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**TOWN OF ERATH
ERATH, LOUISIANA
FINANCIAL REPORT
JUNE 30, 1998**

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DEC 23 1998

Release Date ~~DEC 7 6 1998~~

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We have audited the accompanying general purpose financial statements of Town of Erath, Louisiana, and the combining, individual fund and account group financial statements of the Town as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of Town of Erath's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Prior to July 1, 1962, the Town did not record the value of capital expenditures in asset accounts of the proprietary fund type or in the general fixed assets account group. Fixed assets purchased since that time have been capitalized, but no adjustment has been made to record the cost of assets previously purchased.

In our opinion, except for any errors which might have been disclosed had records been established and maintained for fixed assets purchased prior to July 1, 1962, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Town of Erath, Louisiana, as of June 30, 1998, and the results of its operations

and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, except for any errors which might have been disclosed had records been established and maintained for fixed assets purchased prior to July 1, 1962, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account group of Town of Erath, Louisiana, as of June 30, 1998, and the results of operations of such funds and the cash flows of the individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 1998, on our consideration of Town of Erath's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The financial information listed as "Schedules" in the table of contents (including the schedule of expenditures of federal awards) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and is not a required part of the financial statements of Town of Erath, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund, and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group, taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an opinion on the general purpose, combining, individual fund, and account group financial statements of Town of Erath, Louisiana, as of and for the year ended June 30, 1997, which opinion was subject to the same qualification of opinion as that expressed on the current financial statements.

Broussard, Poche, Lewis & Breaux, LLP

Lafayette, Louisiana
August 14, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

TOWN OF ERATH, LOUISIANA

COMBINED BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1998

ASSETS	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Cash	\$ 12,674	\$ 8,978	\$ -
Certificates of deposit, at cost	-	9,145	-
Receivables, net of allowances for uncollectibles -			
Accounts	-	-	-
Other	5,615	-	-
Unbilled services receivable (net)	-	-	-
Due from other funds	12,027	69,241	-
Due from other governmental agencies	3,140	13,977	-
Restricted assets -			
Cash	-	-	-
Certificates of deposit, at cost	-	-	-
Land	-	-	-
Buildings	-	-	-
Improvements other than buildings	-	-	-
Equipment	-	-	-
Accumulated depreciation	-	-	-
 Total assets	 <u>\$ 33,456</u>	 <u>\$ 101,341</u>	 <u>\$ -0-</u>

<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	<u>Account</u> <u>Group</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
<u>Enterprise</u>	<u>Agency</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>June 30,</u> <u>1998</u>	<u>June 30,</u> <u>1997</u>
\$ 173,654	\$ 1,765	\$ -	\$ 197,071	\$ 202,634
727,843	-	-	736,988	736,552
203,173	-	-	203,173	166,257
-	24	-	5,639	5,855
57,138	-	-	57,138	54,637
5,553	2,846	-	89,667	83,810
103,404	50	-	120,571	142,858
150,349	-	-	150,349	126,054
251,540	-	-	251,540	251,540
32,253	-	190,888	223,141	223,141
520,947	-	279,004	799,951	795,545
5,260,352	-	793,950	6,054,302	5,150,932
283,479	-	683,911	967,390	913,524
<u>(1,563,897)</u>	<u>-</u>	<u>-</u>	<u>(1,563,897)</u>	<u>(1,436,491)</u>
<u>\$ 6,205,788</u>	<u>\$ 4,685</u>	<u>\$ 1,947,753</u>	<u>\$ 8,293,023</u>	<u>\$ 7,416,848</u>

(continued)

TOWN OF ERATH, LOUISIANA

COMBINED BALANCE SHEET -
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 June 30, 1998

LIABILITIES AND FUND EQUITY	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 6,423	\$ 7,936	\$ -
Retainage payable	-	-	-
Payable from restricted assets -			
Customers' deposits	-	-	-
Bonds payable	-	-	-
Accrued interest on bonds	-	-	-
Due to other funds	2,846	6,533	-
Revenue bonds payable	-	-	-
Total liabilities	<u>\$ 9,269</u>	<u>\$ 14,469</u>	<u>\$ -0-</u>
Fund equity:			
Contributed capital	\$ -	\$ -	\$ -
Investment in general fixed assets	-	-	-
Retained earnings -			
Designated for system improvements	-	-	-
Reserved for revenue bond retirement	-	-	-
Unreserved - undesignated	-	-	-
Fund balances -			
Unreserved - undesignated	<u>24,187</u>	<u>86,872</u>	<u>-</u>
Total fund equity	<u>\$ 24,187</u>	<u>\$ 86,872</u>	<u>\$ -0-</u>
Total liabilities and fund equity	<u>\$ 33,456</u>	<u>\$ 101,341</u>	<u>\$ -0-</u>

See Notes to Financial Statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals</u>	
			<u>(Memorandum Only)</u>	
<u>Enterprise</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>June 30, 1998</u>	<u>June 30, 1997</u>
\$ 163,506	\$ 4,685	\$ -	\$ 182,550	\$ 257,550
63,580	-	-	63,580	20,093
57,804	-	-	57,804	58,134
26,085	-	-	26,085	25,000
24,725	-	-	24,725	18,500
80,288	-	-	89,667	83,810
<u>748,915</u>	<u>-</u>	<u>-</u>	<u>748,915</u>	<u>345,000</u>
<u>\$ 1,164,903</u>	<u>\$ 4,685</u>	<u>\$ -0-</u>	<u>\$ 1,193,326</u>	<u>\$ 808,087</u>
\$ 3,219,607	\$ -	\$ -	\$ 3,219,607	\$ 2,874,719
-	-	1,947,753	1,947,753	1,886,647
189,427	-	-	189,427	181,053
103,848	-	-	103,848	94,907
1,528,003	-	-	1,528,003	1,442,785
-	-	-	111,059	128,650
<u>\$ 5,040,885</u>	<u>\$ -0-</u>	<u>\$ 1,947,753</u>	<u>\$ 7,099,697</u>	<u>\$ 6,608,761</u>
<u>\$ 6,205,788</u>	<u>\$ 4,685</u>	<u>\$ 1,947,753</u>	<u>\$ 8,293,023</u>	<u>\$ 7,416,848</u>

TOWN OF ERATH, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
Year Ended June 30, 1998

	<u>General</u>
Revenues:	
Taxes	\$ 32,880
Licenses and permits	58,944
Intergovernmental	58,568
Charges for services	225
Fines	15,508
Interest	-
Miscellaneous	<u>15,290</u>
Total revenues	<u>\$ 181,415</u>
Expenditures:	
Current -	
General government	\$ 160,167
Public safety -	
Police	239,716
Fire	4,354
Public works	-
Sanitation	115
Health and welfare	1,892
Culture and recreation	20,983
Miscellaneous	31,913
Capital projects	<u>-</u>
Total expenditures	<u>\$ 459,140</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (277,725)</u>
Other financing sources (uses):	
Operating transfers in	\$ 330,006
Operating transfers out	<u>(36,690)</u>
Total other financing sources (uses)	<u>\$ 293,316</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 15,591
Fund balances, beginning	<u>8,596</u>
Fund balances, ending	<u><u>\$ 24,187</u></u>

See Notes to Financial Statements.

<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>	
		<u>1998</u>	<u>1997</u>
\$ 191,121	\$ -	\$ 224,001	\$ 199,466
-	-	58,944	53,088
47,348	167,739	273,655	389,588
-	-	225	209
-	-	15,508	17,272
435	-	435	394
<u>2,729</u>	<u>-</u>	<u>18,019</u>	<u>23,954</u>
<u>\$ 241,633</u>	<u>\$ 167,739</u>	<u>\$ 590,787</u>	<u>\$ 683,971</u>
\$ 2,244	\$ -	\$ 162,411	\$ 169,562
-	-	239,716	254,235
83,745	-	88,099	62,153
159,058	-	159,058	152,500
-	-	115	180
-	-	1,892	4,392
-	-	20,983	53,015
-	-	31,913	35,647
<u>-</u>	<u>191,739</u>	<u>191,739</u>	<u>333,245</u>
<u>\$ 245,047</u>	<u>\$ 191,739</u>	<u>\$ 895,926</u>	<u>\$ 1,064,929</u>
<u>\$ (3,414)</u>	<u>\$ (24,000)</u>	<u>\$ (305,139)</u>	<u>\$ (380,958)</u>
\$ 36,690	\$ 24,000	\$ 390,696	\$ 521,377
<u>(66,458)</u>	<u>-</u>	<u>(103,148)</u>	<u>(130,909)</u>
<u>\$ (29,768)</u>	<u>\$ 24,000</u>	<u>\$ 287,548</u>	<u>\$ 390,468</u>
\$ (33,182)	\$ -0-	\$ (17,591)	\$ 9,510
<u>120,054</u>	<u>-</u>	<u>128,650</u>	<u>119,140</u>
<u>\$ 86,872</u>	<u>\$ -0-</u>	<u>\$ 111,059</u>	<u>\$ 128,650</u>

TOWN OF ERATH, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended June 30, 1998

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 30,900	\$ 32,880	\$ 1,980
Licenses and permits	56,000	58,944	2,944
Intergovernmental	57,500	58,568	1,068
Charges for services	100	225	125
Fines	28,000	15,508	(12,492)
Interest	-	-	-
Miscellaneous	<u>11,900</u>	<u>15,290</u>	<u>3,390</u>
Total revenues	<u>\$ 184,400</u>	<u>\$ 181,415</u>	<u>\$ (2,985)</u>
Expenditures:			
Current -			
General government	\$ 223,154	\$ 160,167	\$ 62,987
Public safety - police	356,823	239,716	117,107
Public safety - fire	-	4,354	(4,354)
Public works	-	-	-
Sanitation	-	115	(115)
Health and welfare	4,392	1,892	2,500
Culture and recreation	26,569	20,983	5,586
Miscellaneous	<u>38,000</u>	<u>31,913</u>	<u>6,087</u>
Total expenditures	<u>\$ 648,938</u>	<u>\$ 459,140</u>	<u>\$ 189,798</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (464,538)</u>	<u>\$ (277,725)</u>	<u>\$ 186,813</u>
Other financing sources (uses):			
Operating transfers in	\$ 520,000	\$ 330,006	\$ (189,994)
Operating transfers out	<u>(48,362)</u>	<u>(36,690)</u>	<u>11,672</u>
Total other financing sources (uses)	<u>\$ 471,638</u>	<u>\$ 293,316</u>	<u>\$ (178,322)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 7,100	\$ 15,591	\$ 8,491
Fund balances, beginning	<u>8,659</u>	<u>8,596</u>	<u>(63)</u>
Fund balances, ending	<u>\$ 15,759</u>	<u>\$ 24,187</u>	<u>\$ 8,428</u>

See Notes to Financial Statements.

<u>Special Revenue Funds</u>			<u>Totals (Memorandum Only)</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 165,000	\$ 191,121	\$ 26,121	\$ 195,900	\$ 224,001	\$ 28,101
-	-	-	56,000	58,944	2,944
23,000	47,348	24,348	80,500	105,916	25,416
-	-	-	100	225	125
-	-	-	28,000	15,508	(12,492)
500	435	(65)	500	435	(65)
<u>7,127</u>	<u>2,729</u>	<u>(4,398)</u>	<u>19,027</u>	<u>18,019</u>	<u>(1,008)</u>
<u>\$ 195,627</u>	<u>\$ 241,633</u>	<u>\$ 46,006</u>	<u>\$ 380,027</u>	<u>\$ 423,048</u>	<u>\$ 43,021</u>
\$ 2,000	\$ 2,244	\$ (244)	\$ 225,154	\$ 162,411	\$ 62,743
-	-	-	356,823	239,716	117,107
71,612	83,745	(12,133)	71,612	88,099	(16,487)
154,671	159,058	(4,387)	154,671	159,058	(4,387)
-	-	-	-	115	(115)
-	-	-	4,392	1,892	2,500
-	-	-	26,569	20,983	5,586
-	-	-	<u>38,000</u>	<u>31,913</u>	<u>6,087</u>
<u>\$ 228,283</u>	<u>\$ 245,047</u>	<u>\$ (16,764)</u>	<u>\$ 877,221</u>	<u>\$ 704,187</u>	<u>\$ 173,034</u>
<u>\$ (32,656)</u>	<u>\$ (3,414)</u>	<u>\$ 29,242</u>	<u>\$ (497,194)</u>	<u>\$ (281,139)</u>	<u>\$ 216,055</u>
\$ 48,362	\$ 36,690	\$ (11,672)	\$ 568,362	\$ 366,696	\$ (201,666)
<u>(46,000)</u>	<u>(66,458)</u>	<u>(20,458)</u>	<u>(94,362)</u>	<u>(103,148)</u>	<u>(8,786)</u>
<u>\$ 2,362</u>	<u>\$ (29,768)</u>	<u>\$ (32,130)</u>	<u>\$ 474,000</u>	<u>\$ 263,548</u>	<u>\$ (210,452)</u>
\$ (30,294)	\$ (33,182)	\$ (2,888)	\$ (23,194)	\$ (17,591)	\$ 5,603
<u>120,054</u>	<u>120,054</u>	<u>-</u>	<u>128,713</u>	<u>128,650</u>	<u>(63)</u>
<u>\$ 89,760</u>	<u>\$ 86,872</u>	<u>\$ (2,888)</u>	<u>\$ 105,519</u>	<u>\$ 111,059</u>	<u>\$ 5,540</u>

TOWN OF ERATH, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - PROPRIETARY FUND TYPE
 Year Ended June 30, 1998

	<u>Enterprise Funds</u>		<u>Totals</u>	
	Utility	Sewerage		
	<u>Fund</u>	<u>Utility</u>	<u>1998</u>	<u>1997</u>
Operating revenues:				
Charges for services	\$ 1,440,608	\$ 96,605	\$ 1,537,213	\$ 1,462,373
Other	<u>11,681</u>	<u>-</u>	<u>11,681</u>	<u>11,251</u>
Total operating revenues	<u>\$ 1,452,289</u>	<u>\$ 96,605</u>	<u>\$ 1,548,894</u>	<u>\$ 1,473,624</u>
Operating expenses:				
Salaries	\$ 105,407	\$ 26,995	\$ 132,402	\$ 133,214
Payroll taxes	8,063	2,065	10,128	10,121
Purchase of electric power	748,988	-	748,988	717,984
Materials and supplies	64,158	10,165	74,323	69,266
Maintenance and repairs	23,218	11,654	34,872	50,042
Telephone and utilities	13,718	23,604	37,322	43,573
Depreciation	65,022	67,136	132,158	125,410
Bad debts	2,572	216	2,788	1,552
Other	<u>51,243</u>	<u>9,456</u>	<u>60,699</u>	<u>90,719</u>
Total operating expenses	<u>\$ 1,082,389</u>	<u>\$ 151,291</u>	<u>\$ 1,233,680</u>	<u>\$ 1,241,881</u>
Income (loss) from operations	<u>\$ 369,900</u>	<u>\$ (54,686)</u>	<u>\$ 315,214</u>	<u>\$ 231,743</u>
Nonoperating revenues (expenses):				
Interest revenue	\$ 50,427	\$ 7,011	\$ 57,438	\$ 56,441
Interest expense	-	(26,765)	(26,765)	(18,500)
Grant revenue	87,389	-	87,389	216,934
Other revenue	2,214	-	2,214	2,855
Construction costs	(75,866)	-	(75,866)	(200,934)
Environmental cleanup cost	<u>(39,623)</u>	<u>-</u>	<u>(39,623)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>\$ 24,541</u>	<u>\$ (19,754)</u>	<u>\$ 4,787</u>	<u>\$ 56,796</u>
Income (loss) before operating transfers	\$ 394,441	\$ (74,440)	\$ 320,001	\$ 288,539
Operating transfers in	-	42,458	42,458	54,750
Operating transfers out	<u>(330,006)</u>	<u>-</u>	<u>(330,006)</u>	<u>(445,219)</u>
Net income (loss)	<u>\$ 64,435</u>	<u>\$ (31,982)</u>	<u>\$ 32,453</u>	<u>\$ (101,930)</u>

(continued)

TOWN OF ERATH, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - PROPRIETARY FUND TYPE (CONTINUED)
 Year Ended June 30, 1998

	<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Utility</u>	<u>Sewerage</u>		
	<u>Fund</u>	<u>Utility</u>	<u>1998</u>	<u>1997</u>
Net income (loss) (brought forward)	\$ 64,435	\$ (31,982)	\$ 32,453	\$ (101,930)
Add depreciation and loss on assets contributed or funded by other funds that reduces contributed capital	<u>23,121</u>	<u>46,959</u>	<u>70,080</u>	<u>63,012</u>
Increase (decrease) in retained earnings	\$ 87,556	\$ 14,977	\$ 102,533	\$ (38,918)
Retained earnings, beginning	<u>1,445,823</u>	<u>272,922</u>	<u>1,718,745</u>	<u>1,757,663</u>
Retained earnings, ending	<u>\$ 1,533,379</u>	<u>\$ 287,899</u>	<u>\$ 1,821,278</u>	<u>\$ 1,718,745</u>

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 1998

	<u>Enterprise Funds</u>		<u>Totals</u>	
	Utility	Sewerage		
	<u>Fund</u>	<u>Utility</u>	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 369,900	\$ (54,686)	\$ 315,214	\$ 231,743
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	65,022	67,136	132,158	125,410
Other	(37,409)	-	(37,409)	2,855
Changes in assets and liabilities	<u>(61,691)</u>	<u>3,722</u>	<u>(57,969)</u>	<u>53,109</u>
Net cash provided by operating activities	<u>\$ 335,822</u>	<u>\$ 16,172</u>	<u>\$ 351,994</u>	<u>\$ 413,117</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	\$ (330,006)	\$ -	\$ (330,006)	\$ (445,219)
Transfers from other funds	-	42,458	42,458	54,750
Other	<u>(330)</u>	<u>-</u>	<u>(330)</u>	<u>(472)</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ (330,336)</u>	<u>\$ 42,458</u>	<u>\$ (287,878)</u>	<u>\$ (390,941)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	\$ (46,541)	\$ (781,738)	\$ (828,279)	\$ (42,474)
Grant revenue	183,114	-	183,114	92,810
Construction costs	(164,150)	-	(164,150)	(84,970)
Principal paid on revenue bond maturities	-	(25,000)	(25,000)	(25,000)
Interest paid on revenue bonds	-	(20,540)	(20,540)	(19,750)
Contributions received	-	339,964	339,964	-
Bonds issued	<u>-</u>	<u>430,000</u>	<u>430,000</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>\$ (27,577)</u>	<u>\$ (57,314)</u>	<u>\$ (84,891)</u>	<u>\$ (79,384)</u>

(continued)

TOWN OF ERATH, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE (CONTINUED)
Year Ended June 30, 1998

	<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Utility</u>	<u>Sewerage</u>		
	<u>Fund</u>	<u>Utility</u>	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	\$ 50,427	\$ 7,011	\$ 57,438	\$ 56,441
Increase (decrease) in cash and cash equivalents	\$ 28,336	\$ 8,327	\$ 36,663	\$ (767)
Cash and cash equivalents at beginning of year	<u>174,342</u>	<u>112,998</u>	<u>287,340</u>	<u>288,107</u>
Cash and cash equivalents at end of year	<u>\$ 202,678</u>	<u>\$ 121,325</u>	<u>\$ 324,003</u>	<u>\$ 287,340</u>
Noncash investing, capital and financing activities:				
Capital assets acquired by contribution	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 333,246</u>

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

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 the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government:

Town of Erath - The Town of Erath was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Mayor and Board of Aldermen are elected officials. The Town's general purpose financial statements include the accounts of all Town operations.

Erath Housing Authority - The Erath Housing Authority was chartered by the Town of Erath, and its Board of Directors is appointed by the Mayor and Board of Alderman of the Town. However, the Town is not financially accountable for the Authority and the nature and significance of the Authority's relationship with the Town is not such that exclusion of the Authority would cause the Town's financial statements to be misleading or incomplete and therefore, it is not a component unit. The Authority's in lieu of tax payment to the Town (1998 \$3,306; 1997 \$4,000) is recorded as intergovernmental revenue in the General Fund.

Erath Volunteer Fire Department - The Erath Volunteer Fire Department provides fire protection service for the Town. Although most of the expenses of providing fire protection are paid by the Town, the Town is not financially accountable for the Volunteer Fire Department and the nature and significance of the Authority's relationship with the Town is not such that exclusion of the Authority would cause the Town's financial statements to be misleading or incomplete and therefore, it is not a component unit.

NOTES TO FINANCIAL STATEMENTS

Fund accounting:

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

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for in enterprise funds.

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

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

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

NOTES TO FINANCIAL STATEMENTS

Basis of accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes are considered as available if they are collected within 60 days after year end. Sales taxes are considered "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

In addition to property taxes and sales taxes, those major revenues susceptible to accrual are earned grant revenues and other intergovernmental revenues, charges for services and interest revenue.

Franchise fees, licenses and permits, and court fines are not susceptible to accrual because generally they are not measurable until received in cash.

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

Budgets:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

NOTES TO FINANCIAL STATEMENTS

Use of estimates:

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

Cash and investments:

Cash consists of amounts in demand deposit accounts as well as cash held by the Town and with the paying agent for sewerage utility bonds.

The Town's investments at June 30, 1998 consisted of time certificates of deposit purchased from local financial institutions, which are not subject to GASB Statement No. 31 requirements. These certificates bear interest from 4.15% to 5.10% per annum, mature at various times through December 1998 and are stated at cost.

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

Short-term interfund receivables/payables:

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

Restricted assets:

Certain assets of the Utility Fund and Sewerage Utility Fund are classified as restricted assets on the balance sheet because their use is limited by bond indenture or because they represent customers' deposits being held by the Town.

Fixed assets:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All fixed assets are valued at historical cost, except for donated fixed assets (\$130) which are stated at their estimated fair market value on the date received.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, streets and sidewalks, drainage systems and lighting systems, are capitalized along with other general fixed assets.

NOTES TO FINANCIAL STATEMENTS

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

Interest on debt issued to finance construction of the sewerage system and to finance sewerage system improvements have been capitalized as a part of the cost of such projects. Fixed assets of the Sewerage Utility Fund include capitalized interest totaling \$47,963.

Compensated absences:

Each employee earns a set amount of annual leave depending on years of service. Any amount not used in the year it is earned is lost; however, it may be converted to sick leave up to a 24 day maximum.

Upon termination, no payment is made for accrued and unused sick leave. However, any accumulated current year annual leave is paid to the employee. Any liability for this accumulated leave is determined immaterial to the financial statements at June 30, 1998 and, therefore, not recorded.

Long-term obligations:

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations (there were none at June 30, 1998), only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund equity:

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

Interfund transactions:

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

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

NOTES TO FINANCIAL STATEMENTS

Unbilled electrical service:

Unbilled electrical service between the date of the last meter reading during June and the end of the month has been estimated.

Grant revenues:

In general, grants received by the Town are reimbursable-type grants and revenues are recognized as earned only when the expenditures to be reimbursed have been incurred.

Bad debts:

Uncollectible accounts due for utility (including unbilled service receivables) are recognized under the allowance method. The allowance for doubtful accounts for such receivables totaled \$2,259 at June 30, 1998 (1997 \$2,259).

Property taxes are recognized as uncollectible by direct charge-off at the time the uncollectibility of the account becomes known or can be estimated. The difference between direct charge-off of such accounts and establishment of an allowance is not material.

Memorandum only - total columns:

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

Comparative data:

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the 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 because their inclusion would make the statements unduly complex and difficult to understand.

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

NOTES TO FINANCIAL STATEMENTS

Note 2. Legal Compliance - Budgets

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

1. Prior to June 1, the Mayor submits to the Board of Aldermen a proposed operating and capital budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. State law requires the budget for an ensuing fiscal year to be adopted prior to the end of the fiscal year in progress. If the budget is not adopted by the end of the fiscal year, however, state law allows for 50% of the budget for the last completed fiscal year to be reappropriated. The Town formally adopted the fiscal year 1997 budget November 24, 1997.
4. Budgets for the general and special revenue funds were adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. All appropriations lapse at year end.

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

Note 3. Deposits

At year end, the carrying amount of the Town's deposits were \$1,328,743 and the bank balance was \$1,336,646. Of the bank balance, \$281,670 was covered by federal depository insurance. The remaining balance of \$1,054,976 was covered by collateral held by a third party bank in the Town's name. Cash on hand and with the paying agent at June 30, 1998 aggregated \$7,205.

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Receivables, Payables

A detail of interfund receivable and payable balances is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 12,027	\$ 2,846
Special revenue funds:		
Sales Tax Fund	69,241	3,241
Special Parish Tax Fund	-	3,292
Enterprise funds:		
Utility Fund	5,553	48,560
Sewerage Utility Fund	-	31,728
Trust and agency fund:		
Withholding Tax Fund	2,846	-
	\$ 89,667	\$ 89,667

Note 5. Fixed Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance, July 1, 1997	Additions	Deductions	Balance, June 30, 1998
Land	\$ 190,888	\$ -	\$ -	\$ 190,888
Buildings	279,004	-	-	279,004
Improvements other than buildings	782,685	11,265	-	793,950
Equipment	634,070	55,065	5,224	683,911
Total	\$1,886,647	\$ 66,330	\$ 5,224	\$1,947,753

NOTES TO FINANCIAL STATEMENTS

The following is a summary of proprietary fund-type fixed assets at June 30, 1998:

<u>Description</u>	<u>Utility Fund</u>	<u>Sewerage Utility Fund</u>
Land	\$ -	\$ 32,253
Aeration basin	-	239,568
Electric warehouse	9,359	-
Electric distribution system	299,673	-
Water production and storage facilities	262,580	-
Water distribution system	1,578,731	-
Sewerage treatment plant	-	511,588
Sewerage collection system	-	2,879,800
Autos and trucks	114,830	-
Other equipment	<u>42,045</u>	<u>126,604</u>
	\$2,307,218	\$3,789,813
Less accumulated depreciation	<u>(721,446)</u>	<u>(842,451)</u>
Totals	<u>\$1,585,772</u>	<u>\$2,947,362</u>

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

Electric warehouse	20 years
Electric distribution system	20-50 years
Water production and storage facilities	8-25 years
Water distribution system	50 years
Sewerage collection and disposal system	50 years
Equipment	4-15 years

Note 6. Long-term Debt

Revenue Bonds. The Town has issued bonds which are payable from a specific revenue source, income derived from the Sewerage Utility Fund and a 1% sales and use tax. Proceeds were used to construct the sewerage system and to make extensions to the system. Revenue bonds outstanding at June 30, 1998 are as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Sewer Revenue Bonds	07/09/82	07/09/07	5.00	\$ 345,000
	02/09/98	02/09/38	4.50	<u>430,000</u>
				<u>\$ 775,000</u>

NOTES TO FINANCIAL STATEMENTS

Debt service requirements to maturity, including \$596,655 of interest on revenue bonds, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Total</u>
1999	\$ 61,934
2000	69,426
2001	67,926
2002	66,426
2003	69,926
2004-2008	342,632
2009-2013	117,132
2014-2018	117,132
2019-2023	117,132
2024-2028	117,132
2029-2033	117,132
2034-2038	<u>107,725</u>
	<u>\$1,371,655</u>

Changes in Long-Term Debt. During the year ended June 30, 1998, the following changes occurred in long-term liabilities:

	<u>Balance</u> <u>07/01/97</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/98</u>
Revenue bonds	<u>\$ 370,000</u>	<u>\$ 430,000</u>	<u>\$ 25,000</u>	<u>\$ 775,000</u>

Note 7. Restricted Assets - Enterprise Funds

Restricted assets of the enterprise funds were applicable to the following at June 30:

	<u>Utility</u> <u>Fund</u>	<u>Sewerage</u> <u>Utility</u> <u>Fund</u>	<u>Totals</u>	
			<u>1998</u>	<u>1997</u>
Cash with paying agent	\$ -	\$ -	\$ -	\$ 43,500
Bond sinking fund	-	58,483	58,483	7,295
Bond reserve fund	-	41,709	41,709	38,075
Depreciation and contingency fund	-	54,466	54,466	49,537
Customers' deposits	57,804	-	57,804	58,134
System improvements	<u>189,427</u>	<u>-</u>	<u>189,427</u>	<u>181,053</u>
	<u>\$ 247,231</u>	<u>\$ 154,658</u>	<u>\$ 401,889</u>	<u>\$ 377,594</u>

NOTES TO FINANCIAL STATEMENTS

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

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated July 9, 1982, all income and revenues of the sewer system, supplemented by pledge of the proceeds of the Town's 1% sales and use tax, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds, after payment of expenses for maintaining and operating the system:

Sewer Revenue Bond and Interest Fund: Transfer monthly a sum equal to 1/12 of the principal and interest due on the next payment date.

Sewer Reserve Fund: Transfer monthly a sum equal to 5% of the amount paid into the Bond and Interest Fund until such time as the amount in this fund equals the highest combined principal and interest requirement in any succeeding twelve months (\$47,250).

Sewer Depreciation and Contingency Fund: Transfer \$245 monthly.

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated February 9, 1998, all income and revenues of the sewer system, after payment of expenses for maintaining and operating the system, and after making such payments as required by the outstanding Sewer Revenue Bonds dated July 9, 1982 are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds:

Sewer Revenue Bond and Interest Sinking Fund: Transfer monthly a sum equal to 1/12 of the principal and interest due on the next payment date.

Sewer Revenue Bond Reserve Fund: Transfer monthly a sum equal to 5% of the amount paid into the Bond and Interest Sinking Fund until such time as the amount in this fund equals the annual combined principal and interest requirement (\$23,426).

Sewer Depreciation and Contingency Fund: Transfer \$175 monthly.

All required transfers were made during the year ended June 30, 1998.

Note 9. Tax Revenues

Tax revenues for the year ended June 30, 1998 consisted of the following:

Ad valorem taxes	\$ 17,523
Gas franchise tax	13,284
Cable franchise tax	2,073
Sales taxes	<u>191,121</u>
	<u>\$ 224,001</u>

NOTES TO FINANCIAL STATEMENTS

Ad valorem taxes:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied at the beginning of the fiscal year and are billed on December 1. Although the tax roll is prepared by the Vermilion Parish Tax Assessor, the Town bills and collects its own taxes.

For the year ended June 30, 1998, ad valorem taxes of 3.96 mills were levied on assessed valuations totaling \$4,421,930, and were dedicated to general corporate purposes. Taxes receivable at June 30, 1998 totaled \$6, all of which is considered collectible. No receivable has been recorded for this immaterial amount.

Sales taxes:

The Town levies a 1% sales and use tax, which taxes are dedicated to: constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, sidewalks, sewers and sewerage disposal works, public buildings and/or fire department stations and equipment; purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements and facilities; and for paying principal and interest on any bonded or funded indebtedness of the Town.

Note 10. Special Parish Sales Tax

A portion of a special $\frac{1}{2}$ cent Vermilion Parish sales tax has been dedicated toward constructing, acquiring, improving and/or maintaining fire department facilities and equipment, said funds to be collected by the Parish and to be administered by the Parish and by various municipalities having fire departments. The Vermilion Parish Police Jury has appropriated a portion of the recurring annual revenues from the sales tax to the Town of Erath for maintenance and operating expenses of the Erath Volunteer Fire Department.

Note 11. Segment Information for Enterprise Funds

The Town maintains two enterprise funds which provide electricity, water and sewer services. The electric distribution system and water utility are accounted for in the Utility Fund, while the sewerage collection and disposal system is accounted for in the Sewerage Utility Fund.

NOTES TO FINANCIAL STATEMENTS

Except as noted below, operating results of each enterprise fund are presented in Exhibits D and E of this report. Other required segment information as of June 30, 1998 is as follows:

	Net Working <u>Capital</u>	Total <u>Assets</u>	Long-Term <u>Liabilities</u>	Total <u>Equity</u>
Utility Fund	\$929,418	\$2,957,725	\$ -	\$2,704,617
Sewerage Utility Fund	<u>33,973</u>	<u>3,248,063</u>	<u>748,915</u>	<u>2,336,268</u>
Total Enterprise Funds	<u>\$963,391</u>	<u>\$6,205,788</u>	<u>\$ 748,915</u>	<u>\$5,040,885</u>

Operating results of individual utilities accounted for in the Utility Fund for the year ended June 30, 1998 were as follows:

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Total</u>
Operating revenues	\$1,392,205	\$ 60,084	\$1,452,289
Operating expenses -			
Depreciation	27,402	37,620	65,022
Other	<u>899,193</u>	<u>118,174</u>	<u>1,017,367</u>
Operating income (loss)	<u>\$ 465,610</u>	<u>\$ (95,710)</u>	<u>\$ 369,900</u>

Note 12. Retirement Systems

Three police employees of the Town are members of the state retirement system for municipal police employees. Contributions to the system are made by both the employee and the Town at 7.5% and 9%, respectively, of the employee's salary. The Town has no further liability to this system. Future deficits will be financed by the State. Data concerning the actuarial status of the system are not available. The Town's payments to the system aggregated \$4,460 for the year ended June 30, 1998 which covered the employees' salaries of \$49,556. Other employees of the Town are members of the Social Security system.

NOTES TO FINANCIAL STATEMENTS

Note 13. Compensation of Elected Officials

A detail of compensation paid to individual elected officials for the year ended June 30, 1998 follows:

Keith Arceneaux, Mayor	\$ 6,329
Aldermen:	
Claudette Lacour	2,378
Joseph Cormier	2,506
Robert Domingues	2,313
John LeBlanc	2,507
Myron Manuel	2,573
Alvin Benoit, Chief of Police	<u>24,177</u>
	<u>\$ 42,783</u>

Note 14. Centralized Sales Tax Collection

Commencing with sales for March 1992, and in accordance with a mandate from State government, sales tax collections for all taxing authorities within Vermilion Parish were assumed by the Sales Tax Collector for the Vermilion Parish School Board. Taxes collected for each taxing entity are forwarded to that entity in the month following collection.

At June 30, 1998, the Vermilion Parish School Board had collected, but not yet remitted, \$13,977 of sales tax collections for Town of Erath. This amount is reported as due from other governmental agencies.

Note 15. Contributed Capital

During the year, contributed capital changed by the following amounts:

	<u>Utility Fund</u>	<u>Sewerage Utility Fund</u>	<u>Total</u>
Contributed fixed assets	\$ -	\$ 414,968	\$ 414,968
Depreciation charged	<u>(23,121)</u>	<u>(46,959)</u>	<u>(70,080)</u>
	\$ (23,121)	\$ 368,009	\$ 344,888
Contributed capital, July 1, 1997	<u>1,194,359</u>	<u>1,680,360</u>	<u>2,874,719</u>
Contributed capital, June 30, 1998	<u>\$1,171,238</u>	<u>\$2,048,369</u>	<u>\$3,219,607</u>

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FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

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GENERAL FUND

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

TOWN OF ERATH, LOUISIANA
GENERAL FUND

BALANCE SHEETS
June 30, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
Cash	\$ 12,674	\$ 10,016
Other receivables	5,615	4,000
Due from other funds -		
Special Parish Tax Fund	3,292	-
Utility Fund	4,675	1,933
Sales Tax Fund	3,241	1,808
Sewerage Utility Fund	819	888
Due from other governmental agencies	<u>3,140</u>	<u>3,044</u>
Total assets	<u>\$ 33,456</u>	<u>\$ 21,689</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 6,423	\$ 11,248
Due to other funds -		
Withholding Tax Fund	2,846	1,075
Special Parish Tax Fund	<u>-</u>	<u>770</u>
Total liabilities	\$ 9,269	\$ 13,093
Fund balance:		
Unreserved and undesignated	<u>24,187</u>	<u>8,596</u>
Total liabilities and fund balance	<u>\$ 33,456</u>	<u>\$ 21,689</u>

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	<u>1998</u>		Variance - Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Taxes	\$ 30,900	\$ 32,880	\$ 1,980	\$ 32,836
Licenses and permits	56,000	58,944	2,944	53,088
Intergovernmental	57,500	58,568	1,068	60,453
Charges for services	100	225	125	209
Fines	28,000	15,508	(12,492)	17,272
Miscellaneous	<u>11,900</u>	<u>15,290</u>	<u>3,390</u>	<u>14,244</u>
Total revenues	<u>\$ 184,400</u>	<u>\$ 181,415</u>	<u>\$ (2,985)</u>	<u>\$ 178,102</u>
Expenditures:				
General government	\$ 223,154	\$ 160,167	\$ 62,987	\$ 165,989
Public safety -				
Police	356,823	239,716	117,107	254,235
Fire	-	4,354	(4,354)	4,655
Sanitation	-	115	(115)	180
Health and welfare	4,392	1,892	2,500	4,392
Culture and recreation	26,569	20,983	5,586	53,015
Miscellaneous	<u>38,000</u>	<u>31,913</u>	<u>6,087</u>	<u>35,647</u>
Total expenditures	<u>\$ 648,938</u>	<u>\$ 459,140</u>	<u>\$ 189,798</u>	<u>\$ 518,113</u>
Deficiency of revenues over expenditures	<u>\$ (464,538)</u>	<u>\$ (277,725)</u>	<u>\$ 186,813</u>	<u>\$ (340,011)</u>
Other financing sources (uses):				
Operating transfers in -				
Utility Fund	\$ 520,000	\$ 330,006	\$ (189,994)	\$ 413,760
Operating transfers out -				
Sales Tax Fund	-	-	-	(45,000)
Special Parish Tax Fund	<u>(48,362)</u>	<u>(36,690)</u>	<u>11,672</u>	<u>(36,159)</u>
Total other financing sources (uses)	<u>\$ 471,638</u>	<u>\$ 293,316</u>	<u>\$ (178,322)</u>	<u>\$ 332,601</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 7,100	\$ 15,591	\$ 8,491	\$ (7,410)
Fund balance, beginning	<u>8,659</u>	<u>8,596</u>	<u>(63)</u>	<u>16,006</u>
Fund balance, ending	<u>\$ 15,759</u>	<u>\$ 24,187</u>	<u>\$ 8,428</u>	<u>\$ 8,596</u>

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA
GENERAL FUND

SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	<u>1998</u>		Variance - Favorable (Unfavorable)	<u>1997 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
Taxes -				
General ad valorem	\$ 16,500	\$ 17,523	\$ 1,023	\$ 17,138
Gas franchise tax	12,500	13,284	784	13,754
Cable franchise tax	1,900	2,073	173	1,944
Licenses and permits -				
Occupational licenses	15,000	13,652	(1,348)	16,884
Insurance licenses	40,000	44,416	4,416	35,154
Building permits	650	426	(224)	721
Liquor permits	350	450	100	329
Intergovernmental -				
Tobacco tax	12,500	12,631	131	12,631
Liquor tax	5,000	4,746	(254)	5,319
Housing Authority payment in lieu of taxes	4,000	3,306	(694)	4,000
State revenue sharing	6,000	4,349	(1,651)	6,726
Video draw poker	30,000	33,536	3,536	31,777
Charges for services -				
Police accident reports	100	225	125	209
Fines	28,000	15,508	(12,492)	17,272
Miscellaneous -				
Rent income (Post Office)	9,900	9,075	(825)	9,836
Other	<u>2,000</u>	<u>6,215</u>	<u>4,215</u>	<u>4,408</u>
Total revenues	<u>\$ 184,400</u>	<u>\$ 181,415</u>	<u>\$ (2,985)</u>	<u>\$ 178,102</u>

TOWN OF ERATH, LOUISIANA
GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	<u>1998</u>		Variance - Favorable (Unfavorable)	<u>1997</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>		
General government:				
Mayor's salary	\$ 6,294	\$ 5,129	\$ 1,165	\$ 4,963
Councilmen's salaries	12,426	12,277	149	12,231
Other salaries	26,224	22,375	3,849	23,170
Payroll taxes	3,285	4,959	(1,674)	4,558
Group insurance	50,000	50,917	(917)	49,321
Printing, stationery and supplies	8,000	7,345	655	9,147
Building maintenance and repairs	2,500	4,585	(2,085)	1,733
Audit and accounting	8,250	6,863	1,387	6,279
General insurance	10,000	7,050	2,950	9,297
Mayor's expenses	1,250	1,200	50	1,154
Dues and subscriptions	750	858	(108)	873
Telephone	3,500	4,168	(668)	3,653
Utilities	3,250	3,206	44	3,073
Publication of minutes	2,500	2,270	230	2,414
Tax roll preparation	1,025	1,028	(3)	1,036
Legal fees	10,000	7,234	2,766	9,739
Miscellaneous	6,800	6,912	(112)	9,325
Capital outlays	52,000	-	52,000	546
Equipment repairs and maintenance	100	-	100	-
Autopsy fees	1,000	150	850	-
General liability insurance	<u>14,000</u>	<u>11,641</u>	<u>2,359</u>	<u>13,477</u>
Total general government	<u>\$ 223,154</u>	<u>\$ 160,167</u>	<u>\$ 62,987</u>	<u>\$ 165,989</u>
Public safety:				
Police department -				
Chief of Police's salary	\$ 25,700	\$ 24,177	\$ 1,523	\$ 22,011
Other salaries	213,138	148,246	64,892	148,455
Payroll taxes	18,245	13,191	5,054	12,994
Police retirement	5,234	4,460	774	3,844
Uniforms	1,500	877	623	2,205
Auto expenses	14,000	8,079	5,921	10,335
Building maintenance and repairs	1,800	1,250	550	1,803

(continued)

TOWN OF ERATH, LOUISIANA
GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Public safety: (continued)				
Police department -				
Auto repairs and maintenance	\$ 8,000	\$ 7,860	\$ 140	\$ 9,023
Materials and supplies	1,600	1,912	(312)	1,625
Utilities	3,500	3,807	(307)	3,634
Telephone	2,750	3,550	(800)	3,911
General insurance	11,400	7,464	3,936	17,210
Radio repairs	2,500	1,814	686	1,425
Office expense	1,800	2,630	(830)	4,006
Conventions and schools	4,500	792	3,708	3,327
Capital outlays	29,956	6,472	23,484	3,047
Miscellaneous	<u>11,200</u>	<u>3,135</u>	<u>8,065</u>	<u>5,380</u>
Total police department	\$ <u>356,823</u>	\$ <u>239,716</u>	\$ <u>117,107</u>	\$ <u>254,235</u>
Fire department -				
Salaries	\$ -	\$ 3,154	\$ (3,154)	\$ 3,455
Firemen's suppers	<u>-</u>	<u>1,200</u>	<u>(1,200)</u>	<u>1,200</u>
Total fire department	\$ <u>-0-</u>	\$ <u>4,354</u>	\$ <u>(4,354)</u>	\$ <u>4,655</u>
Total public safety	\$ <u>356,823</u>	\$ <u>244,070</u>	\$ <u>112,753</u>	\$ <u>258,890</u>
Sanitation:				
Miscellaneous	\$ <u>-0-</u>	\$ <u>115</u>	\$ <u>(115)</u>	\$ <u>180</u>
Health and welfare:				
Rabies and pest control	\$ 2,500	\$ -	\$ 2,500	\$ 2,500
Meals on wheels	<u>1,892</u>	<u>1,892</u>	<u>-</u>	<u>1,892</u>
Total health and welfare	\$ <u>4,392</u>	\$ <u>1,892</u>	\$ <u>2,500</u>	\$ <u>4,392</u>

(continued)

TOWN OF ERATH, LOUISIANA
GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	<u>1998</u>		Variance - Favorable (Unfavorable)	<u>1997 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
Culture and recreation:				
Salaries	\$ 5,824	\$ 10,245	\$ (4,421)	\$ 9,512
Payroll taxes	445	784	(339)	728
Contract labor	-	-	-	5,589
Materials and supplies	1,000	1,044	(44)	7,016
Utilities	950	1,170	(220)	947
Miscellaneous	1,000	1,842	(842)	2,301
Equipment repairs and maintenance	10,200	780	9,420	264
Building repairs and maintenance	100	416	(316)	44
Equipment fuel and oil	150	138	12	144
Capital outlays	<u>6,900</u>	<u>4,564</u>	<u>2,336</u>	<u>26,470</u>
Total culture and recreation	<u>\$ 26,569</u>	<u>\$ 20,983</u>	<u>\$ 5,586</u>	<u>\$ 53,015</u>
Miscellaneous:				
Workmen's compensation insurance	<u>\$ 38,000</u>	<u>\$ 31,913</u>	<u>\$ 6,087</u>	<u>\$ 35,647</u>
Total expenditures	<u>\$ 648,938</u>	<u>\$ 459,140</u>	<u>\$ 189,798</u>	<u>\$ 518,113</u>

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SPECIAL REVENUE FUNDS

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 acquisition, improvement and maintenance of drainage facilities, streets (including street lighting facilities), sidewalks, sewers and sewerage disposal works, public buildings and/or fire department stations and equipment, and for paying principal and interest on any bonded or funded indebtedness of the Town.

SPECIAL PARISH TAX FUND - To account for the receipt and expenditure of an appropriation from the Vermilion Parish Police Jury derived from a special ½ cent parish sales and use tax. These funds are dedicated to constructing, acquiring, improving and/or maintaining fire department facilities and equipment.

TOWN OF ERATH, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
June 30, 1998

With Comparative Totals for June 30, 1997

ASSETS	<u>Sales Tax</u>
Cash in bank	\$ 4,736
Certificates of deposit, at cost	9,145
Due from other governmental agencies	13,977
Other receivables	-
Due from General Fund	-
Due from Utility Fund	43,885
Due from Sewerage Utility Fund	<u>25,356</u>
Total assets	<u>\$ 97,099</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 6,986
Due to General Fund	<u>3,241</u>
Total liabilities	\$ 10,227
Fund balances:	
Unreserved and undesignated	<u>86,872</u>
Total liabilities and fund balances	<u>\$ 97,099</u>

See Notes to Financial Statements.

Special Parish Tax	Totals	
	June 30, 1998	June 30, 1997
\$ 4,242	\$ 8,978	\$ 30,451
-	9,145	8,710
-	13,977	15,640
-	-	1,855
-	-	770
-	43,885	50,876
-	<u>25,356</u>	<u>20,499</u>
<u>\$ 4,242</u>	<u>\$ 101,341</u>	<u>\$ 128,801</u>
\$ 950	\$ 7,936	\$ 6,939
<u>3,292</u>	<u>6,533</u>	<u>1,808</u>
\$ 4,242	\$ 14,469	\$ 8,747
-	<u>86,872</u>	<u>120,054</u>
<u>\$ 4,242</u>	<u>\$ 101,341</u>	<u>\$ 128,801</u>

TOWN OF ERATH, LOUISIANA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended June 30, 1998
With Comparative Totals for Year Ended June 30, 1997

	<u>Sales Tax</u>
Revenues:	
Taxes	\$ 191,121
Intergovernmental	-
Interest	435
Miscellaneous	<u>2,722</u>
Total revenues	<u>\$ 194,278</u>
Expenditures:	
Current -	
General government	\$ 1,944
Public safety - fire	-
Public works	<u>159,058</u>
Total expenditures	<u>\$ 161,002</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 33,276</u>
Other financing sources (uses):	
Operating transfers in	\$ -
Operating transfers out	<u>(66,458)</u>
Total other financing sources (uses)	<u>\$ (66,458)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (33,182)
Fund balances, beginning	<u>120,054</u>
Fund balances, ending	<u>\$ 86,872</u>

See Notes to Financial Statements.

Special Parish Tax	Totals	
	1998	1997
\$ -	\$ 191,121	\$ 166,630
47,348	47,348	22,348
-	435	394
<u>7</u>	<u>2,729</u>	<u>9,710</u>
<u>\$ 47,355</u>	<u>\$ 241,633</u>	<u>\$ 199,082</u>
\$ 300	\$ 2,244	\$ 3,573
83,745	83,745	57,498
-	159,058	152,500
<u>\$ 84,045</u>	<u>\$ 245,047</u>	<u>\$ 213,571</u>
<u>\$ (36,690)</u>	<u>\$ (3,414)</u>	<u>\$ (14,489)</u>
\$ 36,690	\$ 36,690	\$ 81,159
-	(66,458)	(49,750)
<u>\$ 36,690</u>	<u>\$ (29,768)</u>	<u>\$ 31,409</u>
\$ -0-	\$ (33,182)	\$ 16,920
-	120,054	103,134
<u>\$ -0-</u>	<u>\$ 86,872</u>	<u>\$ 120,054</u>

TOWN OF ERATH, LOUISIANA
SPECIAL REVENUE FUNDS
SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	<u>1998</u>		Variance -	
	<u>Budget</u>	<u>Actual</u>	Favorable	1997
			(Unfavorable)	<u>Actual</u>
Revenues:				
Taxes -				
Sales taxes collected	\$ 165,000	\$ 191,121	\$ 26,121	\$ 166,630
Interest	500	435	(65)	394
Miscellaneous -				
Maintenance agreement	5,627	1,616	(4,011)	7,243
Other	<u>1,000</u>	<u>1,106</u>	<u>106</u>	<u>1,886</u>
Total revenues	<u>\$ 172,127</u>	<u>\$ 194,278</u>	<u>\$ 22,151</u>	<u>\$ 176,153</u>
Expenditures:				
Current -				
General government				
(financial administration):				
Auditing, accounting				
and legal	\$ 1,750	\$ 1,905	\$ (155)	\$ 1,800
Office supplies	<u>-</u>	<u>39</u>	<u>(39)</u>	<u>183</u>
	<u>\$ 1,750</u>	<u>\$ 1,944</u>	<u>\$ (194)</u>	<u>\$ 1,983</u>
Public works (streets and bridges):				
Street commissioner's				
salary	\$ 10,660	\$ 10,845	\$ (185)	\$ 10,838
Other salaries and wages	58,240	69,796	(11,556)	66,542
Payroll taxes	5,271	6,169	(898)	5,920
Insurance	1,800	1,433	367	1,808
Materials and supplies	25,000	23,170	1,830	26,113
Utilities	1,000	1,420	(420)	884
Telephone expense	800	673	127	986
Capital outlays	28,000	22,078	5,922	13,552
Repairs and maintenance	10,700	14,023	(3,323)	13,808
Street lighting material	1,300	2,195	(895)	1,285
Fuel and oil	5,000	3,243	1,757	4,835
Professional services	2,000	-	2,000	2,360
Miscellaneous	3,700	2,032	1,668	2,010
Uniforms	<u>1,200</u>	<u>1,981</u>	<u>(781)</u>	<u>1,559</u>
	<u>\$ 154,671</u>	<u>\$ 159,058</u>	<u>\$ (4,387)</u>	<u>\$ 152,500</u>
Total expenditures	<u>\$ 156,421</u>	<u>\$ 161,002</u>	<u>\$ (4,581)</u>	<u>\$ 154,483</u>

(continued)

TOWN OF ERATH, LOUISIANA
SPECIAL REVENUE FUNDS
SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Excess of revenues over expenditures	\$ 15,706	\$ 33,276	\$ 17,570	\$ 21,670
Other financing sources (uses):				
Operating transfers in -				
General Fund	\$ -	\$ -	\$ -	\$ 45,000
Operating transfers out -				
Sewerage Utility Fund	(46,000)	(42,458)	3,542	(49,750)
LCDBG - Street Improvement Fund	-	(24,000)	(24,000)	-
Total other financing sources (uses)	\$ (46,000)	\$ (66,458)	\$ (20,458)	\$ (4,750)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (30,294)	\$ (33,182)	\$ (2,888)	\$ 16,920
Fund balance, beginning	120,054	120,054	-	103,134
Fund balance, ending	\$ 89,760	\$ 86,872	\$ (2,888)	\$ 120,054

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA
SPECIAL REVENUE FUNDS
SPECIAL PARISH TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	<u>1998</u>		Variance - Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Intergovernmental -				
Appropriation from Vermilion				
Parish Police Jury:				
Special parish tax	\$ 23,000	\$ 22,348	\$ (652)	\$ 22,348
State grant	-	25,000	25,000	-
Miscellaneous	<u>500</u>	<u>7</u>	<u>(493)</u>	<u>581</u>
Total revenues	<u>\$ 23,500</u>	<u>\$ 47,355</u>	<u>\$ 23,855</u>	<u>\$ 22,929</u>
Expenditures:				
Current -				
General government:				
Audit and accounting	\$ 250	\$ 300	\$ (50)	\$ 1,590
Public safety (fire department):				
Salaries	24,054	20,499	3,555	20,225
Payroll taxes	1,840	1,568	272	1,467
Training	4,000	2,034	1,966	2,246
Firemen's suppers	1,200	-	1,200	-
Materials and supplies	1,000	88	912	434
Truck expense	9,750	7,843	1,907	10,053
Insurance	10,738	12,177	(1,439)	12,287
Telephone	2,800	2,677	123	2,954
Uniforms	-	-	-	1,339
Building repair and maintenance	2,000	219	1,781	209
Gas	605	634	(29)	549
Utilities	475	529	(54)	477
Miscellaneous	3,050	398	2,652	526
Capital outlays	8,600	33,536	(24,936)	3,450
Radio maintenance	<u>1,500</u>	<u>1,543</u>	<u>(43)</u>	<u>1,282</u>
Total expenditures	<u>\$ 71,862</u>	<u>\$ 84,045</u>	<u>\$ (12,183)</u>	<u>\$ 59,088</u>

(continued)

TOWN OF ERATH, LOUISIANA
SPECIAL REVENUE FUNDS
SPECIAL PARISH TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
Year Ended June 30, 1998
With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Deficiency of revenues over expenditures	\$ (48,362)	\$ (36,690)	\$ 11,672	\$ (36,159)
Other financing sources:				
Transfer from General Fund	<u>48,362</u>	<u>36,690</u>	<u>(11,672)</u>	<u>36,159</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See Notes to Financial Statements.

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CAPITAL PROJECTS FUND

LCDBG - Street Improvement Fund - To account for street improvements financed by a federal grant and a match from the Town.

TOWN OF ERATH, LOUISIANA
CAPITAL PROJECTS FUND
LCDBG - STREET IMPROVEMENT FUND

BALANCE SHEET
June 30, 1998

ASSETS

Due from other governmental agencies \$ -0-

LIABILITIES AND FUND BALANCE

Contracts payable \$ -
Fund balance -

Total liabilities and fund balance \$ -0-

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA
 CAPITAL PROJECTS FUND
 LCDBG - STREET IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 Year Ended June 30, 1998

Revenues:		
Intergovernmental -		
Federal grant		\$ 167,739
Expenditures:		
Capital projects -		
Streets		<u>\$ 191,739</u>
Deficiency of revenues		
over expenditures		\$ (24,000)
Other financing sources:		
Transfers from other funds		<u>24,000</u>
Excess (deficiency) of revenues		
and other sources over expenditures		\$ -0-
Fund balance, beginning		<u>-</u>
Fund balance, ending		<u><u>\$ -0-</u></u>

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA
CAPITAL PROJECTS FUND
LCDBG - STREET IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE COMPARED TO PROGRAM BUDGET
Year Ended June 30, 1998

	Total Program <u>Budget</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total</u>	Remaining <u>Budget</u>
Revenues:					
Intergovernmental - Federal grant	\$193,870	\$ -	\$167,739	\$167,739	\$ 26,131
Expenditures:					
Capital projects - Streets	<u>193,870</u>	<u>-</u>	<u>191,739</u>	<u>191,739</u>	<u>2,131</u>
Excess (deficiency) of revenues over expenditures	\$ -0-	\$ -0-	\$(24,000)	\$(24,000)	\$ 24,000
Other financing sources:					
Transfers from other funds	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>24,000</u>	<u>(24,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

PROPRIETARY FUND TYPES
(ENTERPRISE FUNDS)

UTILITY FUND - To account for the provision of electric and water services to the 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, and billing and collection.

SEWERAGE UTILITY FUND - To account for all activities associated with the provision of sewerage services, including, but not limited to, administration, operations, maintenance, and billing and collection.

TOWN OF ERATH, LOUISIANA
ALL ENTERPRISE FUNDS

COMBINING BALANCE SHEET

June 30, 1998

With Comparative Totals for June 30, 1997

ASSETS	<u>Utility Fund</u>	<u>Sewerage Utility Fund</u>	<u>Totals</u>	
			<u>June 30, 1998</u>	<u>June 30, 1997</u>
CURRENT ASSETS				
Cash	\$ 159,007	\$ 14,647	\$ 173,654	\$ 161,286
Certificates of deposit, at cost	680,545	47,298	727,843	727,842
Accounts receivable (net)	194,080	9,093	203,173	166,257
Unbilled service receivable (net)	57,138	-	57,138	54,637
Due from other governmental agencies	28,399	75,005	103,404	124,124
Due from other funds	<u>5,553</u>	<u>-</u>	<u>5,553</u>	<u>5,961</u>
Total current assets	<u>\$1,124,722</u>	<u>\$ 146,043</u>	<u>\$ 1,270,765</u>	<u>\$ 1,240,107</u>
RESTRICTED ASSETS				
Cash	\$ 43,671	\$ 106,678	\$ 150,349	\$ 126,054
Certificates of deposit, at cost	<u>203,560</u>	<u>47,980</u>	<u>251,540</u>	<u>251,540</u>
Total restricted assets	<u>\$ 247,231</u>	<u>\$ 154,658</u>	<u>\$ 401,889</u>	<u>\$ 377,594</u>
PROPERTY, PLANT AND EQUIPMENT				
Land	\$ -	\$ 32,253	\$ 32,253	\$ 32,253
Buildings	9,359	511,588	520,947	516,541
Improvements other than buildings	2,140,984	3,119,368	5,260,352	4,368,247
Machinery and equipment	<u>156,875</u>	<u>126,604</u>	<u>283,479</u>	<u>279,454</u>
	\$2,307,218	\$3,789,813	\$ 6,097,031	\$ 5,196,495
Less accumulated depreciation	<u>(721,446)</u>	<u>(842,451)</u>	<u>(1,563,897)</u>	<u>(1,436,491)</u>
Net property, plant and equipment	<u>\$1,585,772</u>	<u>\$2,947,362</u>	<u>\$ 4,533,134</u>	<u>\$ 3,760,004</u>
Total assets	<u>\$2,957,725</u>	<u>\$3,248,063</u>	<u>\$ 6,205,788</u>	<u>\$ 5,377,705</u>

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	Utility	Sewerage	Totals	
	Utility Fund	Utility Fund	June 30, 1998	June 30, 1997
CURRENT LIABILITIES (payable from current assets)				
Accounts payable and accrued expenses	\$ 119,064	\$ 44,442	\$ 163,506	\$ 237,357
Due to other funds	48,560	31,728	80,288	80,157
Retainage payable	<u>27,680</u>	<u>35,900</u>	<u>63,580</u>	<u>20,093</u>
Total	<u>\$ 195,304</u>	<u>\$ 112,070</u>	<u>\$ 307,374</u>	<u>\$ 337,607</u>
CURRENT LIABILITIES (payable from restricted assets)				
Customers' deposits	\$ 57,804	\$ -	\$ 57,804	\$ 58,134
Revenue bonds payable	-	26,085	26,085	25,000
Accrued interest on bonds	<u>-</u>	<u>24,725</u>	<u>24,725</u>	<u>18,500</u>
Total	<u>\$ 57,804</u>	<u>\$ 50,810</u>	<u>\$ 108,614</u>	<u>\$ 101,634</u>
OTHER LIABILITIES				
Revenue bonds payable	<u>\$ -0-</u>	<u>\$ 748,915</u>	<u>\$ 748,915</u>	<u>\$ 345,000</u>
Total liabilities	<u>\$ 253,108</u>	<u>\$ 911,795</u>	<u>\$ 1,164,903</u>	<u>\$ 784,241</u>
FUND EQUITY				
Contributed capital	\$1,171,238	\$2,048,369	\$ 3,219,607	\$ 2,874,719
Retained earnings -				
Designated for system improvements	189,427	-	189,427	181,053
Reserved for revenue bond retirement	-	103,848	103,848	94,907
Unreserved, undesignated	<u>1,343,952</u>	<u>184,051</u>	<u>1,528,003</u>	<u>1,442,785</u>
Total fund equity	<u>\$2,704,617</u>	<u>\$2,336,268</u>	<u>\$ 5,040,885</u>	<u>\$ 4,593,464</u>
Total liabilities and fund equity	<u>\$2,957,725</u>	<u>\$3,248,063</u>	<u>\$ 6,205,788</u>	<u>\$ 5,377,705</u>

TOWN OF ERATH, LOUISIANA
UTILITY FUND

BALANCE SHEETS
June 30, 1998 and 1997

ASSETS	<u>1998</u>	<u>1997</u>
CURRENT ASSETS		
Cash -		
Cash on hand	\$ 6,980	\$ 5,721
Operating account	67,739	63,309
Water well account	84,288	69,685
Certificates of deposit, at cost	680,545	680,545
Accounts receivable, net of allowance for uncollectible accounts 1998 \$1,687; 1997 \$1,687	194,080	157,160
Unbilled service receivable, net of allowance for uncollectible accounts 1998 \$509; 1997 \$509	57,138	54,637
Due from other funds	5,553	5,961
Due from other governmental agencies	<u>28,399</u>	<u>124,124</u>
Total current assets	<u>\$ 1,124,722</u>	<u>\$ 1,161,142</u>
RESTRICTED ASSETS		
Cash	\$ 43,671	\$ 35,627
Certificates of deposit, at cost	<u>203,560</u>	<u>203,560</u>
Total restricted assets	<u>\$ 247,231</u>	<u>\$ 239,187</u>
PROPERTY, PLANT AND EQUIPMENT		
Buildings	\$ 9,359	\$ 8,439
Improvements other than buildings	2,140,984	2,095,853
Machinery and equipment	<u>156,875</u>	<u>161,138</u>
	\$ 2,307,218	\$ 2,265,430
Less accumulated depreciation	<u>(721,446)</u>	<u>(661,177)</u>
Net property, plant and equipment	<u>\$ 1,585,772</u>	<u>\$ 1,604,253</u>
 Total assets	 <u>\$ 2,957,725</u>	 <u>\$ 3,004,582</u>

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	<u>1998</u>	<u>1997</u>
CURRENT LIABILITIES (payable from current assets)		
Accounts payable and accrued expenses	\$ 119,064	\$ 233,364
Due to other funds	48,560	52,809
Retainage payable	<u>27,680</u>	<u>20,093</u>
	<u>\$ 195,304</u>	<u>\$ 306,266</u>
CURRENT LIABILITIES (payable from restricted assets)		
Customers' deposits	<u>\$ 57,804</u>	<u>\$ 58,134</u>
Total liabilities	<u>\$ 253,108</u>	<u>\$ 364,400</u>
FUND EQUITY		
Contributed capital	\$ 1,171,238	\$ 1,194,359
Retained earnings -		
Designated for system improvements	189,427	181,053
Unreserved - undesignated	<u>1,343,952</u>	<u>1,264,770</u>
Total fund equity	<u>\$ 2,704,617</u>	<u>\$ 2,640,182</u>
Total liabilities and fund equity	<u>\$ 2,957,725</u>	<u>\$ 3,004,582</u>

TOWN OF ERATH, LOUISIANA
UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
Years Ended June 30, 1998 and 1997

	Total	
	1998	1997
Operating revenues:		
Charges for services	\$ 1,440,608	\$ 1,380,138
Penalties for delinquent payment	10,701	10,355
Miscellaneous	980	896
Total operating revenues	<u>\$ 1,452,289</u>	<u>\$ 1,391,389</u>
Operating expenses:		
Salaries	\$ 105,407	\$ 103,914
Payroll taxes	8,063	7,949
Purchase of electric power	748,988	717,984
Materials and supplies	64,158	60,420
Repairs and maintenance	23,218	44,940
Contracted repairs	1,519	18,473
Fuel	3,979	3,027
Insurance	2,744	1,933
Office supplies and postage	2,918	3,859
Telephone and utilities	13,718	20,229
Audit and accounting	13,600	15,055
Depreciation	65,022	56,011
Bad debts	2,572	1,340
Professional services	18,013	32,248
Miscellaneous	8,470	7,055
Total operating expenses	<u>\$ 1,082,389</u>	<u>\$ 1,094,437</u>
Income (loss) from operations	<u>\$ 369,900</u>	<u>\$ 296,952</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 50,427	\$ 49,883
Other revenue	2,214	2,855
Federal grant revenue	69,911	173,547
State grant revenue	17,478	43,387
Construction costs	(75,866)	(200,934)
Environmental cleanup cost	(39,623)	-
Total nonoperating revenues (expenses)	<u>\$ 24,541</u>	<u>\$ 68,738</u>
Income before operating transfers	<u>\$ 394,441</u>	<u>\$ 365,690</u>
Operating transfers (out):		
Transfer to General Fund	\$ (330,006)	\$ (413,760)
Transfer to Sewer Utility	-	(5,000)
Transfer to LCDBG - Water Project Fund	-	(26,459)
Total operating transfers (out)	<u>\$ (330,006)</u>	<u>\$ (445,219)</u>
Net income (loss)	<u>\$ 64,435</u>	<u>\$ (79,529)</u>

<u>Electric</u>		<u>Water</u>	
<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
\$1,380,524	\$1,319,105	\$ 60,084	\$ 61,033
10,701	10,355	-	-
980	896	-	-
<u>\$1,392,205</u>	<u>\$1,330,356</u>	<u>\$ 60,084</u>	<u>\$ 61,033</u>
\$ 64,232	\$ 67,339	\$ 41,175	\$ 36,575
4,914	5,151	3,149	2,798
748,988	717,984	-	-
41,362	47,754	22,796	12,666
9,598	1,605	13,620	43,335
1,519	16,360	-	2,113
2,609	2,085	1,370	942
2,211	1,398	533	535
2,918	3,859	-	-
1,558	2,480	12,160	17,749
6,800	7,528	6,800	7,527
27,402	24,063	37,620	31,948
2,271	1,188	301	152
3,956	6,926	14,057	25,322
6,257	5,438	2,213	1,617
<u>\$ 926,595</u>	<u>\$ 911,158</u>	<u>\$ 155,794</u>	<u>\$ 183,279</u>
<u>\$ 465,610</u>	<u>\$ 419,198</u>	<u>\$ (95,710)</u>	<u>\$ (122,246)</u>

(continued)

TOWN OF ERATH, LOUISIANA
UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS (CONTINUED)
Years Ended June 30, 1998 and 1997

	<u>Total</u>	
	<u>1998</u>	<u>1997</u>
Net income (loss) (brought forward)	\$ 64,435	\$ (79,529)
Add depreciation and loss on assets contributed or funded by other funds that reduces contributed capital	<u>23,121</u>	<u>16,053</u>
Increase (decrease) in retained earnings	\$ 87,556	\$ (63,476)
Retained earnings, beginning	<u>1,445,823</u>	<u>1,509,299</u>
Retained earnings, ending	<u>\$ 1,533,379</u>	<u>\$ 1,445,823</u>

See Notes to Financial Statements.

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TOWN OF ERATH, LOUISIANA
UTILITY FUND

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 369,900	\$ 296,952
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	65,022	56,011
Other	2,214	2,855
Environmental cleanup cost	(39,623)	-
Changes in assets and liabilities:		
Decrease (increase) in assets -		
Accounts receivable	(36,920)	24,312
Unbilled service	(2,501)	2,209
Due from other funds	408	(5,961)
Increase (decrease) in liabilities -		
Accounts payable and accrued expenses	(18,429)	48,163
Due to other funds	<u>(4,249)</u>	<u>(27,672)</u>
Net cash provided by operating activities	<u>\$ 335,822</u>	<u>\$ 396,869</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	\$ (330,006)	\$ (445,219)
Decrease in customer deposits, net of refunds	<u>(330)</u>	<u>(472)</u>
Net cash used in noncapital financing activities	<u>\$ (330,336)</u>	<u>\$ (445,691)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	\$ (46,541)	\$ (34,684)
Grant revenue	183,114	92,810
Construction costs	<u>(164,150)</u>	<u>(84,970)</u>
Net cash used in capital and related financing activities	<u>\$ (27,577)</u>	<u>\$ (26,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>\$ 50,427</u>	<u>\$ 49,883</u>
Increase (decrease) in cash and cash equivalents	<u>\$ 28,336</u>	<u>\$ (25,783)</u>

(continued)

TOWN OF ERATH, LOUISIANA
UTILITY FUND

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Increase (decrease) in cash and cash equivalents (brought forward)	\$ 28,336	\$ (25,783)
Cash and cash equivalents at beginning of year	<u>174,342</u>	<u>200,125</u>
Cash and cash equivalents at end of year	<u>\$ 202,678</u>	<u>\$ 174,342</u>
Cash and cash equivalents shown on balance sheet as:		
Current assets: Cash	\$ 159,007	\$ 138,715
Restricted assets: Cash	<u>43,671</u>	<u>35,627</u>
Total	<u>\$ 202,678</u>	<u>\$ 174,342</u>
Noncash investing, capital and financing activities:		
Capital assets acquired by contributions	<u>\$ -0-</u>	<u>\$ 333,246</u>

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	<u>1998</u>	<u>1997</u>
CURRENT LIABILITIES (payable from current assets)		
Accounts payable	\$ 44,442	\$ 3,993
Due to other funds	31,728	27,348
Retainage payable	<u>35,900</u>	<u>-</u>
	<u>\$ 112,070</u>	<u>\$ 31,341</u>
CURRENT LIABILITIES (payable from restricted assets)		
Bonds payable, due currently	\$ 26,085	\$ 25,000
Accrued interest on bonds	<u>24,725</u>	<u>18,500</u>
	<u>\$ 50,810</u>	<u>\$ 43,500</u>
OTHER LIABILITIES		
Bonds payable, net of current portion	<u>\$ 748,915</u>	<u>\$ 345,000</u>
Total liabilities	<u>\$ 911,795</u>	<u>\$ 419,841</u>
FUND EQUITY		
Contributed capital -		
Federal	\$ 1,710,356	\$ 1,332,626
State	107,682	110,777
Municipality	209,451	215,475
Other	<u>20,880</u>	<u>21,482</u>
Total contributed capital	<u>\$ 2,048,369</u>	<u>\$ 1,680,360</u>
Retained earnings -		
Reserved for revenue bond retirement	\$ 103,848	\$ 94,907
Unreserved, undesignated	<u>184,051</u>	<u>178,015</u>
Total retained earnings	<u>\$ 287,899</u>	<u>\$ 272,922</u>
Total fund equity	<u>\$ 2,336,268</u>	<u>\$ 1,953,282</u>
Total liabilities and fund equity	<u>\$ 3,248,063</u>	<u>\$ 2,373,123</u>

TOWN OF ERATH, LOUISIANA
SEWERAGE UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services	\$ 96,605	\$ 82,235
Operating expenses:		
Salaries	\$ 26,995	\$ 29,300
Payroll taxes	2,065	2,172
Materials and supplies	10,165	8,846
Depreciation	67,136	69,399
Bad debts	216	212
Contracted repairs	9,311	1,130
Utilities	23,095	22,804
Fuel	349	184
Repairs and maintenance	2,343	3,972
Telephone	509	540
Insurance	757	1,138
Professional services	5,368	6,085
Permits and fees	1,121	1,121
Miscellaneous	<u>1,861</u>	<u>541</u>
Total operating expenses	\$ <u>151,291</u>	\$ <u>147,444</u>
Loss from operations	\$ <u>(54,686)</u>	\$ <u>(65,209)</u>
Nonoperating revenues (expenses):		
Interest on investments	\$ 7,011	\$ 6,558
Interest expense	<u>(26,765)</u>	<u>(18,500)</u>
Total nonoperating revenues (expenses)	\$ <u>(19,754)</u>	\$ <u>(11,942)</u>
Loss before operating transfers	\$ (74,440)	\$ (77,151)
Operating transfers in:		
Sales Tax Fund	42,458	49,750
Utility Fund	<u>-</u>	<u>5,000</u>
Net loss	\$ <u>(31,982)</u>	\$ <u>(22,401)</u>

(continued)

TOWN OF ERATH, LOUISIANA
SEWERAGE UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS (CONTINUED)
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Net loss (brought forward)	\$ (31,982)	\$ (22,401)
Add depreciation and loss on assets contributed or funded by other funds that reduces contributed capital	<u>46,959</u>	<u>46,959</u>
Increase in retained earnings	\$ 14,977	\$ 24,558
Retained earnings, beginning	<u>272,922</u>	<u>248,364</u>
Retained earnings, ending	<u>\$ 287,899</u>	<u>\$ 272,922</u>

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA
SEWERAGE UTILITY FUND

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (54,686)	\$ (65,209)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	67,136	69,399
Changes in assets and liabilities:		
Decrease (increase) in assets -		
Accounts receivable	4	(2,529)
Due from other funds	-	2,002
Increase (decrease) in liabilities -		
Accounts payable	(662)	961
Due to other funds	<u>4,380</u>	<u>11,624</u>
Net cash provided by operating activities	<u>\$ 16,172</u>	<u>\$ 16,248</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	<u>\$ 42,458</u>	<u>\$ 54,750</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	\$ (781,738)	\$ (7,790)
Principal paid on revenue bond maturities	(25,000)	(25,000)
Interest paid on revenue bonds	(20,540)	(19,750)
Contributions received	339,964	-
Bonds issued	<u>430,000</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>\$ (57,314)</u>	<u>\$ (52,540)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>\$ 7,011</u>	<u>\$ 6,558</u>
Increase in cash and cash equivalents	\$ 8,327	\$ 25,016
Cash and cash equivalents at beginning of year	<u>112,998</u>	<u>87,982</u>
Cash and cash equivalents at end of year	<u>\$ 121,325</u>	<u>\$ 112,998</u>
Cash and cash equivalents shown on balance sheet as:		
Current assets: Cash	\$ 14,647	\$ 22,571
Restricted assets: Cash	<u>106,678</u>	<u>90,427</u>
Total	<u>\$ 121,325</u>	<u>\$ 112,998</u>

See Notes to Financial Statements.

FIDUCIARY FUND TYPE
(AGENCY FUND)

WITHHOLDING TAX FUND - To account for the payment of payrolls and related taxes.

TOWN OF ERATH, LOUISIANA
WITHHOLDING TAX FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 1998

ASSETS	Balances, July 1, <u>1997</u>	<u>Additions</u>	<u>Deductions</u>	Balances, June 30, <u>1998</u>
Cash	\$ 881	\$ 502,253	\$ 501,369	\$ 1,765
Accounts receivable - other	-	30	6	24
Due from General Fund	1,075	1,923	152	2,846
Due from other governmental agencies	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total assets	<u>\$ 2,006</u>	<u>\$ 504,206</u>	<u>\$ 501,527</u>	<u>\$ 4,685</u>
LIABILITIES				
Accrued payroll	\$ -	\$ 359,597	\$ 359,597	\$ -
Income taxes withheld	680	52,413	52,322	771
Social security taxes payable	129	74,664	74,793	-
Other payables	<u>1,197</u>	<u>17,532</u>	<u>14,815</u>	<u>3,914</u>
Total liabilities	<u>\$ 2,006</u>	<u>\$ 504,206</u>	<u>\$ 501,527</u>	<u>\$ 4,685</u>

See Notes to Financial Statements.

GENERAL FIXED ASSETS
ACCOUNT GROUP

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

TOWN OF ERATH, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended June 30, 1998

	Balance, July 1, <u>1997</u>	<u>Additions</u>	<u>Retirements</u>	Balance, June 30, <u>1998</u>
General fixed assets, at cost:				
Land	\$ 190,888	\$ -	\$ -	\$ 190,888
Buildings	279,004	-	-	279,004
Improvements other than buildings	782,685	11,265	-	793,950
Equipment	<u>634,070</u>	<u>55,065</u>	<u>5,224</u>	<u>683,911</u>
Total general fixed assets	<u>\$1,886,647</u>	<u>\$ 66,330</u>	<u>\$ 5,224</u>	<u>\$1,947,753</u>
Investment in general fixed assets from:				
General obligation bonds	\$ 382,052	\$ -	\$ -	\$ 382,052
Federal grants	183,769	-	-	183,769
State grants	158,969	-	-	158,969
Parish grant	46,641	-	-	46,641
General Fund revenue	247,234	10,878	2,500	255,612
Federal revenue sharing funds	42,761	-	-	42,761
Other special revenue funds	825,091	55,452	2,724	877,819
Donations	<u>130</u>	<u>-</u>	<u>-</u>	<u>130</u>
Total investment in general fixed assets	<u>\$1,886,647</u>	<u>\$ 66,330</u>	<u>\$ 5,224</u>	<u>\$1,947,753</u>

COMPLIANCE AND OTHER GRANT INFORMATION

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BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
C E R T I F I E D P U B L I C A C C O U N T A N T S

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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

Other Offices:

Crowley, LA
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To the Honorable Keith Arceneaux, Mayor,
and the Board of Aldermen
Town of Erath, Louisiana

We have audited the financial statements of Town of Erath, Louisiana, and the combining, individual fund and account group financial statements as of and for the year ended June 30, 1998, and have issued our report thereon dated August 14, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

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

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L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen J. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
Michael P. Crochet, CPA*
George J. Trappey III, CPA*
Daniel E. Gilder, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick C. McCarthy, CPA*

Retired:

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

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Public Accountants

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. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 98-1.

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

This report is intended for the information of management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche, Lewis & Breaux, LLP

Lafayette, Louisiana
August 14, 1998



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Other Offices:

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To the Honorable Keith Arceneaux, Mayor,
and the Board of Aldermen
Town of Erath, Louisiana

We have audited the compliance of Town of Erath, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1998. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Erath, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Town of Erath, Louisiana's compliance with those requirements.

In our opinion, Town of Erath, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Town of Erath, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Town of Erath, Louisiana's internal control over compliance with requirements that could have a direct and material effect on the major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche, Lewis & Breaux, LLP

Lafayette, Louisiana
August 14, 1998

TOWN OF ERATH, LOUISIANA
ERATH, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1998

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: qualified.

Internal control over financial reporting:

- Material weakness identified? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None Reported

Type of auditors' report issued on compliance for major programs: unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program:

CFDA Number

10.760

Name of Federal Program

Water Programs Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs: \$300,000.

Auditee qualified as low-risk auditee? Yes No

Section II. Financial Statement Findings

Finding #98-1 -

The Town does not have an adequate segregation of duties in the administrative offices. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. This condition was also included in the 1997 audit.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

TOWN OF ERATH, LOUISIANA

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 1998

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass - Through Grantor's Number</u>	<u>Federal Expenditures</u>
DIRECT PROGRAM:			
U. S. Department of Agriculture - Water Programs Systems for Rural Communities	10.760	-	\$ 844,969
PASS-THROUGH PROGRAMS:			
U. S. Department of Housing and Urban Development - Passed through State Division of Administration: Louisiana Community Development Block Grant	14.228	107-800219	167,739
U. S. Department of Transportation and Development - Passed through State Department of Transportation and Development: Highway Planning and Construction	20.205	055-06-0048 055-06-0063	<u>69,911</u>
			<u>\$1,082,619</u>

The accompanying notes are an integral part of this schedule.

TOWN OF ERATH, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 1998

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Town of Erath, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Note 2. Subrecipients

None of the federal expenditures presented in the schedule were provided to subrecipients.

Note 3. Loans Outstanding

Town of Erath, Louisiana had the following loan balance outstanding at June 30, 1998. This loan balance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Water Programs Systems for Rural Communities	10.760	<u>\$ 430,000</u>