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VILLAGE OF HALL SUMMIT, LOUISIANA

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Financial Statements

December 31, 1998

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Release Date ~~JUL 14 1999~~

VILLAGE OF HALL SUMMIT, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Village of Hall Summit, Louisiana, as of and for the year ended December 31, 1998, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Village of Hall Summit has included such disclosures in Note 8. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Village of Hall Summit's disclosures with respect to the year 2000 issue made in Note 8. Further, we do not provide assurance that the Village of Hall Summit is or will be year 2000 ready, that the Village of Hall Summit's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Village of Hall Summit does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred above present fairly, in all material respects, the financial position of the Village of Hall Summit, as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 14, 1999, on our consideration of the Village of Hall Summit, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Village of Hall Summit, Louisiana, taken as a whole. The Schedule of Mayor's and Aldermen's Compensation on page 13 is presented for purposes 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 materials respects in relation to the general purpose financial statements taken as a whole.


Certified Public Accountants

May 14, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

VILLAGE OF HALL SUMMIT, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group
December 31, 1998

	Governmental Fund Types		Proprietary Fund Type		Account Group General Fixed Assets	Totals (Memorandum Only)	
	General	Capital Projects	Enterprise	Enterprise		1998	1997
<u>Assets</u>							
Cash	\$ 22,901	\$ 659	\$ 16,610	\$ -	\$ -	\$ 40,170	\$ 48,630
Investments	-	-	10,000	-	-	10,000	-
Receivables	-	-	-	-	-	-	-
Accounts	-	-	5,792	-	-	5,792	4,571
Grant	-	-	15,000	-	-	15,000	-
Due from other funds	-	-	590	-	-	590	-
Inventory	-	-	10,645	-	-	10,645	5,727
Fixed assets, net of accumulated depreciation	-	-	1,200,728	-	116,339	1,317,067	1,350,431
Unamortized grant costs	-	-	69,300	-	-	69,300	74,250
Total Assets	\$ 22,901	\$ 659	\$ 1,328,665	\$ -	\$ 116,339	\$ 1,468,564	\$ 1,483,609
<u>Liabilities and Fund Equity</u>							
<u>Liabilities</u>							
Accounts payable and accrued expenses	\$ 1,686	\$ 659	\$ 6,473	\$ -	\$ -	\$ 8,818	\$ 5,990
Due to other funds	590	-	-	-	-	590	-
Customer deposits	-	-	12,010	-	-	12,010	11,626
Total Liabilities	2,276	659	18,483	-	-	21,418	17,616
<u>Fund equity</u>							
Contributed capital	-	-	533,763	-	-	533,763	523,726
Investment in general fixed assets	-	-	-	116,339	-	116,339	133,868
Retained earnings	-	-	12,010	-	-	12,010	11,626
Reserved	-	-	764,409	-	-	764,409	777,827
Fund balance	20,625	-	-	-	-	20,625	18,946
Unreserved, undesignated	20,625	-	1,310,182	-	116,339	1,447,146	1,465,993
Total Fund Equity	\$ 22,901	\$ 659	\$ 1,328,665	\$ -	\$ 116,339	\$ 1,468,564	\$ 1,483,609

See accompanying notes to financial statements.

VILLAGE OF HALL SUMMIT, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types Year Ended December 31, 1998

	Governmental Fund Types		Totals (Memorandum Only)	
	General	Capital Projects	1998	1997
Revenues:				
Taxes	\$ 9,605	\$ -	\$ 9,605	\$ 11,758
Licenses and permits	4,614	-	4,614	4,499
Intergovernmental revenues	1,823	-	1,823	1,372
Fines and forfeits	7,593	-	7,593	8,507
Miscellaneous	746	-	746	664
Federal and state grants	-	53,520	53,520	103,730
Total revenues	<u>24,381</u>	<u>53,520</u>	<u>77,901</u>	<u>130,530</u>
Expenditures:				
General government	19,014	-	19,014	19,936
Public safety	3,688	-	3,688	2,133
Grant expenditures	-	53,520	53,520	103,730
Capital outlay	-	-	-	(610)
Total expenditures	<u>22,702</u>	<u>53,520</u>	<u>76,222</u>	<u>125,189</u>
Excess of revenues over expenditures	<u>1,679</u>	<u>-</u>	<u>1,679</u>	<u>5,341</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	24,479
Operating transfers out	-	-	-	(22,397)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,082</u>
Excess of revenues over expenditures and other financing sources (uses)	1,679	-	1,679	7,423
Fund balance at beginning of year	<u>18,946</u>	<u>-</u>	<u>18,946</u>	<u>11,523</u>
Fund balance at end of year	<u>\$ 20,625</u>	<u>\$ -</u>	<u>\$ 20,625</u>	<u>\$ 18,946</u>

VILLAGE OF HALL 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, 1998

	General Fund			Capital Projects			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	\$ 11,500	\$ 9,605	(1,895)	\$ -	\$ -	\$ -	\$ 11,500	\$ 9,605	\$ (1,895)
Licenses and permits	5,000	4,614	(386)	-	-	-	5,000	4,614	(386)
Intergovernmental revenues	1,300	1,823	523	-	-	-	1,300	1,823	523
Fines and forfeits	7,000	7,593	593	-	-	-	7,000	7,593	593
Miscellaneous	650	746	96	-	-	-	650	746	96
Federal and state grants	-	-	-	150,000	53,520	(96,480)	150,000	53,520	(96,480)
Total revenues	<u>25,450</u>	<u>24,381</u>	<u>(1,069)</u>	<u>150,000</u>	<u>53,520</u>	<u>(96,480)</u>	<u>175,450</u>	<u>77,901</u>	<u>(97,549)</u>
Expenditures:									
General government	19,629	19,014	615	-	-	-	19,629	19,014	615
Public safety	2,034	3,688	(1,654)	-	-	-	2,034	3,688	(1,654)
Grant expenditures	-	-	-	150,000	53,520	96,480	150,000	53,520	96,480
Total expenditures	<u>21,663</u>	<u>22,702</u>	<u>(1,039)</u>	<u>150,000</u>	<u>53,520</u>	<u>96,480</u>	<u>171,663</u>	<u>76,222</u>	<u>95,441</u>
Excess of revenues over expenditures	3,787	1,679	(2,108)	-	-	-	3,787	1,679	(2,108)
Fund balance at beginning of year	18,946	18,946	-	-	-	-	18,946	18,946	-
Fund balance at end of year	<u>\$ 22,733</u>	<u>\$ 20,625</u>	<u>\$ (2,108)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,733</u>	<u>\$ 20,625</u>	<u>\$ (2,108)</u>

VILLAGE OF HALL SUMMIT, LOUISIANA

Statement of Revenues, Expenses and Changes in Retained Earnings -
 Proprietary Fund Type - Enterprise Fund
 Year Ended December 31, 1998
 with Comparative Totals for Year Ended December 31, 1997

	1998	1997
Operating revenues:		
Water services	\$ 44,744	\$ 38,456
Sewer services	14,907	14,181
Federal and state grants	-	16,820
Interest	905	660
Total operating revenues	60,556	70,117
Operating expenses:		
Personnel cost	11,004	10,979
Repairs and maintenance	14,915	7,542
Utilities	8,810	7,695
Administration	15,192	8,704
Depreciation	33,439	33,343
Miscellaneous	243	-
Total operating expenses	83,603	68,263
Operating income (loss)	(23,047)	1,854
Non-operating expenses:		
Interest	-	-
Amortization of grant costs	4,950	4,950
Total non-operating expenses	4,950	4,950
Loss before operating transfers	(27,997)	(3,096)
Other financing sources (uses):		
Operating transfers in	-	22,397
Operating transfers out	-	(24,479)
Total other financing sources (uses)	-	(2,082)
Net loss	(27,997)	(5,178)
Amounts charged to contribution accounts -		
Depreciation on fixed assets	14,963	14,854
Retained earnings at beginning of year	789,453	779,777
Retained earnings at end of year	\$ 776,419	\$ 789,453

See accompanying notes to financial statements.

VILLAGE OF HALL SUMMIT, LOUISIANA

Statement of Cash Flows - Proprietary Fund Type - Enterprise Fund Year Ended December 31, 1998 with Comparative Totals for Year Ended December 31, 1997

	1998	1997
Cash flows from operating activities:		
Operating income (loss)	\$ (23,047)	\$ 1,854
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	33,439	33,343
Increase in accounts receivable	(1,221)	(229)
Increase in due from other fund	(590)	-
Increase in inventory	(4,918)	(2,804)
Increase in accounts payable	1,983	146
Increase in customer deposits	384	100
Total adjustments	29,077	30,556
Net cash provided by operating activities	6,030	32,410
Cash flows from investing activities:		
Purchase of fixed assets	(17,604)	(18,177)
Purchase of investments	(10,000)	-
Net cash used by investing activities	(27,604)	(18,177)
Cash flows from financing activities:		
Grant proceeds	10,000	-
Net cash provided by financing activities	10,000	-
Cash flows from noncapital financing activities:		
Operating transfers in (out), net	-	(2,082)
Net cash used by noncapital financing activities	-	(2,082)
Net increase (decreased) in cash	(11,574)	12,151
Cash at beginning of year	28,184	16,033
Cash at end of year	\$ 16,610	\$ 28,184

See accompanying notes to financial statements.

VILLAGE OF HALL SUMMIT, LOUISIANA

Notes to Financial Statements
December 31, 1998

The Village of Hall Summit, Louisiana, was incorporated on September 11, 1961, under the provisions of the Lawrason 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*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

- A. Financial Reporting Entity - 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 purpose for which they are to be spent and the means by which spending activities are controlled. 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 rehabilitation 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 control 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 susceptible to accrual (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, 1998

1. Summary of Significant Accounting Policies (continued):

C. Basis of Accounting (continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement 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 taxes, interest revenue and charges for services. Fines, permit 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 at 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 those estimates.

D. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the 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 expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. There were no amendments made to the budget for 1998 or 1997.
6. The Village utilizes formal budgetary integration as a management control device for all funds.

E. Investments - All investments are interest bearing deposits with original maturity dates in excess of three months and are stated at cost which approximates market value. The Village's investments comply with Louisiana Statutes (LSA - R533.2955).

F. 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.

G. Bad Debts - Uncollectible amounts due for the customer's utility receivables, which are historically immaterial, are charged against current earnings as they are determined to be uncollectible by the Board. There was no bad debt expense for 1998 or 1997.

VILLAGE OF HALL SUMMIT, LOUISIANA

Notes to Financial Statements
December 31, 1998

1. Summary of Significant Accounting Policies (continued):

H. 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 domain ("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.

WATER AND SEWER SYSTEM

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

Water System	50 Years
Sewerage System	40-50 Years
Other Equipment	5-20 Years

- I. 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.
- J. Compensated Absences - The Village of Hall Summit has only part-time employees and does not grant vacation or sick leave.
- K. Fund Equity
- Reserves - Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.
- Contributed Capital - Contributed Capital is recorded in the Enterprise Fund for capital grants 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. A grant receivable is recorded when the Village has a right to reimbursement under the related grant. In 1998, the Village received a \$10,000 sewer grant for the purpose of purchasing sewer pumps for the Village.
- L. Grant Costs - 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 1990 LCDBG grant and will be amortized over 20 years.
- M. 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, presentation of prior-year amounts by fund type have not been presented in each of the statements since their inclusions would make the statements unduly complex and difficult to read.
- N. 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.

2. Cash and Cash Equivalents:

At December 31, 1998, the carrying amount of the Village's deposits was \$49,717, and the bank balance was \$66,697. The bank balances were covered by federal depository insurance.

VILLAGE OF HALL SUMMIT, LOUISIANA

Notes to Financial Statements
December 31, 1998

2. Cash and Cash Equivalents (continued):

The carrying amount of the Village's deposits of each fund are comprised of the following:

	Cash and Cash Equivalent	Investments	Total
General Fund	\$ 22,794	\$ -	\$ 22,794
Enterprise Fund	16,264	10,000	26,264
Capital Projects Fund	659	-	659
	\$ 39,717	\$ 10,000	\$ 49,717

3. Changes in Fixed Assets:

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

	Balance For Year End 1997	Additions	Deletions	Balance For Year End 1998
Buildings and improvements	\$ 77,676	\$ -	\$ -	\$ 77,676
Land	21,334	-	-	21,334
Furniture and fixtures	11,118	-	-	11,118
Police vehicle and equipment	23,740	-	17,529	6,211
Total	\$ 133,868	\$ -	\$ 17,529	\$ 116,339

A summary of enterprise fund property, plant, and equipment at December 31, 1998 and 1997, is as follows:

	1998	1997
Land	\$ 30,776	\$ 30,776
Water system	669,252	656,700
Sewer system	912,417	907,364
	1,612,445	1,594,840
Less:-accumulated depreciation	(411,717)	(378,277)
Property, plant and equipment - net	\$ 1,200,728	\$ 1,216,563

4. Grant Receivable:

The Village received a \$15,000 sewer grant in January, 1999, from the State of Louisiana for reimbursement of two generators that were purchased for the water and sewer departments in December, 1998.

5. 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.

6. Commitments and Contingencies:

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

VILLAGE OF HALL SUMMIT, LOUISIANA

Notes to Financial Statements
December 31, 1998

6. Commitments and Contingencies (continued):

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, 1998, and accordingly, no provision for losses has been recorded.

7. Interfund Receivables, Payables:

Individual fund receivables and payables for fiscal year 1998, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ -	\$ 590
Enterprise	590	-
Totals	<u>\$ 590</u>	<u>\$ 590</u>

8. Year 2000 Issue:

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates would cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the year 2000 is expected to extend beyond systems and any equipment that is dependent on microchip technology.

As stated in Note 1, the Village provides public services, public safety and various other public works to its citizens. The execution of these services generally does not rely upon microchip technology since these services are not automated in nature. However, the effect of the year 2000 issue upon the Village's vendors, entities, and utility providers from which it obtains services has not been determined. As a result the effect of any of these entities' non-compliance with the year 2000 issue upon the Village has also not been determined.

For the year ended December 31, 1998, The Village of Hall Summit, Louisiana, incurred no material remediation costs concerning the year 2000 issue. No significant loss due to impairment of equipment that is not year 2000 compliant was recognized for the year ended December 31, 1998.

9. Compliance Stewardship, and Accountability:

Excess of Expenditures over Revenues - For those funds for which a budget to actual comparison was made, 1998 actual expenditures exceeded budgeted expenditures on a departmental basis as follows:

<u>Fund</u>	<u>Expenditure</u>		<u>Unfavorable Variance</u>
	<u>Budget</u>	<u>Actual</u>	
<u>General Fund:</u>			
Public Safety	\$ 2,034	\$ 3,688	\$ (1,654)

VILLAGE OF HALL SUMMIT, LOUISIANA

Notes to Financial Statements
December 31, 1998

9. Compliance Stewardship, and Accountability (continued):

1998 actual revenues was less than budgeted revenues on departmental basis as follows:

<u>Fund</u>	<u>Expenditure</u>		<u>Unfavorable Variance</u>
	<u>Budget</u>	<u>Actual</u>	
<u>General Fund:</u>			
Taxes	\$ 11,500	\$ 9,605	\$ (1,895)
Licenses and permits	\$ 5,000	\$ 4,614	\$ (386)

SUPPLEMENTARY INFORMATION

VILLAGE OF HALL SUMMIT, LOUISIANA

**Schedule of Mayor's and Aldermen's Compensation
For the Year Ended December 31, 1998**

During 1998 the following amounts were paid to the Mayor and Aldermen:

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

ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS



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

610 MARSHALL STREET SUITE 800 • SHREVEPORT, LOUISIANA • 71101-5332 • TELEPHONE 318 222 5701 • FAX 318 424 4736
401 HAMILTON ROAD SUITE 112 • BOSSIER CITY, LOUISIANA 71111 • TELEPHONE 318 742 4935 • FAX 318 742 4989

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 W. L. Wimberly, 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, 1998, and have issued our report thereon dated May 14, 1999 which was qualified because insufficient audit evidence exists to support the Village of Hall Summit's disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, we conducted our 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 the Village of Hall Summit, Louisiana's, general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 98-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Hall Summit, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our 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 designed or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Smith Pugh Rabinowitz LLP
Certified Public Accountants

May 14, 1999

AUDIT FINDINGS

VILLAGE OF HALL SUMMIT, LOUISIANA

SCHEDULE OF AUDIT FINDINGS

December 31, 1998

FINDINGS RELATED TO FINANCIAL STATEMENTS

Findings Related to Compliance

Finding 98-1:

Criteria: Louisiana R.S. 39:1304 and R.S. 39:1305 requires specific procedures in preparing, completing, and submitting budgets. This statute requires that 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 exceeds \$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.

Condition: The Village did not comply with this statute. The final 1998 budget was not adopted until the June 1, 1998, council meeting.

Recommendation: The Village should abide by this statute for future budget preparations.

VILLAGE OF HALL SUMMIT

W. L. Wimberly, Mayor
Paul Snead, Clerk

Gary Ayers, Alderman
Wynell Tidwell, Alderman
Barbara A. Moore, Alderman
Billy J. Gay, Chief of Police
Mary Jo Chreene, Utility Clerk
Telephone: (318) 932-5355

P.O. Box 98
HALL SUMMIT, LA 71034
Incorporated: Sept. 11, 1961

Hall Summit Development Corp.
Hall Summit Utilities Collection
Hall Summit Water Department
Hall Summit Sewer Department
Bruce Chreene, Water Supt.
Ron Pullig, Sewer Supt.

CORRECTIVE ACTION PLAN

June 8, 1999

Mr. Daniel G. Kyle, CPA
Legislative Auditor, State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Kyle:

The Village of Hall Summit, Louisiana, respectfully submits the following corrective action plan for the year ended December 31, 1998, for the Schedule of Findings. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS RELATED TO FINANCIAL STATEMENTS

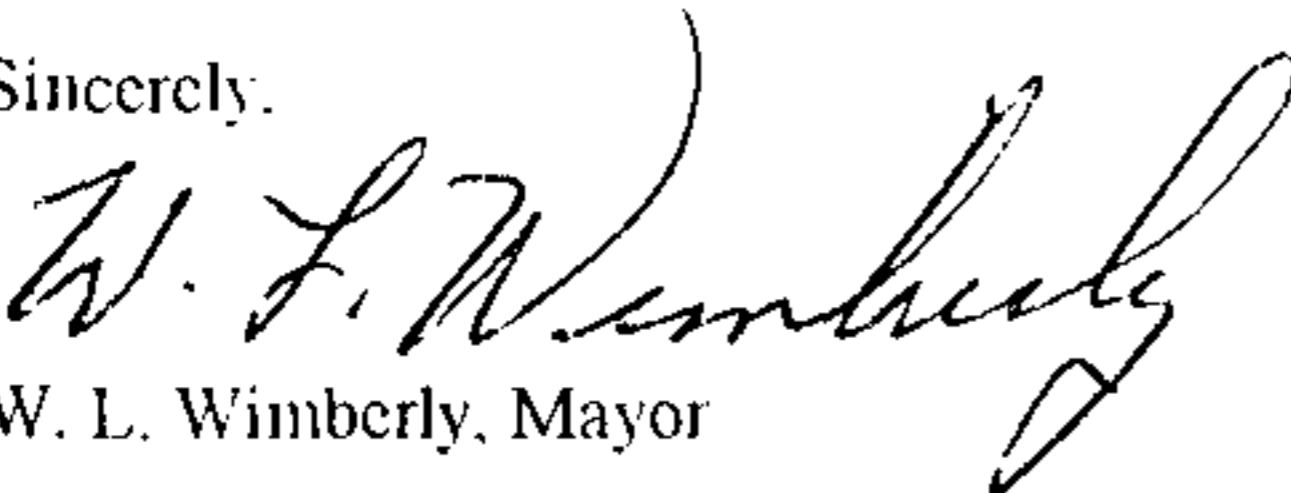
Findings Related to Compliance

Finding 98-1:

Recommendation: The Village should abide by this (budget) statute for future budget preparations.

Action Taken: The Village will take action to implement proper procedures in adopting the 2000 and future budgets.

Sincerely,


W. L. Wimberly, Mayor

VILLAGE OF HALL SUMMIT, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 1998

PRIOR AUDIT FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN A SEPARATE LETTER TO MANAGEMENT

Finding 1:

Condition: The Village did not follow proper procedures in adopting the 1997 budget.

Recommendation: The Village should comply with the Local Budget Act for future budget preparations.

Current status: A similar audit finding for the year ended December 31, 1998, is noted on the Schedule of Audit Findings under Finding 98-1.