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TOWN OF CLINTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998 & 1997

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

TOWN OF CLINTON, LOUISIANA

General Purpose Financial Statements
As of and for the Two Years Ended December 31, 1998
With Supplemental Information Schedules

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TOWN OF CLINTON, LOUISIANA

**General Purpose Financial Statements
As of and for the Two Years Ended December 31, 1998
With Supplemental Information Schedules**

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GENERAL PURPOSE FINANCIAL STATEMENTS

JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
P. O. BOX 30
BAKER, LOUISIANA 70704-0030

(504) 775-4982

INDEPENDENT AUDITOR'S REPORT

May 14, 1999

The Honorable H. Toler Hatcher, Mayor,
and Members of the Board of Aldermen
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

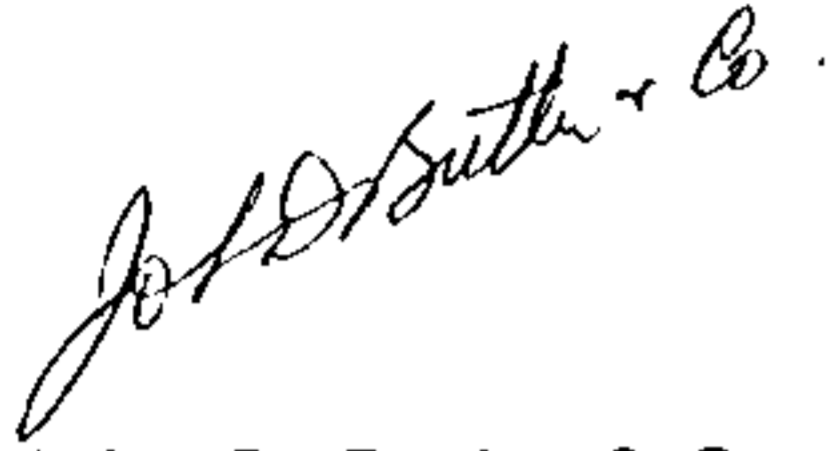
We have audited the accompanying general purpose financial statements of the Town of Clinton, Louisiana, as of December 31, 1998, and for the two years then ended. These general purpose financial statements are the responsibility of the Town of Clinton, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Clinton, Louisiana, as of December 31, 1998, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

Town of Clinton, Louisiana
May 14, 1999
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated May 14, 1999, on our consideration of the Town's internal control structure and a report dated May 14, 1999, on its compliance with laws and regulations.

A handwritten signature in cursive script, reading "John D. Butler & Co.", slanted upwards from left to right.

John D. Butler & Company
A Professional Accounting Corporation

**TOWN OF CLINTON, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
DECEMBER 31, 1998**

Statement A

	Governmental Funds			Proprietary Funds		Account Groups			Total (Memorandum Only)
	General Fund	Special Revenue Fund	Debt Service Fund	Enterprise Fund	General Fixed Assets	General Long-Term Debt			
ASSETS AND OTHER DEBITS									
Assets:									
Cash and cash equivalents	\$ 113,722.27	\$ 424,049.79	\$ 14,907.23	\$ 242,070.35	\$.00	\$.00	\$.00	\$ 794,749.64	
Receivables, net	64,312.89	9,591.37	.00	102,977.79	.00	.00	.00	176,882.05	
Interfund receivables	440,986.03	.00	74,786.53	.00	.00	.00	.00	515,772.56	
Intergovernmental receivables	18,716.32	.00	.00	.00	.00	.00	.00	18,716.32	
Prepaid expenses	9,339.00	5,603.00	.00	3,735.00	.00	.00	.00	18,677.00	
Restricted Assets:									
Cash and cash equivalents	.00	.00	.00	113,935.34	.00	.00	.00	113,935.34	
Land, building, and equipment (net, where applicable, of accumulated depreciation)	.00	.00	.00	2,025,470.36	403,041.67	.00	.00	2,428,512.03	
Other debits:									
Amount available in debt service funds	.00	.00	.00	.00	.00	89,693.76	89,693.76	89,693.76	
TOTAL ASSETS AND OTHER DEBITS	647,076.51	439,244.16	89,693.76	2,488,188.84	403,041.67	89,693.76	89,693.76	4,156,938.70	

Continued

**TOWN OF CLINTON, LOUISIANA
ALL FUND TYPES AND ACCOUNTS GROUPS
COMBINED BALANCE SHEET - Continued
DECEMBER 31, 1998**

Statement A

	Governmental Funds			Proprietary Funds		Account Groups			Total (Memorandum Only)
	General Fund	Special Revenue Fund	Debt Service Fund	Enterprise Fund	General		Long-Term Debt		
					Fixed Assets				
LIABILITIES, EQUITY AND OTHER CREDITS									
Liabilities:									
Accounts payable	\$ 4,932.18	\$.00	\$.00	\$ 33,631.07	\$.00	\$.00	\$.00	\$ 38,563.25	
Payroll and other deductions	7,581.74	.00	.00	.00	.00	.00	.00	7,581.74	
Interfund payables	74,786.53	1,500.42	.00	439,485.61	.00	.00	.00	515,772.56	
Deposits held	.00	.00	.00	36,735.34	.00	.00	.00	36,735.34	
Notes payable	142,650.51	.00	.00	194,975.49	.00	.00	.00	337,626.00	
Bonds payable	.00	.00	.00	245,000.00	.00	.00	.00	245,000.00	
Total Liabilities	229,950.96	1,500.42	.00	949,827.51	.00	.00	.00	1,181,278.89	
Equity and Other Credits:									
Contributed capital	.00	.00	.00	1,067,872.73	.00	.00	.00	1,067,872.73	
Investment in general fixed assets	.00	.00	.00	.00	403,041.67	.00	.00	403,041.67	
Retained earnings:									
Reserved for customer deposits	.00	.00	.00	36,735.34	.00	.00	.00	36,735.34	
Unreserved - undesignated	.00	.00	.00	433,753.26	.00	.00	.00	433,753.26	
Fund balances:									
Unreserved - undesignated	417,125.55	437,743.74	89,693.76	.00	.00	89,693.76	1,034,256.81	1,034,256.81	
Total Equity & Other Credits	417,125.55	437,743.74	89,693.76	1,538,361.33	403,041.67	89,693.76	2,975,659.81	2,975,659.81	
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	647,076.51	439,244.16	89,693.76	2,488,188.84	403,041.67	89,693.76	4,156,938.70	4,156,938.70	

The accompanying notes are an integral part of this statement.

**TOWN OF CLINTON, LOUISIANA
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 1998**

Statement B

Governmental Funds

	General Fund	Special Revenue Fund	Debt Service Fund	Total (Memorandum Only)	
				1998	1997
REVENUES					
Taxes & special assessments	\$ 184,529.67	\$ 110,836.64	\$.00	\$ 295,366.31	\$ 302,823.09
Licenses & permits	84,449.98	.00	.00	84,449.98	78,901.10
Intergovernmental	6,456.00	.00	.00	6,456.00	11,290.00
Fines & forfeitures	42,508.50	.00	.00	42,508.50	37,231.07
Interest	817.20	12,326.45	.00	13,143.65	10,746.67
Grant proceeds	36,783.13	.00	.00	36,783.13	10,887.02
Other revenues	11,195.00	.00	.00	11,195.00	6,898.60
Total Revenues	366,739.48	123,163.09	.00	489,902.57	458,777.55
EXPENDITURES					
Employee & related expenses	39,865.57	18,033.57	.00	57,899.14	52,429.97
Personal services	25,050.58	20,892.08	.00	45,942.66	41,050.68
Administrative	16,707.70	.00	.00	16,707.70	22,468.67
Occupancy	56,826.93	10,188.38	.00	67,015.31	85,455.66
Capital outlay	184,763.16	.00	.00	184,763.16	.00
Police department expenses	147,439.32	.00	.00	147,439.32	131,638.25
Fire department expenses	3,749.17	.00	.00	3,749.17	3,869.01
Bonds paid	.00	.00	10,000.00	10,000.00	9,000.00
Interest expense	3,600.93	.00	82.50	3,683.43	990.00
Total Expenditures	478,003.36	49,114.03	10,082.50	537,199.89	346,902.24
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(111,263.88)	74,049.06	(10,082.50)	(47,297.32)	111,875.31
FUND BALANCE AT BEGINNING OF YEAR	528,389.43	363,694.68	99,776.26	991,860.37	879,985.06
FUND BALANCE AT END OF YEAR	417,125.55	437,743.74	89,693.76	944,563.05	991,860.37

The accompanying notes are an integral part of this statement.

TOWN OF CLINTON, LOUISIANA
GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE FUNDS
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1998

Statement C

	General Fund			Special Revenue Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES						
Taxes & special assessments	\$ 185,331.00	\$ 187,958.44	\$ 2,627.44	\$ 101,000.00	\$ 110,836.64	\$ 9,836.64
Licenses & permits	82,600.00	84,449.98	1,849.98	.00	.00	.00
Intergovernmental	6,411.00	6,456.00	45.00	.00	.00	.00
Fines & forfeitures	39,000.00	42,508.50	3,508.50	.00	.00	.00
Interest	700.00	817.20	117.20	8,600.00	10,812.42	2,212.42
Grant proceeds	10,888.00	36,783.13	25,895.13	.00	.00	.00
Other revenues	1,400.00	11,195.00	9,795.00	.00	.00	.00
Total Revenues	326,330.00	370,168.25	43,838.25	109,600.00	121,649.06	12,049.06
EXPENDITURES						
Employee & related expenses	41,355.00	39,865.57	1,489.43	14,963.00	18,033.57	(3,070.57)
Personal services	23,900.00	24,508.13	(608.13)	86,137.00	20,892.08	65,244.92
Administrative	18,083.00	16,907.34	1,175.66	.00	.00	.00
Occupancy	61,500.00	60,883.73	616.27	8,500.00	11,464.51	(2,964.51)
Capital outlay	.00	184,763.16	(184,763.16)	.00	.00	.00
Police department expenses	126,680.00	147,439.32	(20,759.32)	.00	.00	.00
Fire department expenses	3,800.00	3,650.54	149.46	.00	.00	.00
Interest expense	.00	3,600.93	(3,600.93)	.00	.00	.00
Total Expenditures	275,318.00	481,618.72	(206,300.72)	109,600.00	50,390.16	59,209.84
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	51,012.00	(111,450.47)	(162,462.47)	.00	71,258.90	71,259.90
FUND BALANCE AT BEGINNING OF YEAR	528,389.00	528,389.43	.43	3,636.95	363,694.68	(.32)
FUND BALANCE AT END OF YEAR	579,401.00	416,938.96	(162,462.04)	3,636.95	434,953.58	71,258.58

The accompanying notes are an integral part of this statement.

TOWN OF CLINTON, LOUISIANA
GOVERNMENTAL FUNDS - DEBT SERVICE FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 1998

Statement D

	Debt Service Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes & special assessments	\$.00	\$.00	\$.00
EXPENDITURES			
Bonds paid	10,000.00	10,000.00	.00
Interest expense	83.00	82.50	.50
Total Expenditures	10,083.00	10,082.50	.50
DEFICIENCY OF REVENUES OVER EXPENDITURES	(10,083.00)	(10,082.50)	.50
FUND BALANCE AT BEGINNING OF YEAR	99,776.00	99,776.26	.26
FUND BALANCE AT END OF YEAR	89,693.00	89,693.76	.76

The accompanying notes are an integral part of this statement.

**TOWN OF CLINTON, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 YEARS ENDED DECEMBER 31, 1998 and 1997**

	<u>Statement E</u>	
	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Charges for Services:		
Gas sales	\$ 259,419.91	\$ 303,535.01
Sewer fees	55,841.79	57,353.14
Water sales	97,582.25	97,442.05
Connecting & re-connecting fees	3,141.01	960.00
Other operating revenues	<u>116.00</u>	<u>2,066.28</u>
Total Operating Revenues	416,100.96	461,356.48
OPERATING EXPENSES		
Employee & related expenses	111,205.41	113,370.93
Personal services	224,171.45	222,794.00
Administrative	13,300.03	17,198.43
Occupancy	67,358.00	47,339.34
Depreciation	<u>98,394.33</u>	<u>107,129.93</u>
Total Operating Expenses	<u>514,429.22</u>	<u>507,832.63</u>
OPERATING LOSS	(98,328.26)	(46,476.15)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	3,224.23	9,233.52
Interest expense	<u>(29,074.56)</u>	<u>(33,900.46)</u>
Total Non-Operating Revenues (Expenses)	<u>(25,850.33)</u>	<u>(24,666.94)</u>
NET LOSS	(124,178.59)	(71,143.09)
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>594,667.19</u>	<u>665,810.28</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>470,488.60</u></u>	<u><u>594,667.19</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF CLINTON, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 1998 and 1997**

	<u>Statement F</u>	
	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 453,923.47	\$ 466,757.77
Cash payments to suppliers for goods and services	(287,944.53)	(291,765.03)
Cash payments to employees for services	<u>(111,205.41)</u>	<u>(113,370.93)</u>
Net Cash Provided by Operating Activities	54,773.53	61,621.81
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating transfers	<u>56,396.48</u>	<u>7,516.35</u>
Net Cash Provided by Non-Capital Financing Activities	56,396.48	7,516.35
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on revenue bonds	(45,000.00)	(40,000.00)
Interest paid on revenue bonds	(16,050.00)	(18,600.00)
Payments on bank loan	<u>(53,487.00)</u>	<u>(53,487.00)</u>
Net Cash Used in Capital and Related Financing Activities	(114,537.00)	(112,087.00)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	3,224.00	6,007.71
Purchase of fixed assets	<u>(524.00)</u>	<u>.00</u>
Net Cash Provided by Investing Activities	<u>2,700.23</u>	<u>6,007.71</u>
Net Decrease in Cash and Cash Equivalents	(666.76)	(36,941.13)
Cash and Cash Equivalents at Beginning of Year	<u>356,672.45</u>	<u>393,613.58</u>
Cash and Cash Equivalents at End of Year	<u><u>356,005.69</u></u>	<u><u>356,672.45</u></u>

Continued

**TOWN OF CLINTON, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS - Continued
 YEARS ENDED DECEMBER 31, 1998 and 1997**

	<u>Statement F</u>	
	<u>1998</u>	<u>1997</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (98,328.26)	\$ (46,476.15)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	98,394.33	107,129.93
Changes in assets and liabilities:		
Decrease in accounts receivable	34,597.51	2,956.29
(Increase) decrease in prepaid expenses	8,059.60	(4,190.92)
Increase (decrease) in accounts payable	8,825.35	(262.34)
Increase in deposits from customers	<u>3,225.00</u>	<u>2,465.00</u>
Total adjustments	153,101.79	108,097.96
Net cash provided by operating activities	<u>54,773.53</u>	<u>61,621.81</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998**

INTRODUCTION

The Town of Clinton, Louisiana, was incorporated on March 9, 1852, under the provisions of the Special Charter Act 120 of 1852. The Town operates under a Mayor-Board of Aldermen form of government. The charter was amended in 1996 to allow larger fines to be assessed by the Mayor's court. There are five Aldermen, elected each four years, and they are compensated for their time.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants. It provides fire and police protection, street maintenance, and gas, water and sewer utility systems.

The Town is located in East Feliciana Parish, Louisiana and is approximately two square miles in area. It maintains approximately fifteen miles of streets. The last population count by Louisiana Tech University was 2,000. The Town is currently serving 907 utility customers and employs 12 persons.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Town conforms 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 guidelines set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

For reporting purposes, the Town of Clinton, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Clinton, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998**

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 organizations governing body, and
 - a. The ability of the municipality 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 or significance of the relationship.

As required by generally accepted accounting principles, these financial statements would include the Town of Clinton and any component units; however, the Town has concluded that there are no component units that need to be considered part of the Town of Clinton, Louisiana as required by GASB.

Considered in the determination of component units of the reporting entity were the East Feliciana Parish Police Jury, Sheriff, Clerk of Court, Assessor, School Board, and the District Attorney and Judges for the 20th Judicial District. It was determined that these governmental entities are not component units of the Town of Clinton, Louisiana reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Clinton, Louisiana.

Fund Accounting

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group 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.

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

Funds of the Town are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds:

Governmental funds are used to account for all or most of the town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

1. General Fund - the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
3. Debt Service Fund - accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

Proprietary Funds:

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary funds of the Town include:

1. Enterprise Fund - accounts for operations (a) 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.

TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds, expendable trust funds and agency funds. The governmental funds and expendable trust funds use the following practices in recording revenues and expenditures:

Revenues - are recognized when available and measurable. Revenues that are accrued include property taxes, sales taxes collected by the Police Jury on behalf of the Town prior to year end and interest.

Expenditures - other than interest on long-term debt, are recorded when the liability is incurred.

Other Financing Sources (Uses) - transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, debt extinguishment, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

All proprietary funds and non-expendable trust funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds and non-expendable trust funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

The following revenue sources have been treated as susceptible to accrual under the modified accrual basis:

Taxes - includes franchise, property, beer, tobacco and video poker.

Budgets and Budgetary Accounting

The following procedures were used in establishing the budgetary data reflected in these financial statements:

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

1. The Town Clerk prepares a preliminary budget before year end.
2. A public hearing, notice of which is posted in the local newspaper, is held in early January.
3. The budget is submitted to the Mayor and Aldermen at the January meeting for adoption.

These budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts shown are as originally adopted or as amended by the aldermen. Such amendments are passed by the aldermen on an as-needed basis. A balanced budget is required. All appropriations lapse at year end.

The following schedule reconciles the cash-basis budget amounts reflected on Statement C to the GAAP-basis amounts of Statement B.

GENERAL AND SPECIAL REVENUE FUNDS

	<u>Statement B</u> <u>GAAP Basis</u>	<u>Adjustments</u>	<u>Statement C</u> <u>Cash Basis</u>
<u>Revenues</u>			
Taxes & sp. assessments	\$295,366.31	\$3,428.77	\$298,795.08
Licenses & permits	84,449.98	.00	84,449.98
Intergovernmental	6,456.00	.00	6,456.00
Fines & forfeitures	42,508.50	.00	42,508.50
Interest	13,143.65	(1,514.03)	11,629.62
Grant proceeds	36,783.13	.00	36,783.13
Other revenues	11,195.00	.00	11,195.00
<u>Expenditures</u>			
Employee & related expenses	57,899.14	.00	57,899.14
Personal services	45,942.66	(542.45)	45,400.21
Administrative	16,707.70	199.64	16,907.34
Occupancy	67,015.31	5,332.93	72,348.24
Capital outlay	184,763.16	.00	184,763.16
Police department expenses	147,439.32	.00	147,439.32
Fire department expenses	3,749.17	(98.63)	3,650.54
Interest expense	3,600.93	.00	3,600.93

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

Encumbrances

The Town does not use an encumbrance system.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Investments are stated at cost plus interest if that interest is reinvested. All investments of the Town are certificates of deposit held at Clinton Bank & Trust, Feliciana Bank or Union Planters.

Short-Term Interfund Receivables/Payables

During the course of operations, 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. Short-term interfund loans are classified as interfund receivables/payables.

Inventory

Inventories in the governmental funds consist of expendable supplies held for consumption. There are no inventories that should be reported on the accompanying financial statements.

Prepaid Items

Insurance policies paid for future coverages are shown in the accompanying financial statements as prepaid expenses.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by bond covenants. The bond indenture for the 1973 bond issue in the Utility Fund requires the Town to have a reserve account for \$62,200 and a replacement and extension account for \$15,000. In addition, deposits received from customers in the amount \$36,735.34 are classified as restricted. Restricted cash consists of time deposits and demand deposits.

TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998

Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the General Fixed Assets Account Group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Gas system	30-33 years
Water & Sewer system	33 years
Equipment	12 years
Vehicles	5 years

Compensated Absences

No compensated absences are accounted for in the accompanying financial statements. Vacation and sick leave are not cumulative.

Long-Term Obligations

Long-term obligations expected to be financed from governmental funds are reported in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Equity

Fund equity includes the following:

Contributed Capital -

is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

Reserves -

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

Designated Fund Balances -

represent tentative plans for future use of financial resources.

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.

Sales Tax

The Parish has a 4% sales tax that is collected by the Police Jury. After deducting the Solid Waste, School Board and collection fee from the gross, the Town of Clinton then receives 12.4021% of the balance. These taxes are reported in the Special Revenue Fund and are dedicated for street maintenance and improvements.

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.

Total Columns On Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 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 amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Town may undertake in the future, actual results ultimately may differ from the estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 1998:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Petty cash	\$ 100.00	\$.00
Demand deposits	152,817.97	211,874.38
Money-market savings	.00	16,200.69
Time deposits	<u>399,761.32</u>	<u>127,930.52</u>
Total	<u>552,679.29</u>	<u>356,005.59</u>

These deposits are stated at cost, which approximates market. Under State law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1998, the Town had \$910,584.90 in deposits. These deposits are secured from risk by \$700,000 of federal deposit insurance and \$837,814.42 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) as follows:

General Fund	\$ 115,555.78
Special Revenue Fund	424,049.79
Debt Service Fund	14,907.23
Enterprise Fund	<u>356,072.10</u>
Total Deposits	<u>910,584.90</u>

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

Clinton Bank & Trust	\$ 817,814.42
Feliciana Bank	410,000.00
Union Planters	<u>310,000.00</u>
 Total FDIC/Pledges	 <u>1,537,814.42</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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 that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - RECEIVABLES

Below is a summary of receivables at December 31, 1998:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Funds</u>	<u>Enterprise Fund</u>
Taxes:				
Assessments & fees	\$ 29,987.11	\$ 48.33	\$.00	\$.00
Ad valorem	45,242.10	.00	.00	.00
Sales and use	.00	8,029.01	.00	.00
Interfund	440,986.03	.00	74,786.53	.00
Accounts receivable	.00	.00	.00	99,196.34
Accrued interest	.00	1,514.03	.00	3,781.45
Other Receivables	<u>7,800.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
 Total	 <u>524,015.24</u>	 <u>9,591.37</u>	 <u>74,786.53</u>	 <u>102,977.79</u>

Utility meters are read between the 18th and 25th of each month and bills are mailed on the last day of the month. The amount of gas and water used from the time the meter is read until the end of the month is an unbilled receivable in the Utility Fund. This receivable was \$19,287.73 and \$24,018.71 at December 31, 1998 and 1997, respectively.

An allowance for bad debts is determined by a percentage based on prior year's experience. At December 31, 1998 and 1997, the allowance was calculated as \$57,859.28 in the Utility Fund.

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

NOTE 4 - FIXED ASSETS

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

	Balance <u>01/01/98</u>	Additions	Deduct- ions	Balance <u>12/31/98</u>
Land	\$ 1,000.00	\$.00	\$.00	\$ 1,000.00
Buildings	34,963.71	165,000.00	.00	199,963.71
Equipment	50,493.99	19,763.16	.00	70,257.15
Furniture	330.85	.00	.00	330.85
Vehicles	134,443.96	.00	2,954.00	131,489.96
Total	<u>221,232.51</u>	<u>184,763.16</u>	<u>2,954.00</u>	<u>403,041.67</u>

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

Land	\$ 11,970.00
Gas System	318,234.82
Relocation	1,311,750.73
Water System	200,108.93
Dug Water Well	33,632.13
Sewer System	1,765,186.32
Equipment	34,926.54
Motor Vehicles	11,646.43
Buildings	<u>2,510.69</u>
Sub-Total	3,689,966.59
Less: Accumulated Depreciation	(1,664,496.23)
Net	<u>2,025,470.36</u>

NOTE 5 - INTERFUND TRANSACTIONS

Amounts receivable and payable between funds are as follows:

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 440,986.03	\$ 74,786.53
Special Revenue Fund	.00	1,500.42
Debt Service Fund	74,786.53	.00
Enterprise Fund	<u>.00</u>	<u>439,485.61</u>
 Total	 <u>515,772.56</u>	 <u>515,772.56</u>

There were no transfers to and from funds during the year.

NOTE 6 - INTERGOVERNMENTAL TRANSACTIONS

The following is a summary of the intergovernmental receivables due from other governmental units at December 31, 1998:

General Fund	\$ <u>18,716.32</u>
--------------	---------------------

There were no intergovernmental payables at year end.

NOTE 7 - PENSION PLANS

Substantially all of the employees of the Town are covered under FICA. The Town matches their contribution. Policemen are covered under the Municipal Police Employees Retirement System of Louisiana.

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by State statute.

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by State statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Clinton, Louisiana are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the year ended December 31, 1998 and 1997, were \$10,237.82 and \$9,027.86, respectively, equal to the required contributions for the year.

NOTE 8 - OTHER POST RETIREMENT BENEFITS

The Town does not provide any post retirement benefits.

NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$82,880.33 at December 31, 1998, are as follows:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ 4,932.18	\$.00	\$ 33,631.07	\$ 38,563.25
Payroll and other deductions	7,581.74	.00	.00	7,581.74
Interfund	74,786.53	1,500.42	439,485.61	515,772.56
Deposits	.00	.00	36,735.34	36,735.34
 Total	 <u>87,300.45</u>	 <u>1,500.42</u>	 <u>509,852.02</u>	 <u>598,652.89</u>

NOTE 10 - COMPENSATED ABSENCES

The Town had no compensated absences at December 31, 1998.

NOTE 11- LEASES

The Town did not have any leases at December 31, 1998.

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

NOTE 12 - CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of the changes in long-term obligations of the Town's governmental funds for the two years ended December 31, 1998.

General Long-Term Obligations

The general obligation bonds issued in 1993 were paid in full during 1998. The original issue of \$125,000 was repaid at an interest rate of 5.5% as follows for the two years ended December 31, 1998:

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
Outstanding at 1/01/97			\$ 19,000.00
Payments in 1997	\$ 9,000.00	\$ 797.50	(9,000.00)
Payments in 1998	10,000.00	275.00	<u>(10,000.00)</u>
Outstanding at 12/31/98			<u>.00</u>

This debt was funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the Town.

Proprietary Fund Long-Term Obligations

A summary of changes in long-term debt incurred by proprietary funds is as follows:

	<u>Bonds</u>	<u>Loans</u>	<u>Total</u>
Balance at 1/01/97	\$330,000.00	\$273,624.47	\$603,624.47
Principal paid in 1997	(40,000.00)	(38,186.54)	(78,186.54)
Principal paid in 1998	<u>(45,000.00)</u>	<u>(40,462.44)</u>	<u>(85,462.44)</u>
Balance at 12/31/98	<u>245,000.00</u>	<u>194,975.49</u>	<u>439,975.49</u>

Bonds were issued by the Town's Utility Fund in the amount of \$700,000. Principal payments began in 1976 and will continue until June of 2003. Amounts due over the remaining years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
1999	\$ 45,000.00	\$ 13,350.00
2000	45,000.00	10,650.00
2001	50,000.00	7,800.00
2002	50,000.00	4,800.00
2003	<u>55,000.00</u>	<u>1,650.00</u>
Total	<u>245,000.00</u>	<u>38,250.00</u>

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

The note is held by Clinton Bank & Trust Co. It is an interim construction loan that was refinanced in February of 1993, for the purpose of improvements to the Town's water and sewer systems. The construction cost of \$401,479.90 was financed for 120 months at \$4,457.25 per month. The remaining amounts due are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
1999	43,061.47	10,425.53
2000	45,717.41	7,769.59
2001	48,537.16	4,949.84
2002	51,530.84	1,956.16
2003	<u>6,128.61</u>	<u>22.18</u>
Total	<u>194,975.49</u>	<u>25,123.30</u>

In January of 1984, the Town relocated the utility lines along Highway 10 to Jackson, LA at a cost of \$1,067,872.73. This amount was billed to and paid by the Louisiana Department of Transportation and Development (State Project No. 061-05039) with the understanding that the Town would repay its share of 61.52% or \$656,955.30. It has since been determined that the Town would not be held responsible for this repayment. As a result, the entire project cost of \$1,067,872.73 is reflected in the accompanying financial statements as contributed capital.

NOTE 13 - CHANGES IN CONTRIBUTED CAPITAL

The following is a summary of changes in contributed capital over the two years ended December 31, 1998:

Balance at 1/01/97	\$ 410,917.43
Increase due to reclassification of note forgiven	<u>656,955.30</u>
Balance at 12/31/98	<u>1,067,872.73</u>

NOTE 14 - RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCES

There were no reserved or designated fund balances at December 31, 1998. Retained earnings of the Utility Fund have been reserved in the amount of \$36,735.34. This is for deposits held for Utility customers.

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

NOTE 15 - LEVIED TAXES

The ad valorem taxes authorized and levied was 6.66 mills in 1998 and 6.75 mills in 1997. These taxes go into the General Fund without any dedication. The millage is set annually. The total assessed value of property in the Town was \$6,549,160 at December 31, 1998.

The following are the principal taxpayers for the Town:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed</u>
Feliciana Bank & Trust	889,820	13.59%
Clinton Bank & Trust	550,250	8.40%
BellSouth Telecomm.	391,130	5.97%
Partners Rentals	101,690	1.55%
Entergy, Inc.	88,170	1.35%
Ligon, Percy, Gross	63,270	.97%
Clinton Sunflower	60,950	.93%
J. J. Johnson Estate	58,580	.89%
Feliciana Farmers Coop	41,530	.63%
Kemp's Restaurant	24,900	.04%

NOTE 16 - EXPENDITURES - ACTUAL AND BUDGET

The following individual funds had actual expenditures over budgeted expenditures for the year ended December 31, 1997:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	275,318	481,619	(206,301)

NOTE 17 - PROPRIETARY FUNDS SEGMENT INFORMATION

The Town maintains one enterprise fund which provides water, gas and sewer services. Segment information for the year ended December 31, 1998, is as follows:

Operating revenue	\$ 416,100.96
Depreciation	98,394.33
Operating income (loss)	(98,328.26)

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

Operating transfers	.00
Current capital contributions	.00
Fixed asset additions	524.00
Net working capital	(167,395.01)
Bonds and other long-term liabilities:	
Payable from operating revenues	319,714.02
Payable from other sources	77,200.00
Total equity	1,538,361.33
Total assets	2,488,188.84

NOTE 18 - RELATED PARTY TRANSACTIONS

There were no related party transactions that came to our attention.

NOTE 19 - LITIGATION AND CLAIMS

There are currently two pending claims against the Town. Both are in the process of discovery with no trial dates set. The maximum estimated exposure of both of these claims is within insurance policy limits.

NOTE 20 - STATEMENT OF CASH FLOWS FOR ENTERPRISE FUNDS

For purposes of the Statement of Cash Flows for the Utility Fund, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

The cash and cash equivalents as stated on the Statement of Cash Flows is as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Utility Fund	<u>\$ 242,070.35</u>	<u>\$ 113,935.34</u>	<u>\$ 356,005.69</u>

NOTE 21 - YEAR 2000 CONSIDERATION

The Town could be adversely affected if its computer systems and other date-sensitive equipment do not properly process data from and after January 1, 2000. The Town has not yet considered this impact. However, it has arranged for a consultant to examine its computers prior to year end. There are no assurances that these steps will be sufficient to avoid all adverse affects.

**TOWN OF CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998**

NOTE 22 - SUBSEQUENT EVENTS

The Town received administrative order docket no. VI-98-0069 from the U. S. Environmental Protection Agency requiring the Town to take immediate action to correct deficiencies related to its wastewater treatment plant in March of 1998. The problems with the effluent discharges from this facility have been on-going for years. Unable to secure a grant to fund the improvements needed, the Town approved the borrowing of no more than \$450,000 after the close of the current year. The estimated cost of this project, submitted by the engineering firm of Shread, Kuyrkendall & Assoc., Inc., is \$415,000. Necessary documents are presently being prepared to remit to the Bond Commission for approval. To fund the repayment of the loan, an increase in water and sewer fees will go into effect on June 1, 1999.

SUPPLEMENTARY INFORMATION

JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
P. O. BOX 30
BAKER, LOUISIANA 70704-0030

(504) 775-4982

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

May 14, 1999

The Honorable H. Toler Hatcher, Mayor
and Members of the Board of Aldermen
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

We have audited the general purpose financial statements of the Town of Clinton, Louisiana, for the two years ended December 31, 1998, and have issued our report thereon dated May 14, 1999.

We conducted our audit in accordance with generally accepted auditing standards, and *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.

The management of the Town of Clinton, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial

statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Clinton, Louisiana for the two years ended December 31, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operations, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

There are material deficiencies in the design of the internal control structure in that there are inadequate procedures for maintaining the books and records on the accrual basis of accounting consistent with generally accepted accounting principles.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

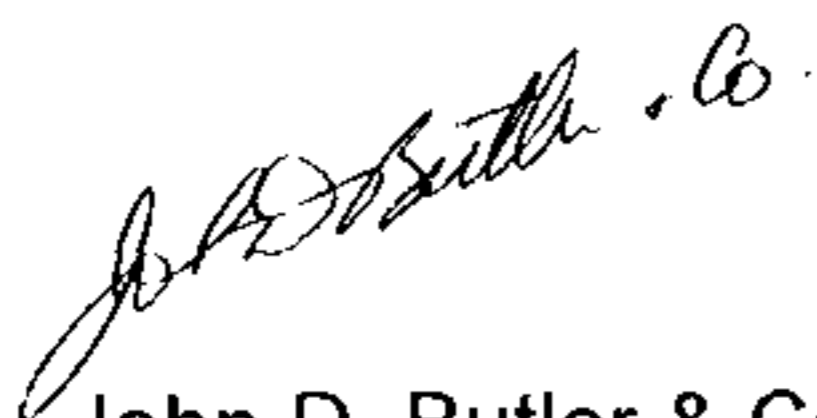
Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control

structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of the Town of Clinton, Louisiana for the two years ended December 31, 1998.

We consider the maintenance of books and records on an accounting basis inconsistent with generally accepted accounting principles, as noted above, to be a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Town of Clinton, Louisiana dated May 14, 1999.

This report is intended for the information and use of the Town of Clinton, Louisiana, its management and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. By provisions of State law, this report is a public document, and it has been distributed to appropriate public officials.



John D. Butler & Company
A Professional Accounting Corporation

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

May 14, 1999

The Honorable H. Toler Hatcher, Mayor,
and the Members of the Board of Aldermen
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

We have audited the general purpose financial statements of the Town of Clinton, Louisiana, as of and for the two years ended December 31, 1998, and have issued our report thereon dated May 14, 1999.

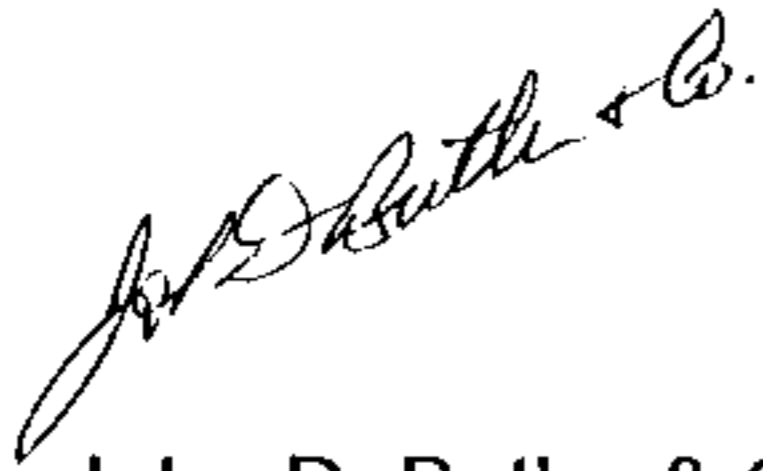
We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Clinton, Louisiana, is the responsibility of the Town of Clinton, Louisiana's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Town of Clinton, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Town of Clinton, Louisiana
May 14, 1999
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The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated May 14, 1999.

This report is intended for the information and use of the Town of Clinton, Louisiana, its management and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. By provisions of State law, this report is a public document, and it has been distributed to appropriate public officials.



John D. Butler & Company
A Professional Accounting Corporation

TOWN OF CLINTON, LOUISIANA
GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE FUNDS
COMPARATIVE SCHEDULE OF EXPENDITURES BY CATEGORY
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>General</u>		<u>Special Revenue</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
EMPLOYEE AND RELATED EXPENSES				
Salaries - Aldermen	\$ 7,670.00	\$ 7,800.00	\$.00	\$.00
Salaries - Clerk	12,000.00	11,685.90	.00	.00
Salaries - Maintenance	8,400.00	8,609.40	.00	.00
Salaries - Mayor	2,550.00	2,550.00	.00	.00
Wages	1,300.00	1,325.00	16,762.40	11,366.56
Medicare tax	2,681.79	2,327.47	240.94	164.91
FICA tax	4,941.02	3,990.14	1,030.23	704.82
Unemployment insurance	322.76	1,905.77	.00	.00
Total Employee and Related Expenses	39,865.57	40,193.68	18,033.57	12,236.29
PERSONAL SERVICES				
Coroner's fees	3,320.00	1,700.00	.00	.00
Maintenance materials & supplies	820.79	672.93	11,166.57	13,641.30
Marshall's expense	20,849.79	12,639.17	.00	.00
Repairs & improvements	60.00	1,340.00	5,343.75	5,299.03
Bad debts	.00	4,332.91	.00	.00
Street equipment	.00	.00	2,027.84	.00
Street expense	.00	.00	2,353.92	1,425.34
Total Personal Services	25,050.58	20,685.01	20,892.08	20,365.67
ADMINISTRATIVE				
Court costs	1,784.66	1,606.34	.00	.00
Dues & subscriptions	628.00	517.00	.00	.00
Legal services	4,139.50	3,520.00	.00	.00
Miscellaneous expense	2,039.09	1,189.40	.00	.00
Printing, stationery & office expenses	6,881.85	8,331.56	.00	.00
Professional services	1,015.35	4,500.00	.00	1,874.00
Truck expense	219.25	930.37	.00	.00
Total Administrative	16,707.70	20,594.67	.00	1,874.00
OCCUPANCY				
Building expense	1,299.10	.00	.00	.00
Electricity	27,015.95	27,112.70	.00	.00
Telephone	4,625.18	2,949.17	.00	.00
Insurance and bonds	23,886.70	42,645.83	10,188.38	12,747.96
Total Occupancy	56,826.93	72,707.70	10,188.38	12,747.96
CAPITAL OUTLAY	184,763.16	.00	.00	.00

Continued

TOWN OF CLINTON, LOUISIANA
GOVERNMENTAL FUNDS - GENERAL AND SPECIAL REVENUE FUNDS
COMPARATIVE SCHEDULE OF EXPENDITURES BY CATEGORY - Continued
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>General</u>		<u>Special Revenue</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
POLICE DEPARTMENT EXPENSES				
Salaries	\$ 124,020.78	\$ 105,856.54	\$.00	\$.00
Police equipment and supplies	13,180.72	16,753.85	.00	.00
Retirement	10,237.82	9,027.86	.00	.00
	<hr/>			
Total Police Department Expenses	147,439.32	131,638.25	.00	.00
FIRE DEPARTMENT EXPENSES				
Fire department appropriation	1,800.00	1,800.00	.00	.00
Fire department expense	1,949.17	2,069.01	.00	.00
	<hr/>			
Total Fire Department Expenses	3,749.17	3,869.01	.00	.00
INTEREST EXPENSE	3,600.93	990.00	.00	.00
	<hr/>			
TOTAL EXPENDITURES	<u>478,003.36</u>	<u>290,678.32</u>	<u>49,114.03</u>	<u>47,223.92</u>

**TOWN OF CLINTON, LOUISIANA
 PROPRIETARY FUNDS
 COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY CATEGORY
 YEARS ENDED DECEMBER 31, 1998 AND 1997**

	<u>Utility Fund</u>	
	<u>1998</u>	<u>1997</u>
EMPLOYEE AND RELATED EXPENSES		
Salaries - Clerk	\$ 11,400.00	\$ 11,335.90
Salaries - Clerical	15,672.16	15,218.69
Salaries - Maintenance	22,800.00	22,300.00
Salaries - Mayor	2,550.00	2,550.00
Wages	51,130.58	54,167.62
Drug testing	728.00	822.00
Medicare tax	964.94	1,006.66
FICA tax	4,107.12	4,302.32
Uniforms	1,852.61	1,667.74
	<hr/>	<hr/>
Total Employee and Related Expenses	111,205.41	113,370.93
PERSONAL SERVICES		
Gas purchases	170,699.65	174,188.94
Laboratory fees	2,871.00	2,862.50
Engineering services	.00	1,500.00
Maintenance materials & supplies	26,214.07	39,926.12
Pumpage fees	420.41	400.59
Repairs & improvements	23,558.32	3,507.85
Safety & oxidation inspection fees	408.00	408.00
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Total Personal Services	224,171.45	222,794.00
ADMINISTRATIVE		
Bank charges	794.52	689.64
Dues & subscriptions	854.32	940.20
Professional fees	.00	6,500.00
Miscellaneous expense	994.77	186.45
Printing, stationery & office expense	4,738.41	2,578.53
Truck expense	5,918.01	6,303.61
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Total Administrative	13,300.03	17,198.43
OCCUPANCY		
Electricity	37,734.60	36,687.26
Insurance	29,623.40	10,652.08
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Total Occupancy	67,358.00	47,339.34
DEPRECIATION	<hr/>	<hr/>
	98,394.33	107,129.93
TOTAL OPERATING EXPENSES	<hr/>	<hr/>
	514,429.22	507,832.63

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
YEAR ENDED DECEMBER 31, 1998**

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Schedule of Compensation Paid Board Members

Mayor

H. Toler Hatcher	\$ 5,100.00
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Board Members

W. W. Carter, Jr.	1,560.00
Charles F. Haynes	1,560.00
Jack Kilcrease	1,560.00
Morgan Montgomery	1,560.00
George Kilcourne	<u>1,560.00</u>
Total	<u>12,900.00</u>

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1998**

We have audited the financial statements of the Town of Clinton, Louisiana as of and for the two years ended December 31, 1998, and have issued our report thereon dated May 14, 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. Our audit of the financial statements as of December 31, 1998, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

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

Internal Control	Material Weakness	<input checked="" type="checkbox"/>	Yes
	Reportable Condition	<input checked="" type="checkbox"/>	Yes
Compliance	Compliance Material to F/S	<input checked="" type="checkbox"/>	No

B. Federal Awards

N/A

Section II Financial Statement Findings

98.1 BASIS OF ACCOUNTING

The books and records of the Town of Clinton, Louisiana are not maintained on the modified accrual basis of accounting.

In order to meet the objectives of financial reporting, generally accepted accounting principles should be followed. One of the principles of these objectives states that the modified accrual basis, or accrual basis for proprietary funds, of accounting should be utilized in measuring financial position and operating results. The cash basis currently being used does not allow recognition of tax assessments nor does it allow recognition of utility receivables. This results in insufficient information for decision-making, evaluating performance and effective reconciliations of receivables. Adjustments to the financial statements required during the audit of the General Fund increased receivables by \$21,832.46. In the Utility Fund, receivables were decreased by \$38,109.44.

It is our recommendation that the Board's books be maintained on the modified accrual or accrual basis of accounting.

Section III Federal Award Findings and Questioned Costs

N/A

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A PROFESSIONAL ACCOUNTING CORPORATION
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BAKER, LOUISIANA 70704-0030

(504) 775-4982

MANAGEMENT LETTER

May 14, 1999

The Honorable H. Toler Hatcher, Mayor
and the Members of the Board of Aldermen
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

During the course of our audit, we noted several areas of concern that we would like to bring to your attention.

MANAGEMENT POINTS

M98.1 DISPOSITION OF TICKETS WRITTEN

Criteria: It is imperative that a tracking system exists for the disposition of tickets written by the police department for control over funds collected.

Condition: A numerical list of tickets issued was not maintained. In addition, agendas and minutes were not prepared for each Mayor's Court held.

Cause: The police department is relatively new in the Town of Clinton and therefore, appropriate procedures have not been created to deal with the aspects of such a department.

Effect: There is no control over the disposition of tickets from the point the ticket books are issued to the individual policemen to the point that they are paid, dismissed or submitted back to the police department for the issuance of a bench warrant. This includes control over the funds collected.

Recommendation: A numerical log should be maintained that includes the date issued, number, date written, recipient, charge, court date and disposition. Also, an agenda should be prepared including all cases that are scheduled to be heard in Mayor's Court. The agenda should also include those cases that were to be heard for which the recipient of the ticket paid the assessed fine prior to his/her scheduled court date. This agenda should be attached to a set of minutes kept that details the disposition of each case.

Benefit: There will be effective controls over cash.

Reply: The Town Clerk has already begun a log of tickets and agendas for court dates.

M98.2 BUDGETING

Criteria: The Town is subject to the Louisiana Local Government Budget Act, Louisiana Revised Statute 39.

Condition: This statute dictates that the proposed budget shall be, "... submitted to the governing authority of that political subdivision and made available for public inspection as provided for in Louisiana Revised Statute 39:1307 no later than fifteen days prior to the beginning of each fiscal year...". It further states, in Louisiana Revised Statute 39:1310 Budgetary Authority and Control, that the total actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding the total budgeted expenditures by 5% or more. Neither of these requirements were met.

Cause: Traditionally, the public hearing and adoption of the budget have always been in the first month of the fiscal year as opposed to prior to the beginning of the fiscal year.

Effect: The Town is not in compliance with applicable laws.

Recommendation: The Town should submit its proposed budget to the Board of Aldermen and hold a public hearing in November. The budget should be adopted in December.

Benefit: The Town will be in compliance with applicable laws regarding budgeting.

Reply: The Town will comply with this recommendation.

M98.3 EMPLOYEE TAXES AND REPORTING

Criteria: Certain employees of the Town are subject to employment taxes.

Condition: The aldermen are excluded from payroll taxes and reporting. In the audit report for the year ended December 31, 1996, this matter was reported in the *Independent Auditor's Report on Compliance Based on an Audit of General Purpose or Basic Financial Statements Performed in Accordance with Government Auditing Standards*. The Town has complied with applicable laws for all employees except the aldermen.

Cause: There was not a clear understanding of the laws by Town officials.

Effect: The Town is not in compliance with applicable laws.

Recommendation: The Town should include the aldermen's salaries in its payroll reporting and withhold and pay the appropriate taxes.

Benefit: The Town will be in compliance with applicable laws regarding employees.

Reply: The Town will comply with this recommendation.

M98.4 MINUTES OF MEETINGS

Criteria: The minutes of the Board meetings are the official record of the Town.

Town of Clinton, Louisiana

May 14, 1999

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Condition: The June 10, 1998, minutes were not signed by the Mayor. In addition, Exhibit A of the August 25, 1998, minutes referred to an ordinance adopted and attached but was not attached.

Cause: This was simply an oversight.

Effect: The official record of the Town is not complete.

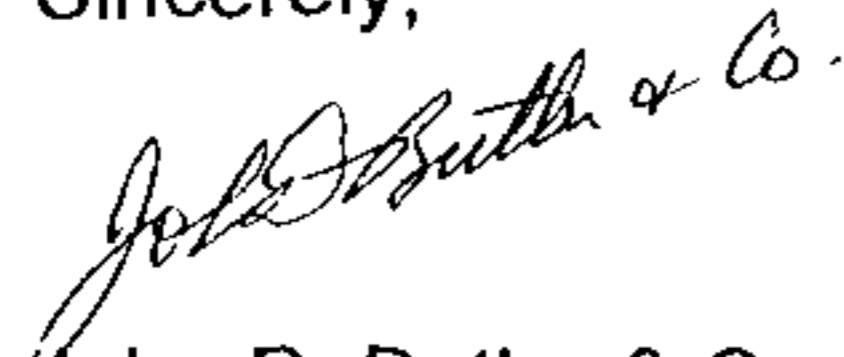
Recommendation: The minutes should not be signed until all referenced documentation has been included.

Benefit: The official record of the Town will be complete.

Reply: The Town will comply with this recommendation.

These management points are intended to assist you in enhancing the Town's internal control structure as well as facilitate effective tools for managing the assets of the Town. If you would care to discuss them further, please let us know.

Sincerely,



John D. Butler & Company

A Professional Accounting Corporation

**TOWN OF CLINTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 1998**

Section I Internal Control and Compliance Material to the Financial Statements

<p>96.1 Basis of Accounting <i>Recommendation:</i> Books and records should be maintained on the accrual basis of account.</p>	<p><i>Unresolved:</i> See 98.1 in the schedule of Findings and Questioned Costs.</p>
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Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

<p>(1) Unpaid Property Taxes 12/94</p>	<p>To review past due accounts and take necessary legal action.</p>	<p>Unresolved</p>
<p>(2) Minutes of Meetings 12/94</p>	<p>To ensure all minutes are signed by the Mayor.</p>	<p>Partially Resolved</p>

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 1998**

Section I Internal Control and Compliance Material to the Financial Statements

98.1 Basis of Accounting	<p><i>Contact:</i> Emily Bentley, Town Clerk; Sharon LeBlanc, Utility Clerk <i>Plan:</i> Receivables will be properly maintained during the year. A reconciliation will be done at the end of each month <i>Completion Date:</i> 8/99</p>
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Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

M98.1 Disposition of Tickets Written	<p><i>Contact:</i> Emily Bentley, Town Clerk <i>Plan:</i> Log will be maintained with appropriate data, agenda prepared and minutes kept. <i>Completion Date:</i> 3/99</p>
M98.2 Budgeting	<p><i>Contact:</i> Emily Bentley, Town Clerk <i>Plan:</i> The budget process will be moved forward. Necessary action will be included in the agenda when actual expenditures exceed budgeted amounts by 5% or more. <i>Completion Date:</i> 7/99</p>
M98.3 Employee Taxes and Reporting	<p><i>Contact:</i> Emily Bentley, Town Clerk <i>Plan:</i> The aldermen will be included on payroll reports <i>Completion Date:</i> 7/99</p>
M98.4 Minutes of Meetings	<p><i>Contact:</i> H. Toler Hatcher, Mayor <i>Plan:</i> Minutes will not be signed until referenced data is included. Prior to each Board meeting, the previous meeting's minutes will be reviewed. <i>Completion Date:</i> 6/99</p>