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NO: 10

**TOWN OF ELTON, LOUISIANA**

Financial Report

Year Ended December 31, 1998

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

Release Date 7-21-99

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## INDEPENDENT AUDITORS' REPORT

The Honorable Herbert Shirley, Mayor,  
and Members of the Board of Aldermen  
Town of Elton, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Elton, Louisiana, as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of the Town's elected officials. 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, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue. The Town has included such disclosures in Note 18. 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 Town's disclosures with respect to the year 2000 issue made in Note 18. Further, we do not provide assurance that the Town is or will be year 2000 ready, that the Town's year 2000 remediation efforts will be successful in whole or in part, or that the parties with which the Town 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 to above present fairly, in all material respects, the financial position of the Town of Elton, Louisiana, as of December 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Elton, Louisiana, taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Elton, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to such general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated April 28, 1999 on our consideration of the Town of Elton's internal control structure and its compliance with laws and regulations.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
April 28, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)**

TOWN OF ELTON, LOUISIANA  
 Combined Balance Sheet - All Fund Types and Account Groups  
 December 31, 1998

	Governmental Fund Types				Proprietary Fund Type Enterprise	Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		General Fixed Assets	Long-Term Debt	General	
<b>ASSETS AND OTHER DEBITS</b>									
Cash	\$25,435	\$72,881	\$14,593	\$ -	\$ 21,950	\$ -	\$ -	\$ -	\$ 134,859
Interest-bearing deposits	2,447	-	54,038	-	127,443	-	-	-	183,928
Receivables									
Taxes	3,652	9,098	4,284	-	-	-	-	-	17,034
Accounts	-	-	-	-	23,519	-	-	-	23,519
Other	5,038	-	-	-	-	-	-	-	5,038
Due from other funds	696	-	-	-	-	-	-	-	696
Due from other governmental units	-	-	-	3,169	-	-	-	-	3,169
Restricted assets:									
Cash	-	-	-	-	8,089	-	-	-	8,089
Interest-bearing deposits	-	-	-	-	65,471	-	-	-	65,471
Land	-	-	-	-	-	22,858	-	-	22,858
Buildings	-	-	-	-	-	254,125	-	-	254,125
Improvements other than buildings	-	-	-	-	-	311,296	-	-	311,296
Equipment	-	-	-	-	-	85,990	-	-	85,990
Utility property, plant and equipment	-	-	-	-	3,520,924	-	-	-	3,520,924
Accumulated depreciation	-	-	-	-	(973,276)	-	-	-	(973,276)
Amount available in debt service funds	-	-	-	-	-	-	72,915	-	72,915
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	144,085	144,085
Total assets and other debits	<u>\$57,268</u>	<u>\$81,979</u>	<u>\$72,915</u>	<u>\$3,169</u>	<u>\$2,794,120</u>	<u>\$674,269</u>	<u>\$217,000</u>	<u>\$144,085</u>	<u>\$3,880,720</u>

(continued)

TOWN OF ELTON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)  
December 31, 1998

	Governmental Fund Types						Proprietary Fund Type Enterprise	Account Groups			Totals (Memorandum Only)
	Special		Debt		Capital			General Fixed Assets	Long-Term Debt	General	
	General	Revenue	Service	Projects	Projects						
<b>LIABILITIES AND FUND EQUITY</b>											
Liabilities:											
Accounts payable	\$ 4,689	\$ -	\$ -	\$ 3,169	\$ 7,991	\$ -	\$ -	\$ -	\$ -	\$ 15,849	
Other liabilities	-	-	-	-	1,828	-	-	-	-	1,828	
Due to other funds	-	-	-	-	696	-	-	-	-	696	
Payable from restricted assets -											
Revenue bonds	-	-	-	-	20,000	-	-	-	-	20,000	
Accrued interest	-	-	-	-	1,627	-	-	-	-	1,627	
Customers' deposits	-	-	-	-	29,737	-	-	-	-	29,737	
Revenue bonds payable	-	-	-	-	145,000	-	-	-	-	145,000	
General obligation bonds payable	-	-	-	-	-	-	-	98,000	-	98,000	
Certificates of indebtedness payable	-	-	-	-	-	-	-	119,000	-	119,000	
Total liabilities	<u>4,689</u>	<u>-</u>	<u>-</u>	<u>3,169</u>	<u>206,879</u>	<u>-</u>	<u>-</u>	<u>217,000</u>	<u>-</u>	<u>431,737</u>	
Fund equity:											
Contributed capital	-	-	-	-	2,230,353	-	-	-	-	2,230,353	
Investment in general fixed assets	-	-	-	-	-	674,269	-	-	-	674,269	
Retained earnings -											
Reserved for debt retirement	-	-	-	-	22,196	-	-	-	-	22,196	
Unreserved	-	-	-	-	334,692	-	-	-	-	334,692	
Total retained earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,888</u>	
Fund balances -											
Reserved for debt service	-	-	72,915	-	-	-	-	-	-	72,915	
Designated for street improvements	-	40,939	-	-	-	-	-	-	-	40,939	
Unreserved, undesignated	32,579	41,040	-	-	-	-	-	-	-	73,619	
Total fund balances	<u>32,579</u>	<u>81,979</u>	<u>72,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,473</u>	
Total fund equity	<u>32,579</u>	<u>81,979</u>	<u>72,915</u>	<u>-</u>	<u>2,587,241</u>	<u>674,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,448,983</u>	
Total liabilities and fund equity	<u>\$ 37,268</u>	<u>\$ 81,979</u>	<u>\$ 72,915</u>	<u>\$ 3,169</u>	<u>\$ 2,794,120</u>	<u>\$ 674,269</u>	<u>\$ 217,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,880,720</u>	

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Revenues:					
Taxes	\$ 67,834	\$ 120,258	\$ 19,299	\$ -	\$ 207,391
Licenses and permits	27,898	-	-	-	27,898
Intergovernmental	52,585	-	-	213,188	265,773
Fines and forfeits	32,913	-	-	-	32,913
Miscellaneous	12,382	1,355	1,262	-	14,999
Total revenues	<u>193,612</u>	<u>121,613</u>	<u>20,561</u>	<u>213,188</u>	<u>548,974</u>
Expenditures:					
Current -					
General government	78,346	5,118	-	-	83,464
Public safety:					
Police	92,850	-	-	-	92,850
Highways and streets	38,627	-	-	-	38,627
Parks and recreation	2,424	-	-	-	2,424
Animal Control	4,142	-	-	-	4,142
Debt service -					
Principal retirement	-	-	41,000	-	41,000
Interest	-	-	12,525	-	12,525
Capital outlay	740	-	-	478,969	479,709
Total expenditures	<u>217,129</u>	<u>5,118</u>	<u>53,525</u>	<u>478,969</u>	<u>754,741</u>
Excess (deficiency) of revenues over expenditures	<u>(23,517)</u>	<u>116,495</u>	<u>(32,964)</u>	<u>(265,781)</u>	<u>(205,767)</u>
Other financing sources (uses):					
Operating transfers in	40,000	-	38,237	266,005	344,242
Operating transfers out	<u>(224)</u>	<u>(223,174)</u>	<u>(120,844)</u>	<u>-</u>	<u>(344,242)</u>
Total other financing sources (uses)	<u>39,776</u>	<u>(223,174)</u>	<u>(82,607)</u>	<u>266,005</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	16,259	(106,679)	(115,571)	224	(205,767)
Fund balances (deficit), beginning	<u>16,320</u>	<u>188,658</u>	<u>188,486</u>	<u>(224)</u>	<u>393,240</u>
Fund balances, ending	<u>\$ 32,579</u>	<u>\$ 81,979</u>	<u>\$ 72,915</u>	<u>\$ -</u>	<u>\$ 187,473</u>

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA

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

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 60,000	\$ 67,834	\$ 7,834	\$ 124,000	\$ 120,258	\$ (3,742)
Licenses and permits	25,000	27,898	2,898	-	-	-
Intergovernmental	20,400	52,585	32,185	-	-	-
Fines and forfeits	50,000	32,913	(17,087)	-	-	-
Miscellaneous	9,406	12,382	2,976	4,675	1,355	(3,320)
Total revenues	<u>164,806</u>	<u>193,612</u>	<u>28,806</u>	<u>128,675</u>	<u>121,613</u>	<u>(7,062)</u>
Expenditures:						
Current -						
General government	81,190	78,346	2,844	3,584	5,118	(1,534)
Public safety:						
Police	76,300	92,850	(16,550)	-	-	-
Highways and streets	49,875	38,627	11,248	-	-	-
Parks and recreation	2,200	2,424	(224)	-	-	-
Animal control	2,050	4,142	(2,092)	-	-	-
Debt service -						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	1,400	740	660	-	-	-
Total expenditures	<u>213,015</u>	<u>217,129</u>	<u>(4,114)</u>	<u>3,584</u>	<u>5,118</u>	<u>(1,534)</u>
Excess (deficiency) of revenues over expenditures	<u>(48,209)</u>	<u>(23,517)</u>	<u>24,692</u>	<u>125,091</u>	<u>116,495</u>	<u>(8,596)</u>
Other financing sources (uses):						
Operating transfers in	50,000	40,000	(10,000)	-	-	-
Operating transfers out	-	(224)	(224)	(238,663)	(223,174)	15,489
Total other financing sources (uses)	<u>50,000</u>	<u>39,776</u>	<u>(10,224)</u>	<u>(238,663)</u>	<u>(223,174)</u>	<u>15,489</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,791	16,259	14,468	(113,572)	(106,679)	6,893
Fund balances (deficit), beginning	<u>16,320</u>	<u>16,320</u>	<u>-</u>	<u>188,658</u>	<u>188,658</u>	<u>-</u>
Fund balances, ending	<u>\$ 18,111</u>	<u>\$ 32,579</u>	<u>\$ 14,468</u>	<u>\$ 75,086</u>	<u>\$ 81,979</u>	<u>\$ 6,893</u>

The accompanying notes are an integral part of this statement.

Debt Service Funds			Capital Projects Fund		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
\$ 17,000	\$ 19,299	\$2,299	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	223,884	213,188	(10,696)
-	-	-	-	-	-
340	1,262	922	-	-	-
<u>17,340</u>	<u>20,561</u>	<u>3,221</u>	<u>223,884</u>	<u>213,188</u>	<u>(10,696)</u>
250	-	250	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
41,000	41,000	-	-	-	-
12,525	12,525	-	-	-	-
-	-	-	374,280	478,969	(104,689)
<u>53,775</u>	<u>53,525</u>	<u>250</u>	<u>374,280</u>	<u>478,969</u>	<u>(104,689)</u>
<u>(36,435)</u>	<u>(32,964)</u>	<u>3,471</u>	<u>(150,396)</u>	<u>(265,781)</u>	<u>(115,385)</u>
38,237	38,237	-	150,396	266,005	115,609
<u>(120,844)</u>	<u>(120,844)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(82,607)</u>	<u>(82,607)</u>	<u>-</u>	<u>150,396</u>	<u>266,005</u>	<u>115,609</u>
(119,042)	(115,571)	3,471	-	224	224
<u>188,486</u>	<u>188,486</u>	<u>-</u>	<u>(224)</u>	<u>(224)</u>	<u>-</u>
<u>\$ 69,444</u>	<u>\$ 72,915</u>	<u>\$3,471</u>	<u>\$ (224)</u>	<u>\$ -</u>	<u>\$ 224</u>

TOWN OF ELTON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Retained Earnings -  
 Proprietary Fund Type  
 Year Ended December 31, 1998

Operating revenues:	
Charges for services -	
Water charges	\$114,544
Sewer service charges	96,976
Sanitation charges	54,616
Miscellaneous	7,363
Total operating revenues	<u>273,499</u>
Operating expenses:	
Water department	102,234
Water depreciation	29,284
Sewer department	63,160
Sewer depreciation	34,098
Sanitation department	50,797
Total operating expenses	<u>279,573</u>
Operating loss	<u>(6,074)</u>
Nonoperating revenues (expenses):	
Interest income	6,154
Interest and fiscal charges	(9,063)
Total nonoperating expenses	<u>(2,909)</u>
Net loss	(8,983)
Add: Depreciation of fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital -	<u>49,014</u>
Increase in retained earnings	40,031
Retained earnings, beginning	<u>316,857</u>
Retained earnings, ending	<u><u>\$356,888</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF ELTON, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund Type  
 Year Ended December 31, 1998

Cash flows from operating activities:	
Operating loss	\$ (6,074)
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation	63,382
Changes in current assets and liabilities:	
Increase in accounts receivable	(2,174)
Decrease in prepaid expenses	2,613
Decrease in accounts payable	(894)
Increase in due to other governments	22
Total adjustments	<u>62,949</u>
Net cash provided by operating activities	<u>56,875</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(14,165)
Principal paid on revenue bond maturities	(19,000)
Interest paid on revenue bonds	(9,200)
Increase in meter deposits	2,235
Net cash used by capital and related financing activities	<u>(40,130)</u>
Cash flows from investing activities:	
Purchase of investments	(115,528)
Proceeds from maturities of investments	101,098
Interest received on interest-bearing deposits	6,304
Net cash used by investing activities	<u>(8,126)</u>

(continued)

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Statement of Cash Flows (Continued)  
Year Ended December 31, 1998

Net increase in cash and cash equivalents	8,619
Cash and cash equivalents, beginning of period	<u>98,806</u>
Cash and cash equivalents, end of period	<u><u>\$ 107,425</u></u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 25,305
Cash - restricted	5,811
Interest-bearing deposits - unrestricted	107,267
Interest-bearing deposits - restricted	61,521
Less: Certificates of deposit with a maturity over three months when purchased	<u>(101,098)</u>
Total cash and cash equivalents	<u>98,806</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	21,950
Cash - restricted	8,089
Interest-bearing deposits - unrestricted	127,443
Interest-bearing deposits - restricted	65,471
Less: Certificates of deposit with a maturity over three months when purchased	<u>(115,528)</u>
Total cash and cash equivalents	<u>107,425</u>
Net increase	<u><u>\$ 8,619</u></u>

The accompanying notes are an integral part of this statement.

## TOWN OF ELTON, LOUISIANA

### Notes to Financial Statements

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

The Town of Elton was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Elton 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 industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

##### A. Financial Reporting Entity

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

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

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

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

As required by generally accepted accounting principals, these financial statements present the Town of Elton (the primary government) and its component units. By applying the above criteria, there are no component units of the Town of Elton.

B. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Account groups are a reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The various funds and account groups are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

Governmental Fund Types -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds –

Capital projects funds are used to account for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the other governmental funds

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

Proprietary Fund Type –

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Elton's enterprise fund is the Utility Fund.

Account Groups -

General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Fund.

General Long-Term Debt Account Group

This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when in the hands of the intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on deposits. Franchise fees, licenses and permits, and fines are recognized when received because they are not objectively measurable.

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at December 31, 1998.

D. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. No depreciation has been provided on general fixed assets.

All purchased fixed assets are stated at historical cost or estimated historical costs if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility System and Improvements	30-70 years
Equipment	5-10 years

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

E. Budget and Budgetary Accounting

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

1. Prior to December 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the period commencing the following January 1.
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 a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

G. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

II. Bad Debts

Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at December 31, 1998.

I. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment; therefore, no liability has been recorded in the accounts as of December 31, 1998.

J. Capitalization of Interest Expense

It is the policy of the Town of Elton to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets.

K. Total Columns and Combined Statements - Overview

Total columns on the Combined Statements - Overview 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.

L. Comparative Data

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

M. 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 separated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

N. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

O. Restricted Assets

The Utility Fund based on certain bond covenants, is required to establish and maintain amounts of resources (consisting of cash and temporary investments) that can be used to service outstanding debt.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the Town had cash and interest-bearing deposits (book balances) totaling \$392,347 as follows:

Demand deposits	\$142,948
Savings and money market accounts	<u>249,399</u>
Total	<u><u>\$392,347</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1998 were secured as follows:

Bank balances	<u>\$402,462</u>
Federal deposit insurance	\$228,648
Pledged securities (Category 3)	<u>173,814</u>
Total FDIC insurance and pledged securities	<u><u>\$402,462</u></u>

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

(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 Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessors of Jefferson Davis and Allen Parishes. Town property tax revenues are budgeted in the year billed.

For the year ended December 31, 1998, taxes of 15.19 mills were levied on property with assessed valuations totaling \$2,315,000 and were dedicated as follows:

General corporate purposes	6.99 mills
Debt Service purposes:	
Sewer department	4.10 mills
Town sewer	<u>4.10 mills</u>
	<u>15.19 mills</u>

Total taxes levied were \$35,165. Taxes receivable at December 31, 1998 were \$7,936.

(4) Interfund Receivables and Payables

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 696	\$ -
Enterprise Fund	<u>-</u>	<u>696</u>
Totals	<u>\$ 696</u>	<u>\$ 696</u>

(5) Due from Other Governmental Units

The amount due from other governmental units at December 31, 1998 consists of \$3,169 due from the State of Louisiana Office of Finance and Support Services for reimbursement of LCDBG Street Improvements project expenditures during fiscal year ending December 31, 1998.

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

(6) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>01/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/98</u>
Land	\$ 22,858	\$ -	\$ -	\$ 22,858
Buildings	254,125	-	-	254,125
Improvements other than buildings	311,296	-	-	311,296
Equipment	<u>85,250</u>	<u>740</u>	<u>-</u>	<u>85,990</u>
Total general fixed assets	<u>\$673,529</u>	<u>\$ 740</u>	<u>\$ -</u>	<u>\$674,269</u>

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

Water department:	
Plant and lines	\$1,265,593
Equipment	34,264
Autos and trucks	8,526
Office equipment	<u>10,644</u>
Total	<u>1,319,027</u>
Sewer department:	
Plant and lines	2,175,843
Equipment	<u>26,054</u>
Total	<u>2,201,897</u>
Less: Accumulated depreciation	<u>(973,276)</u>
Net Utility Fund property, plant and equipment	<u>\$2,547,648</u>

TOWN OF ELTON, LOUISIANA  
Notes to Financial Statements (Continued)

(7) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31, 1998:

Revenue bond sinking fund	\$10,148
Revenue bond reserve fund	20,190
Capital additions and contingency fund	13,485
Customers' deposits	<u>29,737</u>
 Total restricted assets	 <u><u>\$73,560</u></u>

(8) Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 1998.

	<u>General Obligation Bonds</u>	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>	<u>Total</u>
Long-term debt payable, January 1, 1998	\$108,000	\$150,000	\$184,000	\$442,000
Long-term debt issued	-	-	-	-
Long-term debt retired	<u>(10,000)</u>	<u>(31,000)</u>	<u>(19,000)</u>	<u>(60,000)</u>
Long-term debt payable, December 31, 1998	<u><u>\$ 98,000</u></u>	<u><u>\$119,000</u></u>	<u><u>\$165,000</u></u>	<u><u>\$382,000</u></u>

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

Long-term debt payable at December 31, 1998, is comprised of the following individual issues:

General Obligation Bonds:

\$224,000 Sewerage District No. 1  
sewer bonds dated October 22, 1980;  
due in annual installments of \$2,000 to \$9,000  
through October 22, 2005; interest at 5 percent;  
payable from ad valorem taxes \$ 98,000

Certificates of Indebtedness:

\$150,000 certificates of indebtedness dated  
October 1, 1997; due in annual installments  
of \$15,000 to \$18,000 through April 1, 2002;  
interest at 5 percent; payable from sales taxes \$119,000

Revenue Bonds:

\$394,000 Sewer Utility Bonds dated  
October 22, 1980; due in annual installments  
of \$8,000 to \$27,000 through October 22, 2005;  
interest at 5 percent \$ 165,000

The annual requirements to amortize all debt outstanding at December 31, 1998, including interest payments of \$67,750 are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>	<u>Total</u>
1999	\$ 16,900	\$ 37,550	\$ 28,250	\$ 82,700
2000	16,300	37,925	29,250	83,475
2001	15,700	37,225	28,150	81,075
2002	17,100	18,450	28,050	63,600
2003	36,600	-	28,900	65,500
2004-2005	16,400	-	57,000	73,400
	<u>\$119,000</u>	<u>\$131,150</u>	<u>\$199,600</u>	<u>\$449,750</u>

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

(9) Dedication of Sales Tax Proceeds

Proceeds of a 1 percent sales and use tax (accounted for in the 1975 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (1998 collections \$60,129) are dedicated to the following purposes:

Opening, constructing, paving, resurfacing, and improving streets, sidewalks and bridges, constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment and furnishings therefore; purchasing equipment for civil defense; improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Elton, Louisiana, title to which all shall be in the public.

Proceeds of a 1 percent sales and use tax (accounted for in the 1991 Sales Tax Fund – a special revenue fund) levied by the Town of Elton (1998 collections \$60,129) are dedicated to the following purpose:

Maintenance, repair and upkeep of the streets in the Town of Elton, Louisiana and payment of the 1997 certificates of indebtedness.

(10) Flow of Funds; Restrictions on Use - Utilities Revenues

Revenue Bond

Under the terms of the Sewer Utility Revenue indenture dated October 22, 1980, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the sewer utility system, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

There shall also be set aside into a "Sewer Utility Bond Reserve Fund" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year until there shall have been accumulated in the reserve account an amount equal to the maximum principal and interest requirements in any one maturity year. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Sewer Utility Depreciation and Contingency Fund" at the rate of \$118 each month. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

(11) Employee Retirement

All employees of the Town of Elton participate in the Social Security System. For the year ended December 31, 1998, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employees). The Town's contribution during the year ended December 31, 1998, amounted to \$11,569.

(12) Segment Information for the Enterprise Fund

The Town of Elton maintains one enterprise fund with four departments which provide water, sewer and sanitation services. Segment information for the year ended December 31, 1998, was as follows:

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$117,710	\$99,627	\$ 56,162	\$273,499
Operating expenses	<u>131,518</u>	<u>97,258</u>	<u>50,797</u>	<u>279,573</u>
Operating income (loss)	<u><u>\$ (13,808)</u></u>	<u><u>\$ 2,369</u></u>	<u><u>\$ 5,365</u></u>	<u><u>\$ (6,074)</u></u>

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

(13) Contributed Capital

Amounts contributed to the Utility Fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

The sources of contributed capital used to acquire and construct facilities of the enterprise fund are as follows:

	<u>Municipality</u>	<u>Federal Grants</u>	<u>Total</u>
Total contributed capital	\$314,952	\$2,050,360	\$2,365,312
Less: Accumulated amortization	<u>-</u>	<u>134,959</u>	<u>134,959</u>
Net contributed capital	<u>\$314,952</u>	<u>\$1,915,401</u>	<u>\$2,230,353</u>

(14) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 1998 follows:

Herbert Shirley, Mayor	\$ 4,800
Aldermen:	
J. C. Soileau	1,200
Pat Dietz	1,200
Clarence Lemoine	1,200
Terry Markley	1,200
Don Patterson	<u>1,200</u>
	<u>\$ 10,800</u>

TOWN OF ELTON, LOUISIANA

Notes to Financial Statements (Continued)

(15) Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage for each of those risks of loss. Management believes coverage is sufficient to preclude any significant uninsured losses to the Town.

(16) Pending Litigation

There are no lawsuits pending against the Town of Elton involving monetary liability at December 31, 1998.

(17) Water Contract

Under a contract dated January 1, 1998, the Town of Elton is required to purchase its water from the East Allen Parish Waterworks District until December 31, 1999. During the fiscal year ended December 31, 1998, the Town's water purchases amounted to \$46,826. These purchases included \$4,228 owed at December 31, 1998 for water purchased for the month of December.

(18) Year 2000 Issue (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Town's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, or engage in similar normal business activities.

The Town has completed a preliminary assessment of the impact of this issue. The computer programs and other electronic equipment that may be affected by the year 2000 issue have been identified and tested for compliance.

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. Management cannot assure that the Town is or will be Year 2000 compliant, and that the Town's remediation efforts will be successful in whole or in part, or that the parties with whom the Town transacts business will be Year 2000 compliant.

**SUPPLEMENTARY INFORMATION.**

**SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS**

## GENERAL FUND

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

TOWN OF ELTON, LOUISIANA  
GENERAL FUND

Balance Sheet  
December 31, 1998

ASSETS

Cash	\$25,435
Interest-bearing deposits	2,447
Ad valorem taxes receivable	3,652
Other receivables	5,038
Due from other funds	<u>696</u>
Total assets	<u>\$37,268</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 4,689
Fund balance:	
Unreserved, undesignated	<u>32,579</u>
Total liabilities and fund balance	<u>\$37,268</u>

TOWN OF ELTON, LOUISIANA  
General Fund

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

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 60,000	\$ 67,834	\$ 7,834
Licenses and permits	25,000	27,898	2,898
Intergovernmental	20,400	52,585	32,185
Fines and forfeits	50,000	32,913	(17,087)
Miscellaneous	9,406	12,382	2,976
Total revenues	164,806	193,612	28,806
Expenditures:			
General government	81,190	78,346	2,844
Public safety - police	76,300	92,850	(16,550)
Highways and streets	49,875	38,627	11,248
Parks and recreation	2,200	2,424	(224)
Animal control	2,050	4,142	(2,092)
Capital outlay	1,400	740	660
Total expenditures	213,015	217,129	(4,114)
Deficiency of revenues over expenditures	(48,209)	(23,517)	24,692
Other financing sources (uses):			
Operating transfers in	50,000	40,000	(10,000)
Operating transfers out	-	(224)	(224)
Total other financing sources (uses)	50,000	39,776	(10,224)
Excess of revenues and other sources over expenditures and other uses	1,791	16,259	14,468
Fund balances, beginning	16,320	16,320	-
Fund balances, ending	\$ 18,111	\$ 32,579	\$ 14,468

TOWN OF ELTON, LOUISIANA  
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Taxes:			
Ad valorem	\$ 15,000	\$ 16,493	\$ 1,493
Franchise tax	45,000	51,341	6,341
Total taxes	<u>60,000</u>	<u>67,834</u>	<u>7,834</u>
Licenses and permits:			
Occupational licenses	<u>25,000</u>	<u>27,898</u>	<u>2,898</u>
Intergovernmental:			
State of Louisiana -			
State revenue sharing	6,000	8,686	2,686
Beer taxes	3,000	3,911	911
Tobacco taxes	6,500	6,643	143
Video poker	1,000	18,645	17,645
Supplemental pay	-	10,800	10,800
Jeff Davis Parish Police Jury	<u>3,900</u>	<u>3,900</u>	<u>-</u>
Total intergovernmental	<u>20,400</u>	<u>52,585</u>	<u>32,185</u>
Fines and forfeits	<u>50,000</u>	<u>32,913</u>	<u>(17,087)</u>
Miscellaneous:			
Rent	906	150	(756)
Interest income	300	229	(71)
Fire protection fees	5,200	6,477	1,277
Other	<u>3,000</u>	<u>5,526</u>	<u>2,526</u>
Total miscellaneous	<u>9,406</u>	<u>12,382</u>	<u>2,976</u>
Total revenues	<u><u>\$164,806</u></u>	<u><u>\$193,612</u></u>	<u><u>\$ 28,806</u></u>

TOWN OF ELTON, LOUISIANA  
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Current:			
General government -			
Coroner fees	\$ 250	\$ 350	\$ (100)
Dues and subscriptions	700	560	140
Fire assessments	6,000	6,477	(477)
Insurance	23,000	19,692	3,308
Janitorial supplies	1,500	1,733	(233)
Legal and professional	6,500	5,637	863
Mayor's expense	2,500	1,530	970
Miscellaneous	200	96	104
Office expense	3,500	3,656	(156)
Payroll taxes	1,800	1,890	(90)
Publishing and recording	750	711	39
Rent - fire hydrant	2,540	3,900	(1,360)
Salaries	24,000	25,214	(1,214)
Telephone	1,800	1,977	(177)
Meetings, workshops, and conventions	700	-	700
Repairs and maintenance	750	651	99
Utilities	4,700	4,272	428
Total general government	<u>81,190</u>	<u>78,346</u>	<u>2,844</u>
Public safety - police -			
Auto expense	5,000	4,357	643
Insurance	4,800	3,843	957
Salaries	55,000	68,191	(13,191)
Payroll taxes	1,500	5,415	(3,915)
Supplies	1,200	2,050	(850)
Repairs and maintenance	5,000	5,017	(17)
State court costs	-	1,449	(1,449)
Training academy	500	500	-
Telephone	2,400	2,028	372
Uniforms	900	-	900
Total public safety	<u>76,300</u>	<u>92,850</u>	<u>(16,550)</u>

(continued)

TOWN OF ELTON, LOUISIANA  
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Highways and streets -			
Auto expense	850	1,556	(706)
Miscellaneous	100	-	100
Payroll taxes	660	551	109
Repairs and maintenance	25,165	18,105	7,060
Salaries	4,500	3,669	831
Supplies	1,600	1,522	78
Utilities	<u>17,000</u>	<u>13,224</u>	<u>3,776</u>
Total highways and streets	<u>49,875</u>	<u>38,627</u>	<u>11,248</u>
Parks and recreation -			
Miscellaneous	200	-	200
Repairs and maintenance	1,200	929	271
Utilities	<u>800</u>	<u>1,495</u>	<u>(695)</u>
Total parks and recreation	<u>2,200</u>	<u>2,424</u>	<u>(224)</u>
Animal Control -			
Payroll taxes	250	446	(196)
Salaries	1,800	3,000	(1,200)
Supplies	<u>-</u>	<u>696</u>	<u>(696)</u>
Total animal control	<u>2,050</u>	<u>4,142</u>	<u>(2,092)</u>
Capital outlay:			
Highways and streets -			
Equipment	<u>1,400</u>	<u>740</u>	<u>660</u>
Total expenditures	<u>\$213,015</u>	<u>\$217,129</u>	<u>\$(4,114)</u>

## SPECIAL REVENUE FUNDS

### **1975 Sales Tax Fund**

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges, constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and sub-surface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment and facilities; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishing thereof; purchasing equipment for civil defense; improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Elton, Louisiana.

### **1991 Sales Tax Fund**

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated to the maintenance, repairs, and upkeep of streets in the Town of Elton, Louisiana.

TOWN OF ELTON, LOUISIANA  
Special Revenue Funds

Combining Balance Sheet  
December 31, 1998

	<u>1975</u>	<u>1991</u>	<u>Total</u>
	Sales Tax	Sales Tax	
<b>ASSETS</b>			
Cash	\$36,491	\$36,390	\$72,881
Taxes receivable	<u>4,549</u>	<u>4,549</u>	<u>9,098</u>
Total assets	<u><u>\$41,040</u></u>	<u><u>\$40,939</u></u>	<u><u>\$81,979</u></u>
<b>FUND BALANCES</b>			
Fund balances:			
Designated for street improvements	\$ -	\$40,939	\$40,939
Unreserved, undesignated	<u>41,040</u>	<u>-</u>	<u>41,040</u>
Total fund balances	<u><u>\$41,040</u></u>	<u><u>\$40,939</u></u>	<u><u>\$81,979</u></u>



DEBT SERVICE FUNDS

**Public Improvement Bonds dated 10/22/80**

To accumulate monies for payment of the 1980 \$224,000 Public Improvement Sewer Bonds. Debt Service is financed by the levy of a specific ad valorem tax.

**Certificates of Indebtedness, Series 1997**

To accumulate monies for payment of the 1997 \$150,000 Certificates of Indebtedness. Debt service is financed by the levy of a 1% sales and use tax.

TOWN OF ELTON, LOUISIANA  
Debt Service Funds

Combining Balance Sheet  
December 31, 1998

	<u>1980 Public Improvement Bond</u>	<u>1997 Certificates of Indebtedness</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 14,593	\$ 14,593
Interest-bearing deposits	44,361	9,677	54,038
Receivables (net, where applicable, of allowance for uncollectibles):			
Taxes	<u>4,284</u>	<u>-</u>	<u>4,284</u>
Total assets	<u>\$48,645</u>	<u>\$ 24,270</u>	<u>\$ 72,915</u>
<b>FUND BALANCES</b>			
Fund balances:			
Reserved for debt service	<u>\$48,645</u>	<u>\$ 24,270</u>	<u>\$ 72,915</u>

TOWN OF ELTON, LOUISIANA  
Debt Service Funds

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

	1980 Public Improvement Bond			1997 Certificates of Indebtedness		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues:</b>						
<b>Taxes:</b>						
Ad valorem	\$17,000	\$19,299	\$2,299	\$ -	\$ -	\$ -
Miscellaneous - Interest on deposits	340	1,102	762	-	160	160
<b>Total revenues</b>	<u>17,340</u>	<u>20,401</u>	<u>3,061</u>	<u>-</u>	<u>160</u>	<u>160</u>
<b>Expenditures:</b>						
<b>Current -</b>						
<b>General government:</b>						
Professional fees	250	-	250	-	-	-
<b>Debt service -</b>						
Principal retirement	10,000	10,000	-	31,000	31,000	-
Interest	5,400	5,400	-	7,125	7,125	-
<b>Total debt service</b>	<u>15,400</u>	<u>15,400</u>	<u>-</u>	<u>38,125</u>	<u>38,125</u>	<u>-</u>
<b>Total expenditures</b>	<u>15,650</u>	<u>15,400</u>	<u>250</u>	<u>38,125</u>	<u>38,125</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,690</u>	<u>5,001</u>	<u>3,311</u>	<u>(38,125)</u>	<u>(37,965)</u>	<u>160</u>
<b>Other financing sources (uses):</b>						
Operating transfers in	-	-	-	38,237	38,237	-
Operating transfers out	-	-	-	(120,844)	(120,844)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,607)</u>	<u>(82,607)</u>	<u>-</u>
<b>Excess of revenues and other sources over expenditures and other uses</b>	1,690	5,001	3,311	(120,732)	(120,572)	160
<b>Fund balances, beginning</b>	<u>43,644</u>	<u>43,644</u>	<u>-</u>	<u>144,842</u>	<u>144,842</u>	<u>-</u>
<b>Fund balances, ending</b>	<u>\$45,334</u>	<u>\$48,645</u>	<u>\$3,311</u>	<u>\$ 24,110</u>	<u>\$ 24,270</u>	<u>\$ 160</u>

Totals		
Budget	Actual	Variance - Favorable (Unfavorable)
\$ 17,000	\$ 19,299	\$2,299
<u>340</u>	<u>1,262</u>	<u>922</u>
<u>17,340</u>	<u>20,561</u>	<u>3,221</u>
<u>250</u>	<u>-</u>	<u>250</u>
41,000	41,000	-
<u>12,525</u>	<u>12,525</u>	<u>-</u>
<u>53,525</u>	<u>53,525</u>	<u>-</u>
<u>53,775</u>	<u>53,525</u>	<u>250</u>
<u>(36,435)</u>	<u>(32,964)</u>	<u>3,471</u>
38,237	38,237	-
<u>(120,844)</u>	<u>(120,844)</u>	<u>-</u>
<u>(82,607)</u>	<u>(82,607)</u>	<u>-</u>
(119,042)	(115,571)	3,471
<u>188,486</u>	<u>188,486</u>	<u>-</u>
<u>\$ 69,444</u>	<u>\$ 72,915</u>	<u>\$3,471</u>

CAPITAL PROJECTS FUND

To account for financial resources to be used for the repairs of various streets within the Town.

TOWN OF ELTON, LOUISIANA  
Capital Projects Fund  
LCDBG Fund

Balance Sheet  
December 31, 1998

ASSETS

Due from other governments	<u>\$3,169</u>
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LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$3,169
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Fund balance:

Unreserved, undesignated	<u>-</u>
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Total liabilities and fund balance	<u>\$3,169</u>
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TOWN OF ELTON, LOUISIANA  
 Capital Projects Fund  
 LCDGB Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental revenue - state grant	\$223,884	\$213,188	\$(10,696)
Expenditures:			
Capital outlay - street overlay -			
Construction costs	336,850	428,813	(91,963)
Engineering	22,450	27,995	(5,545)
Administration	14,980	22,161	(7,181)
Total expenditures	<u>374,280</u>	<u>478,969</u>	<u>(104,689)</u>
Deficiency of revenues over expenditures	<u>(150,396)</u>	<u>(265,781)</u>	<u>(115,385)</u>
Other financing sources :			
Operating transfers in -			
Transfer from General Fund	-	224	224
Transfer from 1991 Sales Tax Fund	150,396	144,937	(5,459)
Transfer from 1997 Certificates of Indebtedness Debt Service Fund	-	120,844	120,844
Total operating transfers in	<u>150,396</u>	<u>266,005</u>	<u>115,609</u>
Excess of revenues and other sources over expenditures	-	224	224
Fund balances (deficit), beginning	<u>(224)</u>	<u>(224)</u>	<u>-</u>
Fund balances, ending	<u>\$ (224)</u>	<u>\$ -</u>	<u>\$ 224</u>

## ENTERPRISE FUND

### **Utility Fund -**

To account for the provision of water, sewer and sanitation (garbage) services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing related debt service, and billing and collection.

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Balance Sheet  
December 31, 1998

ASSETS

Current assets:

Cash	\$ 21,950
Interest-bearing deposits	127,443
Receivables - Accounts	<u>23,519</u>
Total current assets	<u>172,912</u>

Restricted assets:

Revenue bond and interest sinking fund - Interest-bearing deposits	10,148
Revenue bond reserve fund - Interest-bearing deposits	20,190
Capital additions and contingencies fund - Interest-bearing deposits	13,485
Customers' deposits - Cash	8,089
Interest-bearing deposits	<u>21,648</u>
Total restricted assets	<u>73,560</u>

Property, plant and equipment, at cost, net of accumulated depreciation of \$973,276	<u>2,547,648</u>
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Total assets	<u><u>\$2,794,120</u></u>
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## LIABILITIES AND FUND EQUITY

Liabilities:

Current liabilities (payable from current assets) -	\$ 7,991
Accounts payable	696
Due to other funds	1,828
Due to other governmental units	<u>10,515</u>
Total current liabilities (payable from current assets)	
Current liabilities (payable from restricted assets) -	20,000
Revenue bonds payable	1,627
Interest payable	29,737
Customers' deposits	<u>51,364</u>
Total current liabilities (payable from restricted assets)	
Long-term liabilities:	<u>145,000</u>
Revenue bonds payable	
Total liabilities	<u>206,879</u>
Fund equity:	
Contributed capital -	1,915,401
Federal government, net of accumulated amortization	314,952
Municipality	<u>2,230,353</u>
Total contributed capital	
Retained earnings -	22,196
Reserved for revenue bond retirement	334,692
Unreserved	<u>356,888</u>
Total retained earnings	
Total fund equity	<u>2,587,241</u>
Total liabilities and fund equity	<u>\$2,794,120</u>

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

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

Operating revenues:	
Charges for services -	
Water sales	\$114,544
Sewer charges	96,976
Sanitation charges	54,616
Miscellaneous	<u>7,363</u>
Total operating revenues	<u>273,499</u>
Operating expenses:	
Water department	131,518
Sewer department	97,258
Sanitation department	<u>50,797</u>
Total operating expenses	<u>279,573</u>
Operating loss	<u>(6,074)</u>
Nonoperating revenues (expenses):	
Interest income	6,154
Interest and fiscal charges	<u>(9,063)</u>
Total nonoperating expenses	<u>(2,909)</u>
Net loss	(8,983)
Add: Depreciation of fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital -	<u>49,014</u>
Increase in retained earnings	40,031
Retained earnings, beginning	<u>316,857</u>
Retained earnings, ending	<u><u>\$356,888</u></u>

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Statement of Operating Expenses by Department  
Year Ended December 31, 1998

Water department:

Bank charges	\$ 56
Depreciation	29,284
Insurance	4,745
Legal and professional fees	2,019
Office	3,001
Payroll taxes	2,714
Repairs and maintenance	7,852
Salaries	33,629
Supplies	375
Truck	410
Utilities	607
Water purchases	46,826
Total water department	<u>131,518</u>

Sewer department:

Bad debts	496
Bank charges	216
Depreciation	34,098
Insurance	5,285
Legal and professional fees	1,625
Licenses and permits	450
Miscellaneous	534
Office	444
Payroll taxes	1,361
Repairs and maintenance	6,705
Supplies	1,383
Salaries	17,788
Sewer analysis	2,130
Utilities	24,743
Total sewer department	<u>97,258</u>

(continued)

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Statement of Operating Expenses by Department (Continued)  
Year Ended December 31, 1998

Sanitation department:	
Bad debts	323
Bank charges	221
Collection fees	<u>50,253</u>
Total sanitation department	<u>50,797</u>
Total operating expenses	<u><u>\$279,573</u></u>

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Statement of Cash Flows  
Year Ended December 31, 1998

Cash flows from operating activities:	
Operating loss	<u>\$ (6,074)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation	63,382
Changes in current assets and liabilities:	
Increase in accounts receivable	(2,174)
Decrease in prepaid expenses	2,613
Decrease in accounts payable	(894)
Increase in due to other governments	<u>22</u>
Total adjustments	<u>62,949</u>
Net cash provided by operating activities	<u>56,875</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(14,165)
Principal paid on revenue bond maturities	(19,000)
Interest paid on revenue bonds	(9,200)
Increase in meter deposits	<u>2,235</u>
Net cash used by capital and related financing activities	<u>(40,130)</u>
Cash flows from investing activities:	
Purchase of investments	(115,528)
Proceeds from maturities of investments	101,098
Interest received on interest-bearing deposits	<u>6,304</u>
Net cash used by investing activities	<u>(8,126)</u>

(continued)

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Statement of Cash Flows (Continued)  
Year Ended December 31, 1998

Net increase in cash and cash equivalents	8,619
Cash and cash equivalents, beginning of period	<u>98,806</u>
Cash and cash equivalents, end of period	<u><u>\$ 107,425</u></u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 25,305
Cash - restricted	5,811
Interest-bearing deposits - unrestricted	107,267
Interest-bearing deposits - restricted	61,521
Less: Certificates of deposit with a maturity over three months when purchased	<u>(101,098)</u>
Total cash and cash equivalents	<u>98,806</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	21,950
Cash - restricted	8,089
Interest-bearing deposits - unrestricted	127,443
Interest-bearing deposits - restricted	65,471
Less: Certificates of deposit with a maturity over three months when purchased	<u>(115,528)</u>
Total cash and cash equivalents	<u>107,425</u>
Net increase	<u><u>\$ 8,619</u></u>

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service  
Year Ended December 31, 1998

	<u>Bond and Interest Sinking</u>	<u>Bond Reserve</u>	<u>Capital Additions and Contingencies</u>	<u>Total</u>
Cash and interest-bearing deposits, January 1, 1998	<u>\$ 9,631</u>	<u>\$18,348</u>	<u>\$11,852</u>	<u>\$39,831</u>
Cash receipts:				
Transfers from operating cash	28,350	1,428	1,416	31,194
Interest on deposits	<u>367</u>	<u>414</u>	<u>217</u>	<u>998</u>
Total cash receipts	<u>28,717</u>	<u>1,842</u>	<u>1,633</u>	<u>32,192</u>
 Total cash and interest- bearing deposits	 <u>38,348</u>	 <u>20,190</u>	 <u>13,485</u>	 <u>72,023</u>
Cash disbursements:				
Principal payment	19,000	-	-	19,000
Interest payments	<u>9,200</u>	<u>-</u>	<u>-</u>	<u>9,200</u>
Total cash disbursements	<u>28,200</u>	<u>-</u>	<u>-</u>	<u>28,200</u>
 Cash and interest-bearing deposits, December 31, 1998	 <u>\$10,148</u>	 <u>\$20,190</u>	 <u>\$13,485</u>	 <u>\$43,823</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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

TOWN OF ELTON, LOUISIANA

Statement of General Fixed Assets

December 31, 1998

General fixed assets, at cost:	
Land	\$ 22,858
Buildings	254,125
Improvements other than buildings	311,296
Equipment	85,990
Total general fixed assets	<u>\$674,269</u>
Investment in general fixed assets:	
Property acquired from -	
General Fund revenues	\$121,050
Federal revenue sharing funds	30,854
Special revenue fund revenues	13,458
Debt service fund revenues	25,000
Assessment certificates	111,041
Federal grants	8,167
State grants	326,619
Private gifts	38,080
Total investment in general fixed assets	<u>\$674,269</u>

TOWN OF ELTON, LOUISIANA

Statement of Changes in General Fixed Assets  
Year Ended December 31, 1998

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Total</u>
General fixed assets, beginning of year	\$22,858	\$254,125	\$311,296	\$85,250	\$673,529
Additions:					
General Fund revenues	-	-	-	740	740
Deletions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General fixed assets, end of year	<u>\$22,858</u>	<u>\$254,125</u>	<u>\$311,296</u>	<u>\$85,990</u>	<u>\$674,269</u>

## GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.

TOWN OF ELTON, LOUISIANA

Statement of General Long-Term Debt  
December 31, 1998

	1980 Public Improvement Bond	1997 Certificates of Indebtedness	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT</b>			
Amount available in debt service funds for retirement	\$48,645	\$ 24,270	72,915
Amount to be provided from -			
Ad valorem taxes	49,355	-	49,355
Sales taxes	<u>-</u>	<u>94,730</u>	<u>94,730</u>
 Total available and to be provided	 <u>\$98,000</u>	 <u>\$119,000</u>	 <u>\$217,000</u>
 <b>GENERAL LONG-TERM DEBT PAYABLE</b>			
General obligation bonds payable	\$98,000	\$ -	\$ 98,000
Certificates of indebtedness payable	<u>-</u>	<u>119,000</u>	<u>119,000</u>
 Total general long-term debt payable	 <u>\$98,000</u>	 <u>\$119,000</u>	 <u>\$217,000</u>

**INTERNAL CONTROL**

**AND**

**COMPLIANCE**

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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## 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 Herbert Shirley, Mayor  
and members of the Board of Aldermen  
Town of Elton, Louisiana

We have audited the general purpose financial statements of the Town of Elton, Louisiana (the Town) as of and for the year ended December 31, 1998, and have issued our report thereon dated April 28, 1999. 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 Town's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 an instance of noncompliance that is required to be reported under Government Auditing Standards and is described as 98-1 (C) in the accompanying summary schedule of current and prior year audit findings and corrective action plan.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town'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. 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, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described as 98-1 (IC) in the accompanying summary schedule of current and prior year audit findings and corrective action plan.

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 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. 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.

*Kolder, Champagne, Slaven & Rainey, LLC*  
Certified Public Accountants

Lafayette, Louisiana  
April 28, 1999

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF ELTON, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 1998

Records maintained by the Town indicated the following number of customers were being served during the month of December, 1998 :

<u>Department</u>	<u>1998</u>
Water (metered)	533
Sewer	504
Garbage	502

TOWN OF ELTON, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds  
December 31, 1998

	<u>Financial Institution</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund:				
Money market account	(A)	N/A	Variable	<u>\$ 2,447</u>
Debt Service Funds:				
1980 Public Improvement Bond Fund:				
Certificate of Deposit	(A)	03/24/99	4.25%	15,413
Money market account	(A)	N/A	Variable	28,948
1997 Certificates of Indebtedness Fund:				
Money market account	(A)	N/A	Variable	<u>9,677</u>
Total debt service funds				<u>54,038</u>
Utility Fund:				
Unrestricted assets -				
Certificate of Deposit	(A)	04/23/99	4.00%	10,000
Certificate of Deposit	(A)	11/16/99	4.25%	39,144
Certificate of Deposit	(A)	04/29/99	4.25%	20,397
Certificate of Deposit	(A)	07/29/99	4.25%	14,938
Certificate of Deposit	(A)	11/21/99	4.25%	6,780
Certificate of Deposit	(A)	01/30/99	4.25%	2,581
Certificate of Deposit	(A)	10/17/99	4.25%	2,610
Certificate of Deposit	(A)	03/02/99	4.25%	2,500
Money market account	(A)	N/A	Variable	18,600
Savings account	(A)	N/A	Variable	<u>9,893</u>
Total unrestricted assets				<u>127,443</u>
Restricted assets -				
Money market account	(H)	N/A	Variable	13,485
Money market account	(A)	N/A	Variable	10,148
Money market account	(A)	N/A	Variable	20,190
Certificate of deposit	(A)	11/21/99	4.25%	<u>21,648</u>
Total restricted assets				<u>65,471</u>
Total utility fund				<u>192,914</u>
Total - all funds				<u>\$249,399</u>

Investments with:

(A) American Bank, Welsh, Louisiana

(H) Hibernia National Bank, New Orleans, Louisiana

TOWN OF ELTON, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
December 31, 1998

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation: Employer's liability	Statutory \$ 100,000
All risk coverage on water tower	130,000
Sewer equipment coverage	257,107
Surety Bonds:	
Mayor	40,000
Town clerk	30,000
Assistant town clerk	7,000
Fire and wind coverage on Town of Elton buildings:	
Senior citizens building	25,000
City hall and police station	218,000
Contents of city hall and police station	15,000
Old depot building	50,000
Law enforcement and officer liability:	
All coverage (other than products - completed operations and errors and omissions injury) aggregate	500,000
Error or omission, aggregate	500,000
Automobile coverage:	
General liability, aggregate	500,000
Bodily injury and property damage	1,000
Uninsured motorist	50,000

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended December 31, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/98)						
Compliance:						
98-1 (C)	12/31/98	The Town of Elton was in noncompliance with Louisiana Revised Statute 39:1310 of the Louisiana Local Government Act when total expenditures in the Sales Tax Funds and the Capital Projects Fund exceeded total budget expenditures by more than five percent for the year ended 12/31/98.	No	The Town of Elton has implemented management procedures to comply with Louisiana Revised Statute 39:1310.	Verian Ortego, Assistant Town Clerk	12/31/99
98-1 (IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Verian Ortego, Assistant Town Clerk	N/A

(continued)

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended December 31, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (12/31/97)						
97-1 (C)	12/31/97	Expenditures for contract labor over \$600 to individuals were not reported to the IRS on Form 1099 in two instances.	Yes	N/A	Verian Ortego, Assistant Town Clerk	N/A
97-1 (IC)	Unknown	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Verian Ortego, Assistant Town Clerk	N/A
97-2 (IC)	12/31/97	Supporting documents for contract labor services could not be found.	Yes	N/A	Verian Ortego, Assistant Town Clerk	N/A
97-1 (ML)	12/31/97	For three of the twelve months during 1997, deposits to the bond reserve, sinking and contingency funds for the general obligation bond were late.	Yes	N/A	Verian Ortego, Assistant Town Clerk	N/A
97-2 (ML)	12/31/97	Improper disbursements for travel were made that should not be allowed.	Yes	N/A	Veria Ortego, Assistant Town Clerk	N/A

(continued)

TOWN OF ELTON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended December 31, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action		Name of Contact Person	Anticipated Completion Date
			Taken	Corrective Action Planned		
97-3 (ML)	12/31/97	The Town should improve its policy in reimbursements for use of official's personnel vehicles while on Town duties.	Yes	N/A	Verian Ortego, Assistant Town Clerk	N/A
7-4 (ML)	12/31/97	Recommend that an alderman who does not sign checks review all invoices for payment	Yes	N/A	Verian Ortego, Assistant Town Clerk	N/A