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**VILLAGE OF PALMETTO, LOUISIANA
FINANCIAL REPORT
JULY 31, 1998**

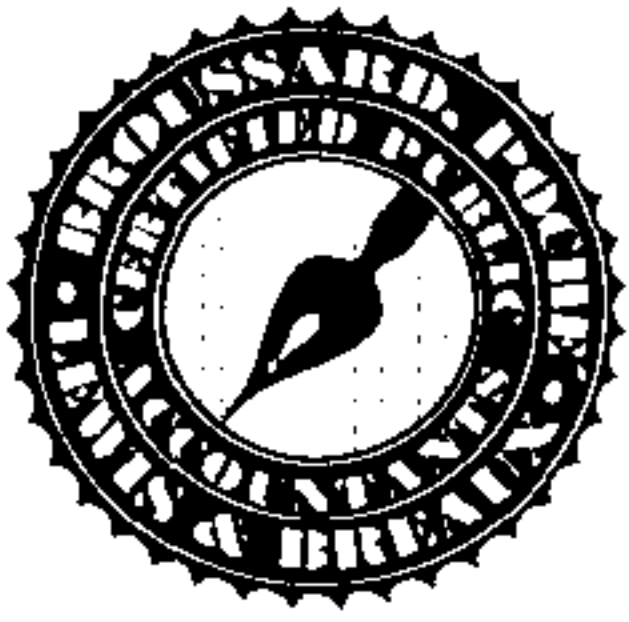
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Release Date AUG 3 1998

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INDEPENDENT AUDITORS' REPORT

The Honorable Harold Taylor, Mayor,
and the Board of Aldermen
Village of Palmetto, Louisiana

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We have audited the general purpose financial statements of Village of Palmetto, Louisiana, and the combining, individual fund, and account group financial statements of the Village as of and for the year ended July 31, 1998, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. 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 in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- Any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- A general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and
- The additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

Lawrence A. Cramer, CPA*
Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
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Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
Michael P. Crochet, CPA*
George J. Trappey III, CPA*
Daniel E. Gilder, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick C. McCarthy, CPA*

Retired:

Sidney L. Broussard, CPA* 1980
Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erna R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1997

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

Village of Palmetto, Louisiana has omitted such disclosures. We do not provide the Village's assurance that the Village is or will be year 2000 ready, that year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Village does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Palmetto, Louisiana, as of July 31, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, except for the omission of the information discussed in the preceding paragraph, the combining, individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of Village of Palmetto, Louisiana, as of July 31, 1998, and the results of operations of such funds and the cash flows of the individual proprietary funds for the year then ended, in conformity with generally accepted accounting standards.

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 1998, on our consideration of Village of Palmetto's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The financial information listed as "Schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Village of Palmetto, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund, and individual account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds, taken as a whole.

The financial information for the 1997 fiscal year, which is included for comparative purposes, was taken from the financial report of Village of Palmetto, Louisiana, for that year in which we expressed an unqualified opinion on the combined (general purpose), combining, individual fund and account group financial statements.

Brownson, Poche, Lewis & Breaux LLP

Lafayette, Louisiana
November 12, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

VILLAGE OF PALMETTO, LOUISIANA

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
July 31, 1998

| ASSETS | Governmental | |
|--|-------------------|------------------------|
| | Fund Types | |
| | <u>General</u> | <u>Special Revenue</u> |
| Cash and interest-bearing accounts | \$ 4,507 | \$ - |
| Investments, at cost | 117,825 | - |
| Accounts receivable (net of allowance for uncollectibles) | - | - |
| Grant funds receivable | - | 7,680 |
| Due from other funds | 263 | - |
| Interest receivable | - | - |
| Restricted assets: | | |
| Cash and interest-bearing accounts | - | - |
| Investments, at cost | - | - |
| Advance to other funds | - | - |
| Unamortized debt discount | - | - |
| Land | - | - |
| Buildings | - | - |
| Machinery and equipment | - | - |
| Utility plant and equipment | - | - |
| Accumulated depreciation | - | - |
| Amount to be provided for retirement by general long-term debt | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 122,595</u> | <u>\$ 7,680</u> |

| Proprietary <u>Fund Type</u> | Fiduciary <u>Fund Type</u> | <u>Account Groups</u> | | <u>Totals</u> | |
|---------------------------------|-------------------------------|-------------------------------------|---------------------------------------|--------------------------|---------------------|
| | | <u>General Fixed Assets</u> | <u>General Long-Term Debt</u> | <u>(Memorandum Only)</u> | |
| <u>Enterprise</u> | <u>Agency</u> | | | <u>1998</u> | <u>1997</u> |
| \$ 225,234 | \$ 169 | \$ - | \$ - | \$ 229,910 | \$ 252,165 |
| 69,129 | - | - | - | 186,954 | 265,509 |
| 29,693 | - | - | - | 29,693 | 28,046 |
| - | - | - | - | 7,680 | 10,180 |
| 39,298 | - | - | - | 39,561 | 21,451 |
| 4,592 | - | - | - | 4,592 | 4,414 |
| 29,551 | - | - | - | 29,551 | 29,116 |
| 114,351 | - | - | - | 114,351 | 134,461 |
| 75,000 | - | - | - | 75,000 | - |
| 633 | - | - | - | 633 | 1,033 |
| - | - | 2,750 | - | 2,750 | 2,750 |
| 144,813 | - | 401,452 | - | 546,265 | 546,265 |
| 57,255 | - | 48,860 | - | 106,115 | 105,052 |
| 2,054,188 | - | - | - | 2,054,188 | 1,897,463 |
| (894,456) | - | - | - | (894,456) | (837,121) |
| - | - | - | 273 | 273 | 3,148 |
| <u>\$ 1,949,281</u> | <u>\$ 169</u> | <u>\$ 453,062</u> | <u>\$ 273</u> | <u>\$ 2,533,060</u> | <u>\$ 2,463,932</u> |

(continued)

VILLAGE OF PALMETTO, LOUISIANA

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
July 31, 1998

| LIABILITIES AND FUND EQUITY | Governmental | |
|---------------------------------------|-------------------|------------------------|
| | <u>Fund Types</u> | |
| | <u>General</u> | <u>Special Revenue</u> |
| Liabilities: | | |
| Cash overdraft | \$ - | \$ 145 |
| Accounts payable and accrued expenses | 4,603 | 850 |
| Due to other funds | 4,805 | 6,685 |
| Payable from restricted assets - | | |
| Customer deposits | - | - |
| Revenue bonds payable | - | - |
| Accrued interest on bonds | - | - |
| Advance from other funds | - | - |
| Revenue bonds payable | - | - |
| Capital leases payable | - | - |
| Total liabilities | <u>9,408</u> | <u>7,680</u> |
| Fund equity: | | |
| Contributed capital | - | - |
| Investment in general fixed assets | - | - |
| Retained earnings - | | |
| Reserved for debt service | - | - |
| Unreserved | - | - |
| Fund balances - | | |
| Unreserved and undesignated | <u>113,187</u> | <u>-</u> |
| Total fund equity | <u>113,187</u> | <u>-0-</u> |
| Total liabilities and fund equity | <u>\$ 122,595</u> | <u>\$ 7,680</u> |

See Notes to Financial Statements.

| <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Account Groups</u> | | <u>Totals</u> | |
|----------------------------------|--------------------------------|-------------------------------------|---------------------------------------|--------------------------|---------------------|
| | | <u>General Fixed Assets</u> | <u>General Long-Term Debt</u> | <u>(Memorandum Only)</u> | |
| <u>Enterprise</u> | <u>Agency</u> | | | <u>1998</u> | <u>1997</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 145 | \$ - |
| 13,655 | 141 | - | - | 19,249 | 47,776 |
| 28,043 | 28 | - | - | 39,561 | 21,451 |
| 47,995 | - | - | - | 47,995 | 46,710 |
| 30,854 | - | - | - | 30,854 | 24,854 |
| 13,936 | - | - | - | 13,936 | 15,656 |
| 75,000 | - | - | - | 75,000 | - |
| 469,555 | - | - | - | 469,555 | 500,409 |
| - | - | - | 273 | 273 | 3,148 |
| <u>679,038</u> | <u>169</u> | <u>-0-</u> | <u>273</u> | <u>696,568</u> | <u>660,004</u> |
| 393,503 | - | - | - | 393,503 | 392,165 |
| - | - | 453,062 | - | 453,062 | 453,062 |
| 57,341 | - | - | - | 57,341 | 79,283 |
| 819,399 | - | - | - | 819,399 | 776,791 |
| - | - | - | - | 113,187 | 102,627 |
| <u>1,270,243</u> | <u>-0-</u> | <u>453,062</u> | <u>-0-</u> | <u>1,836,492</u> | <u>1,803,928</u> |
| <u>\$ 1,949,281</u> | <u>\$ 169</u> | <u>\$ 453,062</u> | <u>\$ 273</u> | <u>\$ 2,533,060</u> | <u>\$ 2,463,932</u> |

VILLAGE OF PALMETTO, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended July 31, 1998

| | <u>General</u> | <u>Special Revenue</u> | <u>Totals</u> <u>(Memorandum Only)</u> | |
|--|-------------------|----------------------------|---|-------------------|
| | | | <u>1998</u> | <u>1997</u> |
| Revenues: | | | | |
| Taxes | \$ 11,928 | \$ - | \$ 11,928 | \$ 12,788 |
| Licenses and permits | 11,464 | - | 11,464 | 10,876 |
| Intergovernmental | 23,925 | 16,607 | 40,532 | 77,108 |
| Charges for services | 7,445 | - | 7,445 | 9,496 |
| Fines and forfeits | 9,930 | - | 9,930 | 9,261 |
| Interest | 5,581 | - | 5,581 | 4,149 |
| Miscellaneous | <u>14,530</u> | <u>-</u> | <u>14,530</u> | <u>10,716</u> |
| Total revenues | <u>84,803</u> | <u>16,607</u> | <u>101,410</u> | <u>134,394</u> |
| Expenditures: | | | | |
| Current - | | | | |
| General government | 14,386 | - | 14,386 | 30,207 |
| Public safety | 38,469 | - | 38,469 | 38,137 |
| Public transportation | - | - | - | 11,522 |
| Highways and streets | 19,732 | - | 19,732 | 14,192 |
| Health and welfare | - | 18,263 | 18,263 | 18,675 |
| Debt service - | | | | |
| Principal | 2,875 | - | 2,875 | 2,878 |
| Interest | <u>154</u> | <u>-</u> | <u>154</u> | <u>426</u> |
| Total expenditures | <u>75,616</u> | <u>18,263</u> | <u>93,879</u> | <u>116,037</u> |
| Excess (deficiency) of revenues over expenditures | 9,187 | (1,656) | 7,531 | 18,357 |
| Other financing sources (uses): | | | | |
| Operating transfers in | 3,029 | 1,656 | 4,685 | 5,803 |
| Operating transfers out | <u>(1,656)</u> | <u>-</u> | <u>(1,656)</u> | <u>(2,499)</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 10,560 | -0- | 10,560 | 21,661 |
| Fund balances, beginning | <u>102,627</u> | <u>-</u> | <u>102,627</u> | <u>80,966</u> |
| Fund balances, ending | <u>\$ 113,187</u> | <u>\$ -0-</u> | <u>\$ 113,187</u> | <u>\$ 102,627</u> |

See Notes to Financial Statements.

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VILLAGE OF PALMETTO, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
 GENERAL AND SPECIAL REVENUE FUND
 Year Ended July 31, 1998

| | <u>General Fund</u> | | |
|---|---------------------|-------------------|---|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> |
| Revenues: | | | |
| Taxes | \$ 12,760 | \$ 11,928 | \$ (832) |
| Licenses and permits | 11,065 | 11,464 | 399 |
| Intergovernmental | 27,100 | 23,925 | (3,175) |
| Charges for services | 7,000 | 7,445 | 445 |
| Fines and forfeits | 9,000 | 9,930 | 930 |
| Interest | 4,200 | 5,581 | 1,381 |
| Miscellaneous | <u>15,050</u> | <u>14,530</u> | <u>(520)</u> |
| Total revenues | <u>86,175</u> | <u>84,803</u> | <u>(1,372)</u> |
| Expenditures: | | | |
| Current - | | | |
| General government | 24,160 | 14,386 | 9,774 |
| Public safety | 41,310 | 38,469 | 2,841 |
| Highways and streets | 15,000 | 19,732 | (4,732) |
| Health and welfare | - | - | - |
| Debt service - | | | |
| Principal | 2,878 | 2,875 | 3 |
| Interest | <u>426</u> | <u>154</u> | <u>272</u> |
| Total expenditures | <u>83,774</u> | <u>75,616</u> | <u>8,158</u> |
| Excess (deficiency) of revenues over expenditures | 2,401 | 9,187 | 6,786 |
| Other financing sources (uses): | | | |
| Operating transfers in | 12,000 | 3,029 | (8,971) |
| Operating transfers out | <u>-</u> | <u>(1,656)</u> | <u>(1,656)</u> |
| Excess of revenues and other sources over expenditures and other uses | <u>\$ 14,401</u> | 10,560 | <u>\$ (3,841)</u> |
| Fund balance, beginning | | <u>102,627</u> | |
| Fund balance, ending | | <u>\$ 113,187</u> | |

See Notes to Financial Statements.

| <u>Special Revenue Fund</u> | | |
|-----------------------------|---------------|---|
| <u>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> |
| \$ - | \$ - | \$ - |
| - | - | - |
| 21,321 | 16,607 | (4,714) |
| - | - | - |
| - | - | - |
| - | - | - |
| <u>21,321</u> | <u>16,607</u> | <u>(4,714)</u> |
| - | - | - |
| - | - | - |
| - | - | - |
| 22,477 | 18,263 | 4,214 |
| - | - | - |
| - | - | - |
| <u>22,477</u> | <u>18,263</u> | <u>4,214</u> |
| (1,156) | (1,656) | (500) |
| 1,156 | 1,656 | 500 |
| - | - | - |
| <u>\$ -0-</u> | <u>-0-</u> | <u>\$ -0-</u> |
| | - | |
| | <u>\$ -0-</u> | |

VILLAGE OF PALMETTO, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS - PROPRIETARY (ENTERPRISE) FUND TYPE
 Years Ended July 31, 1998 and 1997

| | <u>1998</u> | <u>1997</u> |
|---|-------------------|-------------------|
| Operating revenues: | | |
| Sales | \$ 376,158 | \$ 438,174 |
| Other | <u>12,553</u> | <u>11,652</u> |
| Total operating revenues | <u>388,711</u> | <u>449,826</u> |
| Operating expenses: | | |
| Gas purchases | 73,683 | 175,213 |
| Personnel costs | 109,105 | 93,045 |
| Operating and maintenance expenses | 60,017 | 28,111 |
| Office and computer expenses | 16,221 | 18,607 |
| Telephone and utilities | 26,706 | 26,706 |
| Insurance | 14,321 | 13,948 |
| Professional fees | 12,498 | 11,537 |
| Depreciation | 58,191 | 54,638 |
| Other | <u>41,309</u> | <u>22,848</u> |
| Total operating expenses | <u>412,051</u> | <u>444,653</u> |
| Operating income (loss) | (23,340) | 5,173 |
| Nonoperating revenues (expenses): | | |
| Interest revenue | 25,225 | 26,336 |
| Interest expense | (27,268) | (29,202) |
| Other, net | <u>35,417</u> | <u>39,194</u> |
| Income before operating transfers | 10,034 | 41,501 |
| Operating transfers in | 11,000 | - |
| Operating transfers out | <u>(14,029)</u> | <u>(3,304)</u> |
| Net income | 7,005 | 38,197 |
| Add depreciation on fixed assets acquired by contributions restricted for capital construction that reduces contributed capital | <u>13,661</u> | <u>13,561</u> |
| Increase in retained earnings | 20,666 | 51,758 |
| Retained earnings, beginning | <u>856,074</u> | <u>804,316</u> |
| Retained earnings, ending | <u>\$ 876,740</u> | <u>\$ 856,074</u> |

See Notes to Financial Statements.

VILLAGE OF PALMETTO, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY (ENTERPRISE) FUND TYPE
Years Ended July 31, 1998 and 1997

| | <u>1998</u> | <u>1997</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ (23,340) | \$ 5,173 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 58,191 | 54,638 |
| Recovery of previous write-offs | 136 | 482 |
| Changes in assets and liabilities | <u>(30,843)</u> | <u>16,335</u> |
| Net cash provided by operating activities | <u>4,144</u> | <u>76,628</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers from other funds | 11,000 | - |
| Transfers to other funds | (11,000) | - |
| Advance from other funds | 75,000 | - |
| Advance to other funds | (75,000) | - |
| Increase in customer deposits, net of refunds | 1,285 | 618 |
| Transportation charges | <u>3,600</u> | <u>5,064</u> |
| Net cash provided by noncapital financing activities | <u>4,885</u> | <u>5,682</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of capital assets | (159,555) | (32,261) |
| Capital contributed from outside parties | 15,000 | - |
| Principal paid on revenue bond maturities | (24,854) | (24,505) |
| Interest paid on revenue bonds | (28,988) | (29,939) |
| Transfers to other funds | (3,029) | (3,304) |
| Other | <u>32,994</u> | <u>34,115</u> |
| Net cash used in capital and related financing activities | <u>(168,432)</u> | <u>(55,894)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investment securities, net | (12,182) | (11,138) |
| Interest revenue | <u>25,047</u> | <u>25,884</u> |
| Net cash provided by investing activities | <u>12,865</u> | <u>14,746</u> |
| Net increase (decrease) in cash and cash equivalents | (146,538) | 41,162 |
| Cash and cash equivalents at beginning of year | <u>345,170</u> | <u>304,008</u> |
| Cash and cash equivalents at end of year | <u>\$ 198,632</u> | <u>\$ 345,170</u> |

See Notes to Financial Statements.

VILLAGE OF PALMETTO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Village of Palmetto have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

Reporting entity:

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be 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.

Primary government:

Village of Palmetto - The Village operates under an elected Mayor/Aldermen (3 members) form of government. The Village's operations include police protection, streets and drainage, and general administrative services. The Village owns and operates gas and water utilities systems and a cable television system.

St. Landry Parish Housing Authority - The Village of Palmetto is not financially accountable for the Authority. In addition, the nature and significance of the Authority's relationship with the Village is not such that exclusion of the Authority would cause the Village's financial statements to be misleading or incomplete and therefore, it is not a component unit. In addition, no other entities meet the above criteria for inclusion as a component unit of the Village of Palmetto.

Fund accounting:

The Village 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.

NOTES TO FINANCIAL STATEMENTS

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 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."

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

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. Goods or services from such activities provided to outside parties are accounted for in enterprise funds.

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the Village will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. Agency funds generally are used to account for assets that the Village holds on behalf of others as their agent.

NOTES TO FINANCIAL STATEMENTS

Basis of accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all 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.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. 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 collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Ad valorem taxes are recognized as revenue in the year they are collected. Other major revenues considered susceptible to accrual are earned grant revenues and interest on investments. Franchise fees, licenses and permits, and court fines are recognized when received because they are not objectively determinable.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized as an expenditure when due.

Purchases of operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

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

NOTES TO FINANCIAL STATEMENTS

Budgets:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and enterprise funds.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits a proposed operating budget for the General Fund and enterprise funds to the Board of Aldermen at the first meeting of each fiscal year.
2. The proposed budget is discussed and adopted at the public meeting when presented.
3. The program administrator submits a proposed operating budget for the Summer Food Services Fund prior to the start of the program, which must be approved by the grantor and adopted at a public meeting by the Board of Aldermen.
4. The General Fund and Summer Food Services Fund budgets were adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are adopted on a non-GAAP basis.
5. All appropriations lapse at year end.

Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no encumbrances outstanding at July 31, 1998.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and interest bearing deposits and investments:

NOTES TO FINANCIAL STATEMENTS

Cash includes amounts in demand deposits and with the paying agent, as well as certificates of deposits.

Investments consist of amounts invested in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool and which local governments are authorized to invest in. The Village implemented GASB #31 in the current year; however, its investments do not fall under the requirements of the Statement. Therefore, investments are stated at cost.

For purposes of statements of cash flows for proprietary fund types, highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and investments in LAMP are considered to be cash equivalents.

Short-term interfund receivables/payables:

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

Advances to/from other funds:

Noncurrent portions of long-term interfund loan receivables/payables are reported as advances.

Restricted assets:

Certain resources of the Gas and Water Utility Funds are classified as restricted assets on the balance sheet because their use is limited by bond ordinances or because they represent customers' deposits being held by the Funds.

Fixed assets:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost.

During the fiscal year ended July 31, 1994, the Village took an inventory of its general fixed assets. Prior to this time, they were not maintaining a listing of such assets. In addition, they were capitalizing some public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. The Village wrote off these infrastructure fixed assets in 1994 and will not capitalize them in the future, as they are immovable and of value only to the Village.

NOTES TO FINANCIAL STATEMENTS

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Compensated absences:

Vested or accumulated annual leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated annual leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated annual leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Employees of the Village of Palmetto earn annual leave of five working days per year and may accumulate a maximum of five days of annual leave, which is paid at termination. Through July 31, 1998, all material available leave has been taken, and therefore, no liability is recorded.

Sick leave is earned at the rate of 5/6 day for each month worked. There is no maximum amount of sick leave which may be accumulated, but no sick leave is paid to employees at termination. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, "Accounting for Compensated Absences," no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Long-term obligations:

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in a debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund equity:

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

NOTES TO FINANCIAL STATEMENTS

Interfund transactions:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Memorandum only - total columns:

Total columns on the general purpose financial 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, results of operations or cash flows 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.

Comparative data:

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

Certain amounts in the 1997 financial statements have been reclassified to the 1998 presentation. Such reclassifications had no material effect on fund equity as previously reported.

Note 2. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

| | Balance <u>07/31/97</u> | <u>Additions</u> | <u>Retirements</u> | Balance <u>07/31/98</u> |
|-----------|----------------------------|------------------|--------------------|----------------------------|
| Land | \$ 2,750 | \$ - | \$ - | \$ 2,750 |
| Buildings | 401,452 | - | - | 401,452 |
| Equipment | <u>48,860</u> | <u>-</u> | <u>-</u> | <u>48,860</u> |
| Total | <u>\$ 453,062</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 453,062</u> |

NOTES TO FINANCIAL STATEMENTS

A summary of proprietary fund type property, plant and equipment at July 31, 1998 follows:

| | Gas Utility Fund | Waterworks System Utility Fund | Cable System Fund |
|-----------------------------|------------------------|---|-------------------------|
| Utility plant and equipment | \$ 597,901 | \$ 1,183,692 | \$ 272,595 |
| Furniture and fixtures | 12,637 | 8,548 | - |
| Vehicles | 28,323 | 7,747 | - |
| Buildings | <u>73,413</u> | <u>71,400</u> | <u>-</u> |
| | 712,274 | 1,271,387 | 272,595 |
| Accumulated depreciation | <u>(437,101)</u> | <u>(366,261)</u> | <u>(91,094)</u> |
| | <u>\$ 275,173</u> | <u>\$ 905,126</u> | <u>\$ 181,501</u> |

In proprietary funds, the following estimated useful lives are used to compute depreciation:

| | |
|-------------------|------------|
| Gas system | 33 years |
| Waterworks system | 50 years |
| Cable system | 15 years |
| Buildings | 25 years |
| Other equipment | 3-25 years |

During the current fiscal year, the Village purchased an existing cable system for \$75,000. In order to make the purchase, a loan was made from the Gas Utility Fund to the Cable System Fund for the purchase price. This is reported as "advance to/from" in the appropriate fund.

Note 3. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when collected.

The Village bills and collects its own property taxes using the assessed values determined by the Tax Assessor of St. Landry Parish.

For the years ended July 31, 1998 and 1997, taxes of 6.75 mills and 6.75 mills, respectively, were levied on property with assessed valuations of \$564,410 and \$558,890, respectively, and were dedicated for general corporate purposes.

NOTES TO FINANCIAL STATEMENTS

Total taxes levied were \$3,810 for 1998 and \$3,773 for 1997. Taxes receivable at July 31, 1998 totaled \$107, all of which is considered collectible. No receivable has been recorded for this immaterial amount.

Note 4. Long-term Debt

Revenue Bonds. The Village has issued bonds which are payable from a specific revenue source, income derived from the proprietary funds. Proceeds were used for the acquisition and construction of major capital facilities of the waterworks and cable television systems. These bonds, expected to be paid from the Water Utility and Cable System proprietary funds, are reported in those funds. Revenue bonds outstanding at July 31, 1998 are as follows:

| | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Interest Rates</u> | <u>Balance Outstanding</u> |
|---------------|-----------------------|--------------------------|---------------------------|--------------------------------|
| Waterworks | | | | |
| Revenue Bonds | 06/01/69 | 01/01/09 | 4.750 | \$ 85,000 |
| | 11/24/76 | 01/01/16 | 5.000 | 153,000 |
| | 05/04/82 | 01/01/22 | 5.000 | 139,000 |
| | 02/10/93 | 01/01/33 | 5.625 | <u>93,409</u> |
| | | | | <u>\$ 470,409</u> |
| Cable System | | | | |
| Revenue Bonds | 03/01/90 | 03/01/00 | 7.00 - 7.75 | <u>\$ 30,000</u> |

Annual debt service requirements to maturity of bonds, including interest of \$336,736, are as follows:

| <u>Year</u> | <u>Total</u> |
|-------------|-------------------|
| 1999 | \$ 57,120 |
| 2000 | 55,222 |
| 2001 | 40,324 |
| 2002 | 39,492 |
| 2003 | 39,659 |
| 2004 | 39,777 |
| 2005 | 38,847 |
| 2006 | 37,917 |
| 2007 | 39,987 |
| 2008 | 38,909 |
| 2009-2013 | 156,959 |
| 2014-2018 | 119,933 |
| 2019-2023 | 71,433 |
| 2024-2028 | 30,783 |
| 2029-2033 | <u>30,783</u> |
| | <u>\$ 837,145</u> |

NOTES TO FINANCIAL STATEMENTS

Capital Lease. The Village entered into a lease agreement in August of 1993 for the purchase of a tractor. The original amount financed under the lease was \$13,262 and it is considered a capital lease for accounting purposes. The debt service requirements to maturity of the lease at July 31, 1998, including interest payments of \$2 follows:

1999 \$ 275

The following is a summary of debt transactions of the Village of Palmetto for the year ended July 31, 1998:

| | Balance <u>07/31/97</u> | <u>Additions</u> | <u>Retirements</u> | Balance <u>07/31/98</u> |
|----------------|----------------------------|------------------|--------------------|----------------------------|
| Capital leases | \$ 3,148 | \$ - | \$ 2,875 | \$ 273 |
| Revenue bonds | <u>525,263</u> | <u>-</u> | <u>14,854</u> | <u>510,409</u> |
| | <u>\$ 528,411</u> | <u>\$ -0-</u> | <u>\$ 17,729</u> | <u>\$ 510,682</u> |

Note 5. Cash and Interest-Bearing Deposits and Investments

Deposits:

At July 31, 1998, the carrying amount of the Village's deposits was \$258,986 and the bank balance was \$266,842. Of the bank balance, \$144,494 was covered by federal depository insurance and the remaining balance of \$122,348 was covered by collateral held by the Village's agent in the Village's name. Cash on hand aggregated \$330.

Investments:

Investments held at July 31, 1998 consist of \$301,305 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section 150.165, the investment in LAMP at July 31, 1998 is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to

NOTES TO FINANCIAL STATEMENTS

invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Note 6. Interfund Receivables, Payables

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|---------------------------|----------------------------------|-------------------------------|
| General | \$ 263 | \$ 4,805 |
| Special revenue fund: | | |
| Summer Food Services Fund | - | 6,685 |
| Enterprise funds: | | |
| Gas Utility Fund | 24,155 | 11,965 |
| Water Utility Fund | 13,907 | 314 |
| Cable Fund | 1,236 | 15,764 |
| Trust and agency fund: | | |
| Payroll Fund | - | 28 |
| | <u>\$ 39,561</u> | <u>\$ 39,561</u> |

Note 7. Restricted Assets - Enterprise Funds

Restricted assets of the enterprise funds were applicable to the following at July 31, 1998.

| | <u>Gas Utility Fund</u> | <u>Water Utility Fund</u> | <u>Cable System Fund</u> |
|--|---------------------------------|-----------------------------------|----------------------------------|
| Customer deposits | \$ 30,955 | \$ 14,571 | \$ - |
| Revenue bond reserve fund | - | 40,324 | - |
| Depreciation and contingencies fund | - | 12,257 | - |
| Bond and interest amortization fund | - | 34,551 | - |
| Certificates of indebtedness sinking fund | - | - | 11,244 |
| | <u>\$ 30,955</u> | <u>\$ 101,703</u> | <u>\$ 11,244</u> |

NOTES TO FINANCIAL STATEMENTS

Note 8. Flow of Funds; Restrictions on Use - Utilities Revenues

Under the terms of various bond indentures on outstanding Waterworks Revenue Bonds, all income and revenues earned from the operation of the waterworks system are pledged and dedicated to the retirement of said bonds and are to be deposited in funds as follows:

All revenue must be deposited into a System Fund to be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system.

An Amortization Fund (Bond and Interest Sinking Fund) shall be established and maintained by transferring monthly from the System Fund a sum whereby there will accumulate an amount sufficient to pay all interest and principal due on the succeeding January 1.

A Reserve Fund shall be established and maintained by transferring each month from the System Fund 5% of the amount paid to the Amortization Fund, until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year on all bonds payable from the sinking fund. These funds shall be retained solely for the purpose of paying the principal and interest on the bonds should the Amortization Fund be in default.

A Depreciation and Contingencies Fund shall be established and maintained by transferring \$204 each month from the System Fund. The money shall be used to care for depreciation, extension, additions, improvements and replacements necessary to operate the system properly. Money in this fund shall also be used for the payment of principal and interest on bonds if there is not sufficient money in the Amortization or Reserve Fund. If used for this purpose, such money shall be replaced as soon as possible out of system earnings after all required payments are made.

Under the terms of a bond indenture on outstanding Cable System Revenue Bonds, all income and revenues earned from the operation of the cable system are pledged and dedicated to the retirement of said bonds and are to be deposited in funds as indicated below:

All revenue must be deposited into a System Fund to be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system.

A Sinking Fund shall be established and maintained by transferring monthly from the System Fund a sum whereby there will accumulate an amount sufficient to pay all interest due on the succeeding September 1 and all interest and principal due on the succeeding March 1.

NOTES TO FINANCIAL STATEMENTS

Note 9. Segment Information - Enterprise Funds

The Village maintains three enterprise funds to account for operations of a gas and water utility and a cable television system. Segment information for these funds as of July 31, 1998 and for the year then ended, is as follows:

| | <u>Gas Utility Fund</u> | <u>Water Utility Fund</u> | <u>Cable System Fund</u> | <u>Total Enterprise Funds</u> |
|--|---------------------------------|-----------------------------------|----------------------------------|---------------------------------------|
| Operating revenues | \$213,671 | \$136,220 | \$ 38,820 | \$ 388,711 |
| Depreciation expense | 17,219 | 27,683 | 13,289 | 58,191 |
| Operating income (loss) | (18,602) | (7,284) | 2,546 | (23,340) |
| Operating transfers in | -0- | 11,000 | -0- | 11,000 |
| Operating transfers out | 14,029 | -0- | -0- | 14,029 |
| Net income (loss) | 8,300 | (1,609) | 314 | 7,005 |
| Property, plant and equipment additions | 9,863 | 51,683 | 98,009 | 159,555 |
| Net working capital | 286,025 | 42,908 | (2,685) | 326,248 |
| Total assets | 686,508 | 1,052,307 | 210,466 | 1,949,281 |
| Bonded indebtedness | -0- | 470,409 | 30,000 | 500,409 |
| Total equity | 636,173 | 548,377 | 85,693 | 1,270,243 |

At July 31, 1998, allowances for uncollected receivables totaled \$2,946; \$1,004 in the Gas Utility Fund, \$1,499 in the Water Utility Fund and \$443 in the Cable System Fund. These allowances were computed as a percentage of aged receivables outstanding at July 31, 1998.

Note 10. Construction of Gas Line

The Village has completed construction of a gas line to a nearby manufacturing facility as called for in an agreement signed by the two parties on February 11, 1988. The cost of construction was \$143,070, and was reimbursed in full by the facility. The line was placed in use in December 1988, and the manufacturing facility reimburses the purchase price paid by Palmetto for any gas flowing through the line along with a fee for transportation of the gas.

NOTES TO FINANCIAL STATEMENTS

The term of the agreement is for three years, with a three year renewal option. On October 14, 1993, the original agreement was extended until January 1, 1997 and on December 9, 1996, it was again extended until January 1, 2000. At the end of the initial or extended term of the contract, the manufacturer has the right to acquire the line and appurtenances for \$100.

Note 11. Investment in Direct Financing Lease

The Village is the lessor of a wastewater treatment plant under an agreement, the original of which was dated April 20, 1988, which allows the lessee to purchase the plant at the end of the term for \$100. On November 3, 1993, the agreement was extended indefinitely and as of July 31, 1994, all lease payments had been received.

Note 12. Compensation of Elected Officials

A detail of compensation paid to individual elected officials for the year ended July 31, 1998 follows:

| | |
|----------------------|-----------------|
| Harold Taylor, Mayor | \$ 600 |
| Aldermen: | |
| Earline Bihm | 2,292 |
| Keith Myers | 2,292 |
| Nelene Guidry | <u>2,292</u> |
| | <u>\$ 7,476</u> |

Note 13. Food Stamps

A Food Stamp Program is operated by Village of Palmetto under an agreement with the Louisiana Department of Health and Hospitals. Village of Palmetto is reimbursed 50% of its operating costs by DHH based on monthly cost reports. Funds are provided by the U. S. Department of Agriculture through the State administrative match program. Activity in the Food Stamp Program, which information is not reflected in the financial statements, during the year ended July 31, 1998 is as follows:

| | |
|-----------------------------|-----------------|
| Beginning inventory | \$ 115,761 |
| Food stamps received | 39,000 |
| Food stamps issued | (86,324) |
| Food stamps transferred out | (36,000) |
| Credits | <u>(32,437)</u> |
| Ending inventory | <u>\$ -0-</u> |

NOTES TO FINANCIAL STATEMENTS

Note 14. Joint Venture

The Village has entered into a joint venture with Opelousas General Hospital whereby a nonprofit corporation was formed to construct and operate a rural health clinic. The Village owns 51% of the Corporation and has paid for the construction of the building to house the clinic. The building is being leased to the clinic and the Hospital has been awarded the management contract. The current lease requires a monthly payment of \$1,014 and expires on October 3, 1998. The building also houses a home health agency under a two-year lease agreement which expired June 30, 1998 for \$1,118 per month. The Agency rented the facility for July 1998 at the same rate as the contract rate.

Note 15. Commitment

On June 2, 1998, the Board of Aldermen gave the Mayor the authority to pledge to meet the monthly note of the Palmetto Volunteer Fire Company if they are unable to meet it. The purpose of the note is to purchase a fire truck and it is dated October 21, 1998 in the amount of \$25,000. Monthly payments are \$162 and the term of the note is 20 years. As of November 12, 1998, there had not been a formal execution of the commitment by the Village.

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

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VILLAGE OF PALMETTO, LOUISIANA
GENERAL FUND

BALANCE SHEETS
July 31, 1998 and 1997

| ASSETS | <u>1998</u> | <u>1997</u> |
|---------------------------------------|-------------------|-------------------|
| Cash and interest bearing accounts | \$ 4,507 | \$ 12,563 |
| Investments, at cost | 117,825 | 92,245 |
| Accounts receivable | - | 2,457 |
| Grant funds receivable | - | 2,502 |
| Due from other funds | <u>263</u> | <u>2,286</u> |
| Total assets | <u>\$ 122,595</u> | <u>\$ 112,053</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 4,603 | \$ 4,653 |
| Due to other funds | <u>4,805</u> | <u>4,773</u> |
| Total liabilities | 9,408 | 9,426 |
| Fund balance | <u>113,187</u> | <u>102,627</u> |
| Total liabilities and fund balance | <u>\$ 122,595</u> | <u>\$ 112,053</u> |

See Notes to Financial Statements.

VILLAGE OF PALMETTO, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended July 31, 1998
With Comparative Actual Amounts for Year Ended July 31, 1997

| | 1998 | | Variance - Favorable (Unfavorable) | 1997 Actual |
|---|-----------|------------|--|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| Taxes - | | | | |
| Ad valorem | \$ 3,750 | \$ 3,665 | \$ (85) | \$ 3,923 |
| Franchise | 9,010 | 8,263 | (747) | 8,865 |
| Licenses and permits | 11,065 | 11,464 | 399 | 10,876 |
| Intergovernmental - | | | | |
| Beer and tobacco tax | 2,000 | 1,339 | (661) | 1,250 |
| Housing authority in lieu of taxes | 100 | 201 | 101 | 43 |
| Federal grant | 25,000 | 22,385 | (2,615) | 49,639 |
| State grant | - | - | - | 10,000 |
| Charges for services - | | | | |
| Grass cutting | 7,000 | 7,445 | 445 | 9,496 |
| Fines and forfeits | 9,000 | 9,930 | 930 | 9,261 |
| Interest | 4,200 | 5,581 | 1,381 | 4,149 |
| Miscellaneous | 15,050 | 14,530 | (520) | 10,716 |
| Total revenues | 86,175 | 84,803 | (1,372) | 118,218 |
| Expenditures: | | | | |
| Current - | | | | |
| General government | 24,160 | 14,386 | 9,774 | 30,207 |
| Public safety | 41,310 | 38,469 | 2,841 | 38,137 |
| Public transportation | - | - | - | 11,522 |
| Highways and streets | 15,000 | 19,732 | (4,732) | 14,192 |
| Debt service | 3,304 | 3,029 | 275 | 3,304 |
| Total expenditures | 83,774 | 75,616 | 8,158 | 97,362 |
| Excess of revenues over expenditures | 2,401 | 9,187 | 6,786 | 20,856 |
| Other financing sources (uses): | | | | |
| Operating transfers in | 12,000 | 3,029 | (8,971) | 3,304 |
| Operating transfers out | - | (1,656) | (1,656) | (2,499) |
| Excess of revenues and other sources over expenditures and other uses | \$ 14,401 | 10,560 | \$ (3,841) | 21,661 |
| Fund balance, beginning | | 102,627 | | 80,966 |
| Fund balance, ending | | \$ 113,187 | | \$ 102,627 |
| See Notes to Financial Statements. | | | | |

VILLAGE OF PALMETTO, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended July 31, 1998
With Comparative Actual Amounts for Year Ended July 31, 1997

| | 1998 | | Variance - Favorable (Unfavorable) | 1997 Actual |
|-----------------------------|---------------|---------------|--|----------------|
| | Budget | Actual | | |
| General government: | | | | |
| Personnel costs | \$ 3,690 | \$ 3,560 | \$ 130 | \$ 6,658 |
| Professional fees | 350 | 150 | 200 | 150 |
| Maintenance | 2,000 | - | 2,000 | 4,957 |
| Insurance | 6,600 | 4,512 | 2,088 | 8,066 |
| Office supplies | 1,000 | 129 | 871 | 2,032 |
| Travel | 300 | - | 300 | 168 |
| Capital expenditures | - | - | - | 2,644 |
| Dues | 750 | 530 | 220 | 375 |
| Miscellaneous | <u>9,470</u> | <u>5,505</u> | <u>3,965</u> | <u>5,157</u> |
| Total general government | <u>24,160</u> | <u>14,386</u> | <u>9,774</u> | <u>30,207</u> |
| Public safety: | | | | |
| Police department - | | | | |
| Personnel costs | 35,810 | 33,522 | 2,288 | 34,928 |
| Supplies and auto expenses | 5,000 | 4,541 | 459 | 2,895 |
| Miscellaneous | <u>500</u> | <u>406</u> | <u>94</u> | <u>314</u> |
| Total public safety | <u>41,310</u> | <u>38,469</u> | <u>2,841</u> | <u>38,137</u> |
| Public transportation: | | | | |
| Personnel costs | - | - | - | 3,856 |
| Insurance | - | - | - | 1,389 |
| Gas and oil | - | - | - | 2,747 |
| Rent | - | - | - | 3,150 |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>-</u> | <u>380</u> |
| Total public transportation | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>11,522</u> |
| Highways and streets: | | | | |
| Supplies | 9,000 | 12,183 | (3,183) | 9,717 |
| Tractor expenses | 6,000 | 7,549 | (1,549) | 3,845 |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>-</u> | <u>630</u> |
| Total highways and streets | <u>15,000</u> | <u>19,732</u> | <u>(4,732)</u> | <u>14,192</u> |

(continued)

VILLAGE OF PALMETTO, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
Year Ended July 31, 1998
With Comparative Actual Amounts for Year Ended July 31, 1997

| | <u>1998</u> | | Variance - Favorable (Unfavorable) | <u>1997</u> Actual |
|--------------------|------------------|------------------|--|-----------------------|
| | <u>Budget</u> | <u>Actual</u> | | |
| Debt service: | | | | |
| Principal | 2,878 | 2,875 | 3 | 2,878 |
| Interest | <u>426</u> | <u>154</u> | <u>272</u> | <u>426</u> |
| Total debt service | <u>3,304</u> | <u>3,029</u> | <u>275</u> | <u>3,304</u> |
| Total expenditures | <u>\$ 83,774</u> | <u>\$ 75,616</u> | <u>\$ 8,158</u> | <u>\$ 97,362</u> |

See Notes to Financial Statements.

SPECIAL REVENUE FUND

SUMMER FOOD SERVICES PROGRAM FUND - To account for federal funds received to provide lunches during the summer months to economically disadvantaged children.

VILLAGE OF PALMETTO, LOUISIANA
SPECIAL REVENUE FUND
SUMMER FOOD SERVICES PROGRAM

BALANCE SHEETS
July 31, 1998 and 1997

| ASSETS | <u>1998</u> | <u>1997</u> |
|-------------------------------------|-----------------|-----------------|
| Cash and interest-bearing deposits | \$ - | \$ 2,017 |
| Grant funds receivable | <u>7,680</u> | <u>7,678</u> |
| Total assets | <u>\$ 7,680</u> | <u>\$ 9,695</u> |
| | | |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Cash overdraft | \$ 145 | \$ - |
| Accounts payable | 850 | 6,508 |
| Due to other funds | <u>6,685</u> | <u>3,187</u> |
| Total liabilities | 7,680 | 9,695 |
| | | |
| Fund balances: | | |
| Unreserved and undesignated | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 7,680</u> | <u>\$ 9,695</u> |

See Notes to Financial Statements.

VILLAGE OF PALMETTO, LOUISIANA
SPECIAL REVENUE FUND
SUMMER FOOD SERVICES PROGRAM

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Years Ended July 31, 1998 and 1997

| | <u>1998</u> | <u>1997</u> |
|---|---------------|---------------|
| Revenues: | | |
| Intergovernmental - | | |
| Federal grant | \$ 16,607 | \$ 16,176 |
| Expenditures: | | |
| Current - | | |
| Health and welfare | <u>18,263</u> | <u>18,675</u> |
| Excess (deficiency) of revenues over expenditures | (1,656) | (2,499) |
| Other financing sources (uses): | | |
| Transfers from other funds | <u>1,656</u> | <u>2,499</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | -0- | -0- |
| Fund balances, beginning | <u>-</u> | <u>-</u> |
| Fund balances, ending | <u>\$ -0-</u> | <u>\$ -0-</u> |

See Notes to Financial Statements.

VILLAGE OF PALMETTO, LOUISIANA
SPECIAL REVENUE FUND
SUMMER FOOD SERVICES PROGRAM

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended July 31, 1998

With Comparative Actual Amounts for Year Ended July 31, 1997

| | 1998 | | Variance - | 1997 |
|---|-----------|-----------|---------------|-----------|
| | Budget | Actual | Favorable | Actual |
| | | | (Unfavorable) | |
| Revenues: | | | | |
| Intergovernmental - | | | | |
| Federal grant | \$ 21,321 | \$ 16,607 | \$ (4,714) | \$ 16,176 |
| Expenditures: | | | | |
| Current - | | | | |
| Health and welfare: | | | | |
| Administrative salaries | 1,654 | 1,526 | 128 | 1,585 |
| Operational salaries | 5,676 | 4,467 | 1,209 | 4,607 |
| Food | 7,700 | 5,846 | 1,854 | 4,987 |
| Supplies | 530 | 741 | (211) | 525 |
| Insurance | 1,942 | 297 | 1,645 | 995 |
| Telephone and utilities | 950 | 817 | 133 | 799 |
| Professional fees | 850 | 850 | - | 850 |
| Other | 3,175 | 3,719 | (544) | 4,327 |
| Total expenditures | 22,477 | 18,263 | 4,214 | 18,675 |
| Excess (deficiency) of revenues over expenditures | (1,156) | (1,656) | (500) | (2,499) |
| Other financing sources (uses): | | | | |
| Transfers from other funds | 1,156 | 1,656 | 500 | 2,499 |
| Excess of revenues and other sources over expenditures | \$ -0- | -0- | \$ -0- | -0- |
| Fund balance, beginning | | - | | - |
| Fund balance, ending | | \$ -0- | | \$ -0- |

See Notes to Financial Statements.

ENTERPRISE FUNDS

GAS UTILITY FUND - To account for the provision of gas service to the residents of the Village and some residents of the Parish. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

WATER UTILITY FUND - To account for the provision of water service to the residents of the Village and some residents of the Parish. All activities necessary to provide such service are accounted for in this fund.

CABLE SYSTEM FUND - To account for the provision of cable television service to the residents of the Village and some residents of the Parish. All activities necessary to provide such service are accounted for in this fund.

VILLAGE OF PALMETTO, LOUISIANA
ALL ENTERPRISE FUNDS

COMBINING BALANCE SHEET
July 31, 1998
With Comparative Totals for July 31, 1997

| ASSETS | Gas | Water | Cable | Totals | |
|--------------------------------------|-------------------|--------------------|------------------|--------------------|--------------------|
| | Utility Fund | Utility Fund | System Fund | 1998 | 1997 |
| CURRENT ASSETS | | | | | |
| Cash and interest-bearing deposits | \$ 200,151 | \$ 15,106 | \$ 9,977 | \$ 225,234 | \$ 235,783 |
| Investments, at cost | 66,882 | 1,740 | 507 | 69,129 | 173,264 |
| Accounts receivable - customers | 10,004 | 16,224 | 5,811 | 32,039 | 28,235 |
| Allowance for uncollectible accounts | (1,004) | (1,499) | (443) | (2,946) | (2,946) |
| Accounts receivable - Martco | 600 | - | - | 600 | 300 |
| Due from other funds | 24,155 | 13,907 | 1,236 | 39,298 | 19,165 |
| Interest receivable | 4,592 | - | - | 4,592 | 4,414 |
| Total current assets | <u>305,380</u> | <u>45,478</u> | <u>17,088</u> | <u>367,946</u> | <u>458,215</u> |
| RESTRICTED ASSETS | | | | | |
| Cash and interest-bearing deposits | 12,881 | 16,670 | - | 29,551 | 29,116 |
| Investments, at cost | 18,074 | 85,033 | 11,244 | 114,351 | 134,461 |
| Total restricted assets | <u>30,955</u> | <u>101,703</u> | <u>11,244</u> | <u>143,902</u> | <u>163,577</u> |
| PLANT AND EQUIPMENT | | | | | |
| Utility plant and equipment | 597,901 | 1,183,692 | 272,595 | 2,054,188 | 1,897,463 |
| Furniture and fixtures | 12,637 | 8,548 | - | 21,185 | 20,122 |
| Vehicles | 28,323 | 7,747 | - | 36,070 | 36,070 |
| Buildings | 73,413 | 71,400 | - | 144,813 | 144,813 |
| Accumulated depreciation | (437,101) | (366,261) | (91,094) | (894,456) | (837,121) |
| Total plant and equipment | <u>275,173</u> | <u>905,126</u> | <u>181,501</u> | <u>1,361,800</u> | <u>1,261,347</u> |
| DEFERRED DEBITS | | | | | |
| Unamortized debt discount | -0- | -0- | 633 | 633 | 1,033 |
| Advance to other funds | 75,000 | -0- | -0- | 75,000 | -0- |
| Total assets | <u>\$ 686,508</u> | <u>\$1,052,307</u> | <u>\$210,466</u> | <u>\$1,949,281</u> | <u>\$1,884,172</u> |

See Notes to Financial Statements.

| LIABILITIES AND FUND EQUITY | Gas | Water | Cable | Totals | |
|---|-----------------|-----------------|----------------|-------------|-------------|
| | Utility Fund | Utility Fund | System Fund | 1998 | 1997 |
| CURRENT LIABILITIES (payable from current assets) | | | | | |
| Accounts payable and accrued liabilities | \$ 7,390 | \$ 2,256 | \$ 4,009 | \$ 13,655 | \$ 34,841 |
| Due to other funds | 11,965 | 314 | 15,764 | 28,043 | 13,463 |
| Total | 19,355 | 2,570 | 19,773 | 41,698 | 48,304 |
| CURRENT LIABILITIES (payable from restricted assets) | | | | | |
| Customers' deposits | 30,980 | 17,015 | - | 47,995 | 46,710 |
| Revenue bonds payable | - | 15,854 | 15,000 | 30,854 | 24,854 |
| Accrued interest on bonds | - | 13,936 | - | 13,936 | 15,656 |
| Total | 30,980 | 46,805 | 15,000 | 92,785 | 87,220 |
| Total current liabilities | 50,335 | 49,375 | 34,773 | 134,483 | 135,524 |
| OTHER LIABILITIES | | | | | |
| Advance from other funds | - | - | 75,000 | 75,000 | - |
| Revenue bonds payable | - | 454,555 | 15,000 | 469,555 | 500,409 |
| Total liabilities | 50,335 | 503,930 | 124,773 | 679,038 | 635,933 |
| FUND EQUITY | | | | | |
| Contributed capital | 126,509 | 233,370 | 33,624 | 393,503 | 392,165 |
| Retained earnings: | | | | | |
| Reserved for debt service | - | 57,341 | - | 57,341 | 79,283 |
| Unreserved | 509,664 | 257,666 | 52,069 | 819,399 | 776,791 |
| Total retained earnings | 509,664 | 315,007 | 52,069 | 876,740 | 856,074 |
| Total fund equity | 636,173 | 548,377 | 85,693 | 1,270,243 | 1,248,239 |
| Total liabilities and fund equity | \$ 686,508 | \$1,052,307 | \$210,466 | \$1,949,281 | \$1,884,172 |

VILLAGE OF PALMETTO, LOUISIANA
ALL ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
Year Ended July 31, 1998
With Comparative Totals for Year Ended July 31, 1997

| | Gas Utility Fund | Water Utility Fund | Cable System Fund | Totals | |
|------------------------------------|------------------------|--------------------------|-------------------------|----------------|----------------|
| | | | | 1998 | 1997 |
| Operating revenues: | | | | | |
| Sales | \$ 208,234 | \$ 131,474 | \$ 36,450 | \$ 376,158 | \$ 438,174 |
| Service charges | 910 | 340 | - | 1,250 | 1,138 |
| Late charges | 4,110 | 2,503 | 705 | 7,318 | 7,607 |
| Miscellaneous | 417 | 1,903 | 1,665 | 3,985 | 2,907 |
| Total operating revenues | <u>213,671</u> | <u>136,220</u> | <u>38,820</u> | <u>388,711</u> | <u>449,826</u> |
| Operating expenses: | | | | | |
| Gas purchases | 73,683 | - | - | 73,683 | 175,213 |
| Personnel costs | 66,426 | 39,938 | 2,741 | 109,105 | 93,045 |
| Operating and maintenance expenses | 11,527 | 26,789 | 7,576 | 45,892 | 21,157 |
| Truck expenses | 6,825 | 6,765 | 535 | 14,125 | 6,954 |
| Travel | 8,692 | - | - | 8,692 | 6,541 |
| Office supplies and expenses | 4,316 | 4,618 | 1,002 | 9,936 | 9,942 |
| Computer expenses | 2,402 | 3,883 | - | 6,285 | 8,665 |
| Telephone and utilities | 13,745 | 11,065 | 1,896 | 26,706 | 26,706 |
| Insurance | 7,472 | 5,985 | 864 | 14,321 | 13,948 |
| Professional fees | 6,249 | 6,249 | - | 12,498 | 11,537 |
| Network expense | - | - | 7,119 | 7,119 | 6,035 |
| Depreciation | 17,219 | 27,683 | 13,289 | 58,191 | 54,638 |
| Bad debt expense | 1,240 | 1,545 | 531 | 3,316 | - |
| Other | 12,477 | 8,984 | 721 | 22,182 | 10,272 |
| Total operating expenses | <u>232,273</u> | <u>143,504</u> | <u>36,274</u> | <u>412,051</u> | <u>444,653</u> |
| Operating income (loss) | (18,602) | (7,284) | 2,546 | (23,340) | 5,173 |

(continued)

VILLAGE OF PALMETTO, LOUISIANA
ALL ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS (CONTINUED)
Year Ended July 31, 1998
With Comparative Totals for Year Ended July 31, 1997

| | Gas | Water | Cable | Totals | |
|--|-------------------|-------------------|------------------|-------------------|-------------------|
| | Utility Fund | Utility Fund | System Fund | 1998 | 1997 |
| Operating income (loss) (brought forward) | (18,602) | (7,284) | 2,546 | (23,340) | 5,173 |
| Nonoperating revenues (expenses): | | | | | |
| Interest revenue | 17,911 | 6,075 | 1,239 | 25,225 | 26,336 |
| Interest expense | - | (24,197) | (3,071) | (27,268) | (29,202) |
| Amortization expense | - | - | (400) | (400) | (400) |
| Loss on disposal of assets | (914) | - | - | (914) | (67) |
| Rent | 20,197 | 12,797 | - | 32,994 | 34,115 |
| Other, net | <u>3,737</u> | <u>-</u> | <u>-</u> | <u>3,737</u> | <u>5,546</u> |
| Income (loss) before operating transfers | 22,329 | (12,609) | 314 | 10,034 | 41,501 |
| Operating transfers in | - | 11,000 | - | 11,000 | - |
| Operating transfers out | <u>(14,029)</u> | <u>-</u> | <u>-</u> | <u>(14,029)</u> | <u>(3,304)</u> |
| Net income (loss) | 8,300 | (1,609) | 314 | 7,005 | 38,197 |
| Add depreciation on fixed assets acquired by con- tributions restricted for capital construc- tion that reduces contributed capital | <u>4,335</u> | <u>4,772</u> | <u>4,554</u> | <u>13,661</u> | <u>13,561</u> |
| Increase in retained earnings | 12,635 | 3,163 | 4,868 | 20,666 | 51,758 |
| Retained earnings, beginning | <u>497,029</u> | <u>311,844</u> | <u>47,201</u> | <u>856,074</u> | <u>804,316</u> |
| Retained earnings, ending | <u>\$ 509,664</u> | <u>\$ 315,007</u> | <u>\$ 52,069</u> | <u>\$ 876,740</u> | <u>\$ 856,074</u> |

See Notes to Financial Statements.

VILLAGE OF PALMETTO, LOUISIANA
ALL ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
Year Ended July 31, 1998
With Comparative Totals for Year Ended July 31, 1997

| | <u>Gas Utility Fund</u> | <u>Water Utility Fund</u> | <u>Cable System Fund</u> |
|--|---------------------------------|-----------------------------------|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ (18,602) | \$ (7,284) | \$ 2,546 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 17,219 | 27,683 | 13,289 |
| Recovery of previous write-offs | 136 | - | - |
| Changes in assets and liabilities: | | | |
| Decrease (increase) in - | | | |
| Accounts receivable | 1,101 | (2,792) | (2,413) |
| Due from other funds | (21,285) | - | 1,152 |
| Increase (decrease) in - | | | |
| Accounts payable and accrued liabilities | (11,979) | (9,513) | 306 |
| Due to other funds | <u>(1,194)</u> | <u>10</u> | <u>15,764</u> |
| Net cash provided by (used in) operating activities | <u>(34,604)</u> | <u>8,104</u> | <u>30,644</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | - | 11,000 | - |
| Transfers to other funds | (11,000) | - | - |
| Advance from other funds | - | - | 75,000 |
| Advance to other funds | (75,000) | - | - |
| Increase in customer deposits, net of refunds | 15 | 1,270 | - |
| Transportation charges (net) | <u>3,600</u> | <u>-</u> | <u>-</u> |
| Net cash provided by (used in) noncapital financing activities | <u>(82,385)</u> | <u>12,270</u> | <u>75,000</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | (9,863) | (51,683) | (98,009) |
| Capital contributed from outside parties | - | 15,000 | - |
| Payments on revenue bonds - | | | |
| Principal | - | (14,854) | (10,000) |
| Interest | - | (24,625) | (4,363) |
| Transfers to other funds | (3,029) | - | - |
| Rents | <u>20,197</u> | <u>12,797</u> | <u>-</u> |
| Net cash provided by (used in) capital and related financing activities | <u>7,305</u> | <u>(63,365)</u> | <u>(112,372)</u> |

| <u>Totals</u> | |
|------------------|-----------------|
| <u>1998</u> | <u>1997</u> |
| \$ (23,340) | \$ 5,173 |
| 58,191 | 54,638 |
| 136 | 482 |
| (4,104) | 3,702 |
| (20,133) | (166) |
| (21,186) | 11,301 |
| <u>14,580</u> | <u>1,498</u> |
| <u>4,144</u> | <u>76,628</u> |
| 11,000 | - |
| (11,000) | - |
| 75,000 | - |
| (75,000) | - |
| 1,285 | 618 |
| <u>3,600</u> | <u>5,064</u> |
| <u>4,885</u> | <u>5,682</u> |
| (159,555) | (32,261) |
| 15,000 | - |
| (24,854) | (24,505) |
| (28,988) | (29,939) |
| (3,029) | (3,304) |
| <u>32,994</u> | <u>34,115</u> |
| <u>(168,432)</u> | <u>(55,894)</u> |
| | (continued) |

VILLAGE OF PALMETTO, LOUISIANA
ALL ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended July 31, 1998
With Comparative Totals for Year Ended July 31, 1997

| | <u>Gas Utility Fund</u> | <u>Water Utility Fund</u> | <u>Cable System Fund</u> |
|---|---------------------------------|-----------------------------------|----------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of investment securities, net | (10,506) | (1,357) | (319) |
| Interest revenue | <u>17,733</u> | <u>6,075</u> | <u>1,239</u> |
| Net cash provided by investing activities | <u>7,227</u> | <u>4,718</u> | <u>920</u> |
| Net increase (decrease) in cash and cash equivalents | (102,457) | (38,273) | (5,808) |
| Cash and cash equivalents at beginning of year | <u>193,835</u> | <u>130,016</u> | <u>21,319</u> |
| Cash and cash equivalents at end of year | <u>\$ 91,378</u> | <u>\$ 91,743</u> | <u>\$ 15,511</u> |
| Cash and cash equivalents as shown on balance sheet: | | | |
| Current assets: | | | |
| Cash and interest-bearing deposits | \$ 200,151 | \$ 15,106 | \$ 9,977 |
| Investments | 66,882 | 1,740 | 507 |
| Restricted assets: | | | |
| Cash and interest bearing deposits | 12,881 | 16,670 | - |
| Investments | <u>18,074</u> | <u>85,033</u> | <u>11,244</u> |
| | 297,988 | 118,549 | 21,728 |
| Less cash and interest-bearing deposits with maturities in excess of three months | <u>(206,610)</u> | <u>(26,806)</u> | <u>(6,217)</u> |
| Cash and cash equivalents at end of year | <u>\$ 91,378</u> | <u>\$ 91,743</u> | <u>\$ 15,511</u> |

See Notes to Financial Statements.

| <u>Totals</u> | |
|-------------------|-------------------|
| <u>1998</u> | <u>1997</u> |
| (12,182) | (11,138) |
| <u>25,047</u> | <u>25,884</u> |
| <u>12,865</u> | <u>14,746</u> |
| (146,538) | 41,162 |
| <u>345,170</u> | <u>304,008</u> |
| <u>\$ 198,632</u> | <u>\$ 345,170</u> |
| | |
| \$ 225,234 | \$ 235,783 |
| 69,129 | 173,264 |
| 29,551 | 29,116 |
| <u>114,351</u> | <u>134,461</u> |
| 438,265 | 572,624 |
| <u>(239,633)</u> | <u>(227,454)</u> |
| <u>\$ 198,632</u> | <u>\$ 345,170</u> |

VILLAGE OF PALMETTO, LOUISIANA
ENTERPRISE FUNDS
WATER UTILITY FUND

STATEMENT OF CHANGES IN ASSETS RESTRICTED FOR
REVENUE BOND DEBT SERVICE
Year Ended July 31, 1998

| | Amorti- zation <u>Fund</u> | Bond Reserve <u>Fund</u> | Depreciation and Contingencies <u>Fund</u> | <u>Total</u> |
|--|----------------------------------|--------------------------------|---|------------------|
| Restricted assets, beginning | \$ 34,368 | \$ 40,324 | \$ 33,809 | \$ 108,501 |
| Transfers from operating cash | <u>39,663</u> | <u>-</u> | <u>2,448</u> | <u>42,111</u> |
| Total cash and interest-bearing deposits | <u>74,031</u> | <u>40,324</u> | <u>36,257</u> | <u>150,612</u> |
| Expenditures and transfers: | | | | |
| Principal payments | 14,854 | - | - | 14,854 |
| Interest payments | 24,625 | - | - | 24,625 |
| Transfers to other funds | <u>-</u> | <u>-</u> | <u>24,000</u> | <u>24,000</u> |
| Total expenditures and transfers | <u>39,479</u> | <u>-0-</u> | <u>24,000</u> | <u>63,479</u> |
| Restricted assets, ending | <u>\$ 34,552</u> | <u>\$ 40,324</u> | <u>\$ 12,257</u> | <u>\$ 87,133</u> |

FIDUCIARY (AGENCY) FUND

PAYROLL FUND - To account for payroll expenditures of the Village. Individual funds transmit monies needed to cover their share of payroll costs.

VILLAGE OF PALMETTO, LOUISIANA
 AGENCY FUND TYPE
 PAYROLL FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year Ended July 31, 1998

| | Balance July 31, <u>1997</u> | Additions | Deductions | Balance July 31, <u>1998</u> |
|---------------------|------------------------------------|-------------------|-------------------|------------------------------------|
| ASSETS | | | | |
| Cash | \$ <u>1,802</u> | \$ <u>168,469</u> | \$ <u>170,102</u> | \$ <u>169</u> |
| LIABILITIES | | | | |
| Accrued liabilities | \$ 1,774 | \$ 168,469 | \$ 170,102 | \$ 141 |
| Due to other funds | <u>28</u> | <u>-</u> | <u>-</u> | <u>28</u> |
| | <u>\$ 1,802</u> | <u>\$ 168,469</u> | <u>\$ 170,102</u> | <u>\$ 169</u> |

See Notes to Financial Statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

VILLAGE OF PALMETTO, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended July 31, 1998

| | Balance July 31, <u>1997</u> | <u>Additions</u> | <u>Deductions</u> | Balance July 31, <u>1998</u> |
|---------------------------------------|------------------------------------|------------------|-------------------|------------------------------------|
| General fixed assets: | | | | |
| Land | \$ 2,750 | \$ - | \$ - | \$ 2,750 |
| Buildings | 401,452 | - | - | 401,452 |
| Machinery and equipment | <u>48,860</u> | <u>-</u> | <u>-</u> | <u>48,860</u> |
| Total general fixed assets | <u>\$ 453,062</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 453,062</u> |
| Investment in general fixed assets | <u>\$ 453,062</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 453,062</u> |

See Notes to Financial Statements.



BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 61400
Lafayette, Louisiana
70596-1400
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fax: (318) 984-4574

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

Other Offices:

Crowley, LA
(318) 783-0650
Abbeville, LA
(318) 898-1497
Opelousas, LA
(318) 942-5217
New Iberia, LA
(318) 364-4554
Church Point, LA
(318) 684-2855
Eunice, LA
(318) 457-0071

To the Honorable Harold Taylor, Mayor
and the Board of Aldermen
Palmetto, Louisiana

We have audited the financial statements of Village of Palmetto, Louisiana, and the combining, individual fund and account group financial statements as of and for the year ended July 31, 1998, and have issued our report thereon dated November 12, 1998, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, "Disclosures about Year 2000 Issues." 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's 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment,

Lawrence A. Cramer, CPA*
Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
Michael P. Crochet, CPA*
George J. Trappay III, CPA*
Daniel E. Gilder, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick C. McCarthy, CPA*

Retired:

Sidney L. Broussard, CPA* 1980
Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1997
*Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants*

could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

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

Broussard, Poche, Lavis & Breaux LLP

Lafayette, Louisiana
November 12, 1998

VILLAGE OF PALMETTO
PALMETTO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended July 31, 1998

We have audited the financial statements of Village of Palmetto as of and for the year ended July 31, 1998, and have issued our report thereon dated November 12, 1998. 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. Our audit of the financial statements as of July 31, 1998 resulted in a qualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No
Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

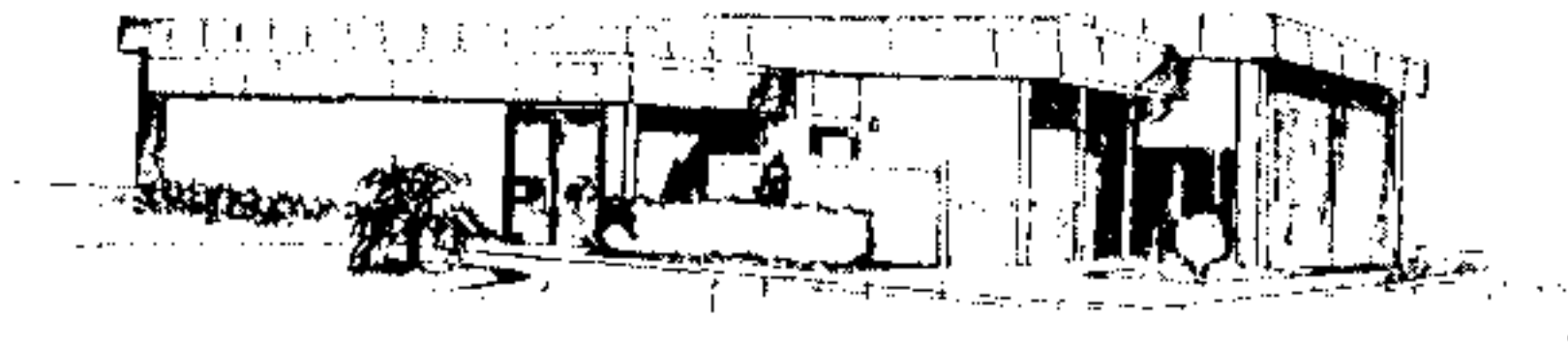
Section II - Financial Statement Findings

98-1 Segregation of Duties

Finding: Due to the size of the Village, an adequate segregation of duties does not exist in the administrative offices. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Village may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Village should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.





Mayor
Harold L. Taylor
Aldermen
Earline H. Bihm
Keith Myers
Nelene Guidroz

January 7, 1999

Village of Palmetto

Village Clerk
Doris V. McGee
Chief of Police
Wilbert Dupre
Asst. Clerk
Ethel Blossom
Gas & Water Custodian
Gary Coburn
J.C. Hebert

Broussard, Poche', Lewis & Breaux, L.L.P.
Certified Public Accountants
Post Office Box 61400
Lafayette, Louisiana 70596-1400

Village of Palmetto respectfully submits the following schedule of prior year findings for the year ended July 31, 1998.

I. Internal Control and Compliance Material to the Financial Statements

1997 Finding No. 97-1: Inadequate Segregation of Duties

This same find is included in the current year's schedule of findings and questioned costs as Finding 98-1. The Village has provided as much segregation as possible with resources available.

II. Internal Control and Compliance Material to Federal Awards.

The prior year's report did not include any findings related to federal awards.

III. Management Letter.

The prior year's report did not include a management letter.

Sincerely yours,

Village of Palmetto

Harold L. Taylor
Mayor

HLT:dmc



Mayor
Harold L. Taylor
Aldermen
Earline H. Bihm
Keith Myers
Nelene Guidroz

January 7, 1999

Village of Palmetto

Village Clerk
Doris V. McGee
Chief of Police
Wilbert Dupre
Asst. Clerk
Ethel Blossom
Gas & Water Custodian
Gary Coburn
J.C. Hebert

Dr. Daniel Kyle
Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, La. 70804-9397

Village of Palmetto respectfully submits the following corrective action plan for the year ended July 31, 1998.

Name and address of independent public accounting firm:

Broussard, Poche', Lewis & Breaux, L.L.P.
Certified Public Accountants
Post Office Box 61400
Lafayette, Louisiana 70596-1400

Audit period: August 1, 1997 through July 31, 1998

The finding from the 1998 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule. Section I of the schedule, Summary of Auditors' Reports, does not include findings and is not addressed.

Section II - Financial Statement Findings

98-1 Segregation of Duties

Recommendation: The situation should be monitored to ensure as much segregation of duties as possible.

Action taken: Management has ensured as much segregation as possible based on available resources. We will continue to monitor the situation; however, adequate segregation is not feasible.

If the Legislative Auditor has questions regarding this plan, please call me at 318-623-4426.

Sincerely yours,

Village of Palmetto

Harold L. Taylor
Mayor
HLT:dmc