXPENSES	
Salaries	15,756
Utilities	3,471
Materials and supplies	1,263
Fees and dues	525
Insurance	3,805
Payroll taxes	1,203
Testing fees	810
Maintenance and repairs	1,541
Depreciation	27,234
Other operating expenses	<u>1,948</u>
Total operating expenses	<u>57,372</u>
OPERATING INCOME (Loss)	(34,775)
NON-OPERATING REVENUES (Expenses)	
Earnings on bank deposits	1,370
State grants	94,800
Engineering expense	<u>(3,000)</u>
Total non-operating revenues (expenses)	<u>93,170</u>
NET INCOME (Loss)	(9,545)
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(118,497)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>(318,042)</u>

See accompanying notes and accountant's compilation report.

TOWN OF IRIDIS
Iris, Louisiana
PROPRIETARY FUND TYPE -
UTILITIES ENTERPRISE FUND

Statement of Cash Flows
For the Year Ended December 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	(822,705)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	27,218
Decrease in accounts receivable	180
Increase in customer deposits	1,200
Increase in accounts and withholdings payable	700
Decrease in due from other funds	147
Increase in due to other funds	2,740
Total adjustments	<u>32,185</u>
Net cash provided by operating activities	<u>9,984</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Sewer system improvements	(11,980)
State grant	14,980
Engineering expense	<u>(5,000)</u>
Net cash provided by capital financing activities	<u>NONE</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	1,170
Increase in investment	<u>(259)</u>
Net cash used by investing activities	<u>911</u>
NET INCREASE IN CASH	10,425
CASH AT BEGINNING OF PERIOD	<u>20,908</u>
CASH AT END OF PERIOD	<u>\$31,333</u>

See accompanying notes and accountant's compilation report.

TOWN OF EROS

Eros, Louisiana

Notes to the Financial Statements

As of and for the Year Ended December 31, 1998

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Eros was incorporated under the provisions of the Louisiana Act. The town is governed by the mayor-board-of-aldermen form of government. The mayor and aldermen serve four-year terms that expire on December 31, 2000, and receive a \$50 per diem for attending each regular and special meeting. The town provides public safety, public works and general government services to its residents. The town has an elected Chief of Police and two other employees.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Town of Eros have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the town, for reporting purposes, the Town of Eros is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 Eros 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

TOWN OF BERG

East, Louisiana

Notes to the Financial Statements (Continued)

- a. The ability of the town 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 town.
2. Organizations for which the town does not appoint a voting majority but are financially dependent on the town.
 3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the town has determined that there are no component units that are part of the reporting entity.

C. FUND ACCOUNTING

The town 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 related to certain government functions or activities.

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

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. The fund classifications and description of each existing fund type follows:

Governmental Funds

Governmental funds are used to account for all or most of the town's general activities, including the collection and disbursement of legally

See accountant's compilation report

TOWN OF EROS

Eros, Louisiana

Notes to the Financial Statements (Continued)

restricted monies. Governmental funds of the district include the following:

General Fund

The General fund is the general operating fund of the town. It accounts for all financial resources, except those required to be accounted for in the other funds.

Special Revenue - Eros Volunteer Fire Department Fund

The Eros Volunteer Fire Department Fund is used to account for financial resources to be used in providing fire protection to the residents of the town.

Capital Projects - Louisiana Community Development Block Grant Fund

The Louisiana Development Block Grant Fund is used to account for a federal grant from the United States Department of Housing and Urban Development, passed through the State of Louisiana Office of Community Development for sewer improvements.

Proprietary Funds

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:

Utilities Enterprise Fund

The Utilities Enterprise fund is used to account for operation of the town's water and sewer systems. The use of enterprise funds is appropriate where the intent of the governing body is that the cost expenses, including

TOWN OF EROS

Eros, Louisiana

Notes to the Financial Statements (Continued)

depreciation) of providing services to customers in the town on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for 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 for reporting all governmental funds. The town uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Sales taxes are recognized when they are in the hands of the collecting agency.

Franchise taxes and intergovernmental revenues are recorded when the town is entitled to the funds.

Interest income on bank deposits, is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they become available to the town.

Based on the above criteria, taxes and intergovernmental revenues are treated as receivable to accrual.

Expenditures

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

TOWN OF EROS

Iroca, Louisiana

Notes to the Financial Statements (Continued)

The Utilities Enterprise Fund is accounted for as a flow of economic resources management focus and a determination of net income and capital maintenance. With this management focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. The Utilities Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Water sales and sewer charges are recognized in the period the service is provided to the customer. Salaries and other expenses are recognized when incurred.

E. BUDGET PRACTICES

A proposed budget for the General Fund and Iroca Volunteer Fire Department Special Revenue Fund, prepared on the modified accrual basis of accounting, is presented to the board of aldermen in December each year. The budget then is legally adopted by the board of aldermen and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and subsequent amendment.

F. CASH

Cash includes amounts in interest-bearing demand deposits and petty cash. Under state law, the town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with banks organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States.

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2055 and the town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At December 31, 1998, the district's investments consist

TOWN OF FROS

Evan, Louisiana

Notes to the Financial Statements (Continued)

of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost.

II. RESTRICTED ASSETS

Certain resources of the General Fund designated by the town for expenditures related to a cemetery and those assets of the Utilities Enterprise Fund set aside for the refunding of customer deposits are classified as restricted assets on the balance sheet because their use is limited.

I. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. All fixed assets are valued at historical cost or estimated cost based on the actual costs of like items. Public domain (infrastructure) general fixed assets consisting of roads, bridges, drainage, parking lots, etc. are not capitalized, as these assets are inseparable and of value only to the town. No depreciation has been provided on general fixed assets.

Fixed assets of the Utilities Enterprise Fund are included on the balance sheet of the fund net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 33 years for the water and sewer systems and from 5 to 10 years for equipment.

A. CONTRIBUTED CAPITAL

Grants, endowments, or shared revenues that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

TOWN OF ERES

Eres, Louisiana

Notes to the Financial Statements (Continued)

K. DESIGNATED FUND BALANCE

During the year ended December 31, 1997, the Town of Eres received contributions of \$2,174 to be set aside for expenditures incurred in connection with a cemetery. At December 31, 1998, these contributions plus interest earnings of \$270 are reported as designated fund balance of the General Fund.

L. SALES TAX

On April 29, 1989, the voters of the Town of Eres approved a one cent sales tax for a period of ten years beginning on July 1, 1989, for the purpose of the General Fund.

**M. TOTAL COLUMN ON THE
COMBINED STATEMENTS**

The total column on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. FUND DEFICIT

The Utilities Enterprise Fund's deficit balance in retained earnings of \$138,042, is a result of revenues inadequate to cover expenses including depreciation in past years. This deficit in retained earnings is offset by contributed capital in the amount of \$248,431.

3. CASH

At December 31, 1998, the district has cash (book balances) totaling \$106,571, as follows:

Interest bearing demand deposits	\$106,371
petty cash	<u>100</u>
Total	<u>\$106,571</u>

See accountant's compilation report

TOWN OF BR05

Eros, Louisiana

Notes to the Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, as the remaining bank balances, 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1998, the town has \$244,245 in deposits (collected bank balances). These deposits are secured from risk by \$113,587 of federal deposit insurance. The remaining balance of \$132,738 is not secured by the pledge of securities and is a violation of state law.

4. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

	General Fund	Louisiana Community Development Block Grant Capital Projects Fund	Utilities Enterprise Fund	Total
Taxes:				
Sales	\$373			\$373
Franchise	851			851
Intergovernmental revenue:				
Federal funds		\$29,918		29,918
State funds	239			239
Accounts			\$2,891	2,891
Less allowance for uncollectible accounts	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Total	<u>\$1,663</u>	<u>\$29,918</u>	<u>\$2,891</u>	<u>\$44,512</u>

5. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets for the year ended December 31, 1998:

See accountant's compilation report

TOWN OF ERDS
Erds, Louisiana
Notes to the Financial Statements (Continued)

	Balance at January 1, 1998	Additions	Deletions	Balance at December 31, 1998
Land	\$6,856			\$6,856
Buildings	47,270			47,270
Equipment	85,465			85,465
Total	<u>\$139,591</u>	<u>NONE</u>	<u>NONE</u>	<u>\$139,591</u>

A summary of proprietary fixed type property, plant, and equipment at December 31, 1998, follows:

	Basic	Accumulated Depreciation	Net Book Value
Land	\$121	NONE	\$121
Waterworks distribution system	171,379	(80,894)	90,485
Sewer system	781,441	(227,348)	554,093
Equipment	27,497	(26,716)	781
Total	<u>\$980,438</u>	<u>\$(335,258)</u>	<u>\$645,180</u>

6. PENSION PLAN

The employees of the town are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the town contributes an equal amount to the Social Security System. The town does not guarantee the benefits granted by the Social Security System.

3. LITIGATION, CLAIMS, AND RISK OF LOSS

The town is not involved in any pending or threatened litigation, claims, or assessments at December 31, 1998. There were no claims or litigation costs during the year ended December 31, 1998. The town maintains commercial insurance to provide protection against losses resulting from the damage or destruction of property or liability claims against the town. There were no significant reductions in insurance coverage during the year ended December 31, 1998.

See accountant's compilation report

TOWN OF IRIS

Irish, Louisiana

Notes to the Financial Statements (Continued)

8. FEDERAL COMPLIANCE CONTINGENCIES

During the year ended December 31, 1998, the town received federal grant funds from the United States Department of Housing and Urban Development through the State of Louisiana Office of Community Development. These grant funds are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with the conditions of the grant. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

9. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect the town's operations in the year 1999 and beyond. The town maintains its accounting records on a computer system. The vendor of the computer hardware and software has informed the town that the system is Year 2000 compliant. However, there is no assurance that the systems of other governmental agencies or companies on which the town relies will be timely corrected or that any such failure to correct by a governmental agency or other company would not have an adverse effect on the town's operations.

SUPPLEMENTAL INFORMATION

See accountant's compilation report.

TOWN OF EROS
Eros, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
As of and for the Year Ended December 31, 1998

COMPENSATION PAID ALDERMEN

The schedule of compensation paid to aldermen is presented in compliance with House Concurrent Resolution No. 34 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the general government personal services expenditures of the General Fund. Aldermen receive a per diem \$50 for attending each regular and special meeting.

PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in the summary schedule of prior year findings (Schedule 2).

CURRENT YEAR FINDINGS

The corrective action plan for current year findings is presented in Schedule 3.

TOWN OF BRIS
Eros, LouisianaSchedule of Per Diem Paid Aldermen
As of and For the Year Ended December 31, 1988

Richard Adcock	\$400
Sam Bailey	350
Calvin Costin	450
Jerry Costin	600
Robert Lewis	300
Total	<u>\$2,100</u>

TOWN OF EROS
Eros, Louisiana

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 1998

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
General	1990	The town paid an employee's spouse to perform maintenance services for the town.	Yes
General	1997	The town purchased an air conditioner from a member of the board of aldermen.	Yes
Procedure 6	1997	The 1997 budget was not adopted prior to January 1, 1997.	Yes

TOWN OF EROE
Ero, Louisiana

Corrective Action Plan
For Current Year Findings
For the Year Ended December 31, 1998

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Procedure 7	Actual General Fund revenues failed to meet budgeted revenues by more than 5%.	The town will monitor its revenues and will adopt a budget amendment when actual revenues fall no more budgeted revenues by 5% or more.	Ruth Moore, Mayor	December 31, 1999
Note 3	At December 31, 1998 the town had \$32,736 in unsecured bank deposits.	The town's fiscal agent bank has been contacted and securities will be pledged by the fiscal agent bank to secure bank deposits that exceed federal deposit insurance amounts.	Ruth Moore, Mayor	March 31, 1999

See accountant's compilation report

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the Louisiana Governmental Audit Code and the Louisiana Auditation Ordinance, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carolyn Dumas
CERTIFIED PUBLIC ACCOUNTANT

249 DONALDSON ROAD • CALDERON, LOUISIANA 71223 • TELEPHONE 516/944-5700

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

**MAYOR AND BOARD OF ALDERMEN
TOWN OF IROU
Irou, Louisiana**

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of the Town of Irou and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town of Irou's compliance with certain laws and regulations during the year ended December 31, 1998 included in the accompanying *Louisiana Attention Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursement journals for the year. There were no disbursements for materials and supplies exceeding \$15,000 made during the year. Public works expenditures were made in accordance with the public bid law.

TOWN OF EROS
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1998

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by IGA (RS 43:1104-1104) (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

There were no names on the employee listing that were also included on the listing of immediate family members.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

I obtained a copy of the legally adopted budget and all amendments.

6. Trace the budget adoption and amendments to the minute book.

The 1998 budget was adopted at the December 8, 1997 board meeting. The budget amendment was adopted at the July 13, 1998 board meeting.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

Actual General Fund expenditures did not exceed budgeted expenditures by 5% or more; however, actual General Fund revenues failed to meet budgeted revenues by more than 5%.

TOWN OF BRIDG
Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1998

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:
- (a) trace payments to supporting documentation as to correct amount and payee;
 - (b) determine if payments were properly coded to the correct fund and general ledger account;
 - (c) determine whether payments received approval from proper authorities.

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were supported by adequate documentation.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by RSA-92:42:1-12 (the opening meetings law).

The agendas for the meetings were posted as required by RSA-92:42:7.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined all deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

TOWN OF EROS

Independent Accountant's Report on
Applying Agreed-Upon Procedures
December 31, 1998

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

Prior year findings are included in the accompanying schedule of prior year findings.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Eros and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Calhoun, Louisiana
March 1, 1999

Louisiana Attestation Questionnaire

The accompanying Louisiana Attestation Questionnaire has been completed by management and is included in this report as required by the Louisiana Governmental Audit Guide.

M. Carlean Dumas
Certified Public Accountant
349 Donalson Rd.
Caldwell, La 71225

Mrs. Dumas,

In connection with your compilation of our financial statements of the Town of Eros of December 31, 1988 and for the year then ended, and as required by Louisiana Revised Statute 24:535 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of 1/25/89.

PUBLIC BID LAW

1. The provisions of the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

Yes No N/A

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. No employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1191-1124.

Yes No N/A

3. No member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes No N/A

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1304-14) or the budget requirements of LSA-RS 39:43.

Yes No N/A

ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:3, 44:31, and 44:38.

Yes No N/A

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes No N/A

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes No N/A

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes No N/A

BERT

9. We have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 47:1410-60.

Yes No N/A

ADVANCES AND BONUSES

10. We have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 54:158, and AG opinion 79-729.

Yes No N/A

