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TOWN OF LUTCHER, LOUISIANA

FINANCIAL REPORT

APRIL 30, 1998

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Release Date SEP 02 1998

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TOWN OF LUTCHER, LOUISIANA

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JAMES R. DOUGLAS, LTD.
(PROFESSIONAL ACCOUNTING CORPORATION)

2820 CONTINENTAL DRIVE
BATON ROUGE, LOUISIANA 70808
(504) 927-3946

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the
Board of Aldermen
Town of Luteher, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Luteher, Louisiana, as of April 30, 1998, and for the year then ended, as listed in the contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

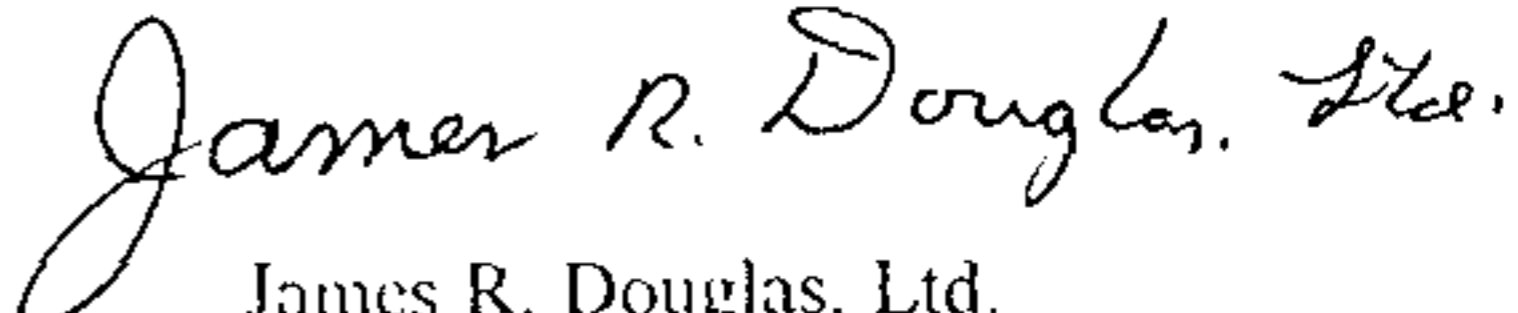
We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial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

In accordance with Government Auditing Standards, we have also issued a report dated July 30, 1998 on our consideration of the Town of Luteher's internal control structure and a report dated July 30, 1998 on its compliance with laws and regulations.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Luteher, Louisiana, as of April 30, 1998, and the results of its operations of its governmental funds for the year then ended and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Luteher, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements 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 unqualified opinion on the general purpose, individual fund, and account groups financial statements of the Town of Luteher, Louisiana.


James R. Douglas, Ltd.
Certified Public Accountants

July 30, 1998

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF THE GENERAL
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

To the Honorable Mayor and Members of the
Board of Aldermen
Town of Luteher, Louisiana

We have audited the general purpose financial statements of the Town of Luteher, Louisiana, as of and for the year ended April 30, 1998, and have issued our report thereon dated July 30, 1998.

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

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

The results of our tests disclosed one instance of noncompliance that is required to be reported herein under Government Auditing Standards.

Instances of Non-Compliance

- Requirements: LSA-R.S. 39.1310 (A) states that the chief executive or administrative officer shall advise the governing authority or independently elected officials in writing when:
- (1) Revenue collections plus projected revenue collections for the remainder of the year, within a fund, are failing to meet estimated annual budgeted revenues by 5 percent or more.
 - (2) Actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by 5 percent or more.

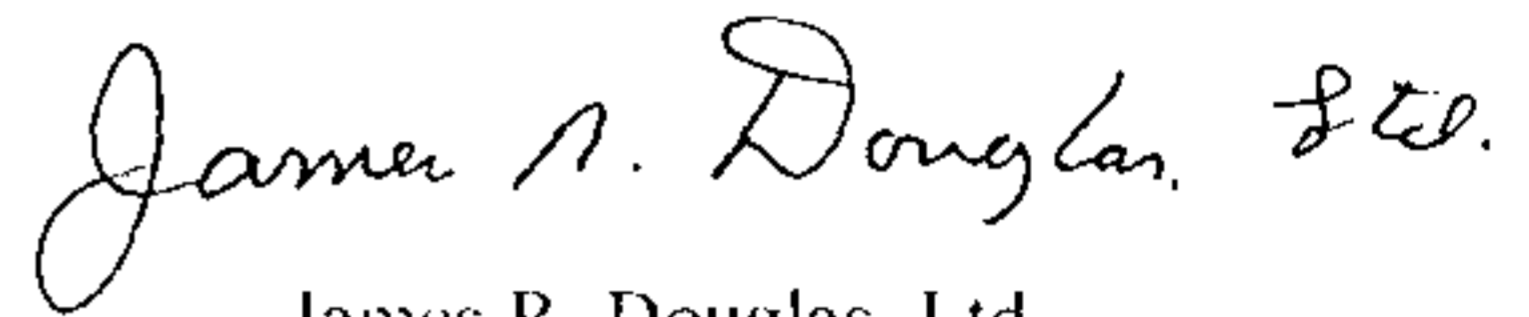
In addition LSA-R.S. 39.1309 states that when the governing authority has received notice of the above, the governing authority shall adopt a budget amendment in an open meeting to reflect such change.

Findings: The Town's budget when compared to actual, results in the following unfavorable variance greater than 5 percent as of April 30, 1998:

Streets and drainage: Budget \$151,100; actual \$175,530.

Management's response: The overage was caused by the refusal of the Board of Alderman to amend the budget to include an expenditure for a \$22,105 grant received from the State of Louisiana.

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



James R. Douglas, Ltd.
Certified Public Accountants

July 30, 1998

JAMES R. DOUGLAS, LTD.
(PROFESSIONAL ACCOUNTING CORPORATION)

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

To the Honorable Mayor and Members of the
Board of Aldermen
Town of Litcher, Louisiana

We have audited the general purpose financial statements of the Town of Litcher, Louisiana, as of and for the year ended April 30, 1998, and have issued our report thereon dated July 30, 1998.

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

The management of the Town of Litcher, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Litcher, Louisiana, for the year ended April 30, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

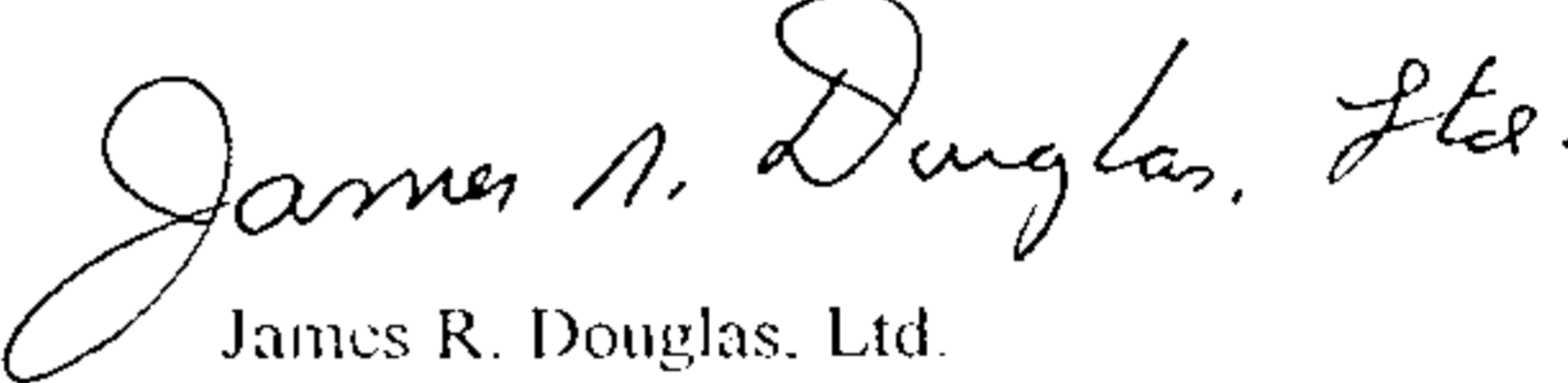
We noted a matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies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

The Town is not large enough to permit an adequate segregation of employee duties for effective internal accounting control over the purchasing (invoice approval, processing, and general ledger) and financial reporting (journal entry preparation, approval, and recordation) cycles.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the lack of segregation of duties is a material weakness.

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


James R. Douglas, Ltd.
Certified Public Accountants

July 30, 1998

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

TOWN OF LUTCHER, LOUISIANA

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

	ASSETS			Proprietary Fund Type
	Governmental Fund Types			
	General	Debt Service	Capital Projects	
Cash	\$ 89,192	\$ 131,187	-	\$ 67,657
Certificates of deposit	75,000	-	-	117,807
Receivables (net, where applicable of allowance for uncollectibles):				
Taxes	14,680	3,043	-	-
Accounts	14,007	-	-	77,163
Intergovernmental	5,457	-	-	-
Other	458	-	-	10,686
Inventory (estimated)	-	-	-	12,000
Prepaid insurance	-	-	-	19,515
Restricted assets:				
Cash	-	-	-	52,034
Investments, at market value	-	-	-	39,331
General fixed assets	-	-	-	-
Property and equipment	-	-	-	2,737,245
Construction in process	-	-	33,849	-
Other assets	-	-	-	5,745
Amount available for debt retirement	-	-	-	-
Amount to be provided for general long-term debt	-	-	-	-
	<u>198,794</u>	<u>134,230</u>	<u>33,849</u>	<u>3,139,183</u>
Total assets				

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 288,036
-	-	192,807
-	-	17,723
-	-	91,170
-	-	5,457
-	-	11,144
-	-	12,000
-	-	19,515
-	-	52,034
-	-	39,331
736,882	-	736,882
-	-	2,737,245
-	-	33,849
-	-	5,745
-	132,843	132,843
-	532,768	532,768
<u>736,882</u>	<u>665,611</u>	<u>4,908,549</u>

Continued

TOWN OF LUTCHER, LOUISIANA

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

LIABILITIES AND FUND EQUITY

	Governmental Fund Types			Proprietary Fund Type
	General	Debt Service	Capital Projects	Enterprise
Liabilities:				
Accounts payable	\$ 20,983	\$ -	\$ -	\$ 11,818
Compensated absences	-	-	-	9,836
Accrued payables	5,933	-	-	7,635
Deferred property tax revenue	793	1,387	-	-
Payable from restricted assets -				
Revenue bonds payable	-	-	-	15,181
Accrued interest payable	-	-	-	1,455
Customers' deposits	-	-	-	57,780
Long-term liabilities -				
Revenue bonds payable	-	-	-	326,895
General obligation bonds payable	-	-	-	-
Total liabilities	<u>27,709</u>	<u>1,387</u>	<u>-</u>	<u>430,600</u>
Fund equity:				
Contributed capital	-	-	33,849	2,518,434
Investment in general fixed assets	-	-	-	-
Retained earnings -				
Reserved for revenue bond retirement	-	-	-	17,683
Unreserved	-	-	-	172,466
Fund balance -				
Reserved for debt service	-	132,843	-	-
Unreserved - undesignated	<u>171,085</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>171,085</u>	<u>132,843</u>	<u>33,849</u>	<u>2,708,583</u>
Total liabilities and fund equity	<u><u>198,794</u></u>	<u><u>134,230</u></u>	<u><u>33,849</u></u>	<u><u>3,139,183</u></u>

The accompanying notes are an integral part of this statement.

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 32,801
-	5,611	15,447
-	-	13,568
-	-	2,180
-	-	15,181
-	-	1,455
-	-	57,780
-	-	326,895
-	660,000	660,000
-	665,611	1,125,307
-	-	2,552,283
736,882	-	736,882
-	-	17,683
-	-	172,466
-	-	132,843
-	-	171,085
<u>736,882</u>	<u>-</u>	<u>3,783,242</u>
<u><u>736,882</u></u>	<u><u>665,611</u></u>	<u><u>4,908,549</u></u>

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED APRIL 30, 1998

	General	Debt Service	Capital Projects	Total (Memorandu Only)
Revenues:				
Taxes	\$ 189,193	\$ 94,312	\$ -	\$ 283,505
Licenses	81,369	-	-	81,369
Intergovernmental	73,424	-	33,849	107,273
Charges for services	163,534	-	-	163,534
Commissions	60,827	-	-	60,827
Fines	12,360	-	-	12,360
Miscellaneous	32,073	2,768	-	34,841
Total revenues	<u>612,780</u>	<u>97,080</u>	<u>33,849</u>	<u>743,709</u>
Expenditures:				
General government	168,216	-	-	168,216
Public safety	91,423	-	-	91,423
Streets and drainage	175,530	-	-	175,530
Sanitation	162,401	-	-	162,401
Construction in process	-	-	33,849	33,849
Debt service -				
Principal	-	30,000	-	30,000
Interest and fiscal charges	-	48,195	-	48,195
Total expenditures	<u>597,570</u>	<u>78,195</u>	<u>33,849</u>	<u>709,614</u>
Excess of revenues over expenditures	15,210	18,885	-	34,095
Fund balance, beginning	<u>155,875</u>	<u>113,958</u>	<u>-</u>	<u>269,833</u>
Fund balance, ending	<u><u>171,085</u></u>	<u><u>132,843</u></u>	<u><u>-</u></u>	<u><u>303,928</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND
 DEBT SERVICE FUND TYPES
 YEAR ENDED APRIL 30, 1998

	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 183,000	\$ 189,193	\$ 6,193
Licenses	80,000	81,369	1,369
Intergovernmental	60,500	73,424	12,924
Charges for services	165,000	163,534	(1,466)
Commissions	56,300	60,827	4,527
Fines	12,000	12,360	360
Miscellaneous	24,600	32,073	7,473
Total revenues	<u>581,400</u>	<u>612,780</u>	<u>31,380</u>
Expenditures:			
General government	181,066	168,216	12,850
Public safety	91,300	91,423	(123)
Streets and drainage	151,100	175,530	(24,430)
Sanitation	165,000	162,401	2,599
Debt service -			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>588,466</u>	<u>597,570</u>	<u>(9,104)</u>
Excess (deficiency) of revenues over expenditures	(7,066)	15,210	22,276
Fund balance, beginning	<u>155,875</u>	<u>155,875</u>	<u>-</u>
Fund balance, ending	<u><u>148,809</u></u>	<u><u>171,085</u></u>	<u><u>22,276</u></u>

The accompanying notes are an integral part of this statement.

Debt Service Fund			Total		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
\$ 92,000	\$ 94,312	\$ 2,312	\$ 275,000	\$ 283,505	\$ 8,505
-	-	-	80,000	81,369	1,369
-	-	-	60,500	73,424	12,924
-	-	-	165,000	163,534	(1,466)
-	-	-	56,300	60,827	4,527
-	-	-	12,000	12,360	360
2,000	2,768	768	26,600	34,841	8,241
<u>94,000</u>	<u>97,080</u>	<u>3,080</u>	<u>675,400</u>	<u>709,860</u>	<u>34,460</u>
-	-	-	181,066	168,216	12,850
-	-	-	91,300	91,423	(123)
-	-	-	151,100	175,530	(24,430)
-	-	-	165,000	162,401	2,599
30,000	30,000	-	30,000	30,000	-
49,145	48,195	950	49,145	48,195	950
<u>79,145</u>	<u>78,195</u>	<u>950</u>	<u>667,611</u>	<u>675,765</u>	<u>(8,154)</u>
14,855	18,885	4,030	7,789	34,095	26,306
<u>113,958</u>	<u>113,958</u>	<u>-</u>	<u>269,833</u>	<u>269,833</u>	<u>-</u>
<u><u>128,813</u></u>	<u><u>132,843</u></u>	<u><u>4,030</u></u>	<u><u>277,622</u></u>	<u><u>303,928</u></u>	<u><u>26,306</u></u>

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED
EARNINGS - PROPRIETARY FUND TYPE - ENTERPRISE FUND
YEARS ENDED APRIL 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for service -		
Water sales	\$ 295,673	\$ 298,205
Sewer service charges	145,615	145,538
Use of oxidation pond	45,883	27,877
Delinquent charges	10,637	11,996
Miscellaneous revenues	19,201	14,587
Total operating revenues	<u>517,009</u>	<u>498,203</u>
Operating expenses:		
Water department	221,315	225,308
Sewer department	110,618	114,082
General and administrative	121,995	121,352
Depreciation	182,252	168,473
Total operating expenses	<u>636,180</u>	<u>629,215</u>
Operating loss	<u>(119,171)</u>	<u>(131,012)</u>
Nonoperating revenues (expenses):		
Interest income	11,964	12,443
Increase in fair value of investments	2,039	349
Interest expense	(21,768)	(22,618)
Total nonoperating revenues (expenses)	<u>(7,765)</u>	<u>(9,826)</u>
Income (loss) before operating transfers	<u>(126,936)</u>	<u>(140,838)</u>
Operating transfers		
Depreciation transferred to contributed capital	<u>72,175</u>	<u>54,370</u>
Net loss	(54,761)	(86,468)
Retained earnings, beginning	<u>244,910</u>	<u>331,378</u>
Retained earnings, ending	<u>190,149</u>	<u>244,910</u>

The accompanying notes are an integral part of this statement.

STATEMENTS OF CASH FLOWS - PROPRIETARY FUND TYPE -
 ENTERPRISE FUND
 YEARS ENDED APRIL 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$(119,171)	\$(131,012)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -		
Depreciation	182,252	168,473
Changes in assets and liabilities -		
Decrease (increase) in receivables	13,531	(38,144)
Increase (decrease) in accounts payable and other liabilities	(30,960)	35,744
All other, net	(1,578)	270
Net cash provided by operating activities	<u>44,074</u>	<u>35,331</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on long-term debt	(14,281)	(13,436)
Additions to property and equipment	(31,281)	(732,463)
Contributed capital	-	706,071
Interest paid on long-term debt	(21,768)	(22,618)
Net cash used for capital and related financing activities	<u>(67,330)</u>	<u>(62,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	11,964	12,443
Purchase/maturities of investments	15,188	(64,649)
Increase in fair value of investments	2,039	349
Proceeds from maturity of investments	(631)	431
Net cash provided (used) by investing activities	<u>28,560</u>	<u>(51,426)</u>
Increase (decrease) in cash	5,304	(78,541)
Cash and cash equivalents at beginning of year, including restricted accounts (1998 - \$41,354; 1997 - \$33,742)	<u>114,387</u>	<u>192,928</u>
Cash and cash equivalents at end of year, including restricted accounts (1998 - \$52,034; 1997 - \$41,354)	<u><u>119,691</u></u>	<u><u>114,387</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Lucher, Louisiana, (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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.

A. Reporting Entity –

This report includes all funds and account groups which are controlled by or dependent on the Town executive and legislative branches (the Mayor and the Board of Aldermen). Control by or dependence on the town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight ability.

Based on the foregoing criteria, the following organization is excluded from the reporting entity:

Lucher Volunteer Fire Department -- This potential component unit provides volunteer fire service to the Town. The Town does not exercise direct control over its operations.

B. Fund Accounting –

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental 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 designated 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 two categories: (1) governmental and (2) proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

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

C. Basis of Accounting –

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Basis of Accounting (continued) --

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund 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. 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. The Town considers property taxes as available if they are remitted within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual (being held at year end on behalf of the Town) are sales taxes which are collected and held by the Parish and beer and tobacco taxes which are collected and held by the State.

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

D. Budgets --

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

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds. Encumbrances outstanding at year end are immaterial and not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

E. Cash, Certificates of Deposit, and Investments --

Cash, certificates of deposit, and investments include amounts in demand deposits, certificates of deposit, and Federal obligations.

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U. S. agencies, certificates of deposit in Louisiana banks, or any other federally insured investment.

Investments are stated at market value.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

F. Inventories –

Inventory of supplies in the proprietary fund was estimated.

Purchase of operating supplies by governmental fund types are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material.

G. Restricted Assets –

Certain resources set aside for the repayment of enterprise fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

H. Fixed Assets –

General Fixed Assets:

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

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

Public domain (“infrastructure”) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the Town.

Depreciation has not been provided on general fixed assets, nor has interest been capitalized.

Property, Plant, Equipment and Depreciation – Proprietary Fund:

Property, plant and equipment used by the proprietary fund are stated at cost. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Water and sewer facility	5-25 years
Furniture and fixtures	7-20 years
Equipment	5-7 years

I. Compensated Absences –

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

J. Long-Term Obligations –

For long-term obligations of a governmental fund, only that portion of the obligation expected to be financed from expendable available financial resources is reported as a fund liability. The remaining portion of such obligation 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.

K. Fund Equity –

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from individuals or other funds. Reserves represent those portions of fund equity not appropriable for expenditures.

L. Interfund Transactions –

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various due to and due from accounts.

M. Bad Debts –

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

2. LEGAL COMPLIANCE – BUDGETS

On or before May 1st of each year, the mayor submits to the board of aldermen a proposed operating budget. The budget is adopted by ordinance and once adopted, may be amended by the board of aldermen. Appropriations for budgeted funds lapse at year end. The budget was not amended during the year under audit.

3. CASH, CERTIFICATES OF DEPOSIT, AND INVESTMENTS

As of April 30, 1998, the carrying amount of the Town's deposits (including cash and certificates of deposit) was \$532,679. The bank balances of these deposits totaled \$569,435, of which \$200,000 was covered by federal depository insurance, and \$369,435 was collateralized with securities held by the pledging bank in the bank's name. There was \$6,624 in a money market account.

The investments, which are held by a broker, consist of \$48,000 in Federal Home Ln. Mtg. Corp. Remic, with a market value of \$39,331 and an amortized amount of \$39,515.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. RECEIVABLES

Receivables at April 30, 1998 consist of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Enterprise</u>	<u>Total</u>
Taxes	\$14,680	\$3,043	\$ -	\$ 17,723
Accounts	14,007	-	79,247	93,254
Intergovernmental	5,457	-	-	5,457
Other	458	-	10,686	11,144
	<u>34,602</u>	<u>3,043</u>	<u>89,933</u>	<u>127,578</u>
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>2,084</u>	<u>2,084</u>
Net receivables	<u>34,602</u>	<u>3,043</u>	<u>87,849</u>	<u>125,494</u>

Property tax levies are mailed during October and November. The billings are due on or before January 1st. The taxes attach as an enforceable lien on property when levied.

5. PROPERTY, PLANT, AND EQUIPMENT

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

	<u>Balance April 30, 1997</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 1998</u>
Land	\$ 4,085	\$ -	\$ -	\$ 4,085
Lutcher Park	346,594	-	-	346,594
Building	254,819	-	-	254,819
Furniture and equipment	116,868	8,200	1,684	123,384
Assets under capital lease	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
Total	<u>730,366</u>	<u>8,200</u>	<u>1,684</u>	<u>736,882</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT, AND EQUIPMENT (Continued) -

The following is a summary of proprietary fund type, enterprise fund property, plant, and equipment at April 30, 1998:

Land	\$ 34,295
Land improvements	15,000
Furniture and fixtures	5,131
Equipment	89,287
Water and sewer facility	<u>4,780,582</u>
	4,924,295
Less accumulated depreciation	<u>2,187,050</u>
Total	<u>2,737,245</u>

6. LONG-TERM DEBT

The following is a summary of the bond transactions of the Town for the year ended April 30, 1998:

	General Obligation Refunding Bonds	General Obligation Bonds	Revenue Bonds	Total
Amounts payable, April 30, 1997	\$ -	\$690,000	\$356,357	\$1,046,357
Bonds issued	573,000	-	-	573,000
Bonds retired	<u>-</u>	<u>560,000</u>	<u>14,281</u>	<u>574,281</u>
Amounts payable, April 30, 1998	<u>573,000</u>	<u>130,000</u>	<u>342,076</u>	<u>\$1,045,076</u>

General obligation bonds payable at April 30, 1998 are comprised of the following:

Series 1990 --	
Authorized and issued - \$400,000; dated November 1, 1990	\$ 50,000
Series 1992 --	
Authorized and issued - \$400,000; dated October 1, 1992	80,000
Series 1998 --	
Authorized and issued - \$573,000; dated May 29, 1998	<u>573,000</u>
	<u>703,000</u>

Revenue bonds payable at April 30, 1998 are comprised of the following:

Sewer Revenue Bonds --	
Authorized and issued - \$400,000; dated October 5, 1992	<u>\$ 342,076</u>

The bonds were issued to provide funds for the acquisition and construction of the Town's sewer system.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of April 30, 1998, including interest, are as follows:

Year Ending April 30 th	General Obligation Bonds	Revenue Bonds	Total
1999	\$ 67,543	\$ 35,712	\$ 103,255
2000	69,113	35,712	104,825
2001	71,023	35,712	106,735
2002	68,345	35,712	104,057
2003	71,062	35,712	106,774
Thereafter	<u>628,344</u>	<u>337,929</u>	<u>966,273</u>
	<u>975,430</u>	<u>516,489</u>	<u>1,491,919</u>

7. FLOW OF FUNDS; RESTRICTION ON USE – UTILITY REVENUES

Under the terms of the covenant pertaining to the Sewer Revenue Bonds, the following special funds have been created:

Sinking Fund – a sum of \$2,976 must be deposited into this account monthly to pay the principal and interest on the outstanding bonds.

Reserve Fund – a sum of \$149 must be deposited into this account monthly until \$35,712 has been accumulated therein.

Contingency Fund – a sum of \$289 must be deposited into this account monthly.

8. PENSION PLAN

Substantially all full-time general employees of the Town of Litcher are members of the Municipal Employees' Retirement System of Louisiana, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All Town full-time general employees are eligible to participate in the System. Employees who retire at or after 55 with 30 years of credited service and at or after age 60 with 10 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to two percent of their final compensation for each year of creditable service. Final compensation is the employee's average highest compensation for 36 consecutive months. Benefits fully vest on reaching 10 years of service. Vested employees may retire before age 60 and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. PENSION PLAN (CONTINUED)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809 or by calling (504) 925-4810.

Plan members are required by State statute to contribute 8.25% (May 1, 1997 through June 30, 1997) and 7.75% (July 1, 1997 through April 30, 1998) of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employee rate is 5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State statute. The Town's contributions to the System for the year ended April 30, 1998 and 1997, were \$7,520 and \$8,910 respectively. The employees' contributions for the corresponding two year period were \$13,272 and \$13,365, respectively. These amounts were equal to the required contributions for each year.

9. SUBSEQUENT EVENTS

On October 16, 1997, the Town was awarded a \$598,375 Louisiana Community Development Block Grant to be used for water improvements which will include a new elevated water tower. As of April 30, 1998, \$33,849 of the Grant had been received. *It is anticipated that the balance of the Grant will be paid during the year to end April 30, 1999.*

On May 29, 1998, \$573,000 in General Obligation Refunding Bonds were issued, of which \$530,000 was used to retire outstanding Bonds. The effect of the refunding was to achieve a lower interest rate.

SUPPLEMENTARY INFORMATION

**FINANCIAL STATEMENTS OF
INDIVIDUAL FUNDS**

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

BALANCE SHEETS
APRIL 30, 1998 AND 1997

	ASSETS	
	<u>1997</u>	<u>1996</u>
Cash	\$ 89,192	\$ 104,235
Certificates of deposit	75,000	50,000
Receivables:		
Taxes	14,680	13,518
Interest	458	242
Accounts	14,007	18,611
Intergovernmental	<u>5,457</u>	<u>485</u>
Total assets	<u>198,794</u>	<u>187,091</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	20,983	25,302
Accrued payables	5,933	5,263
Deferred property tax revenue	793	651
Total liabilities	<u>27,709</u>	<u>31,216</u>
Fund balance:		
Unreserved - undesignated	<u>171,085</u>	<u>155,875</u>
Total liabilities and fund balance	<u>198,794</u>	<u>187,091</u>

The accompanying notes are an integral part of this statement.

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED APRIL 30, 1998
(With Comparative Actual Amounts for Year Ended April 30, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 183,000	\$ 189,193	\$ 6,193	\$ 188,192
Licenses	80,000	81,369	1,369	85,318
Intergovernmental	60,500	73,424	12,924	56,248
Charges for services	165,000	163,534	(1,466)	163,343
Commissions	56,300	60,827	4,527	62,282
Fines	12,000	12,360	360	12,970
Miscellaneous	24,600	32,073	7,473	31,762
Total revenues	<u>581,400</u>	<u>612,780</u>	<u>31,380</u>	<u>600,115</u>
Expenditures:				
General government	181,066	168,216	12,850	185,319
Public safety	91,300	91,423	(123)	88,144
Streets and drainage	151,100	175,530	(24,430)	140,852
Sanitation	165,000	162,401	2,599	165,917
Total expenditures	<u>588,466</u>	<u>597,570</u>	<u>(9,104)</u>	<u>580,232</u>
Excess (deficiency) of revenues over expenditures	(7,066)	15,210	22,276	19,883
Fund balance, beginning	<u>155,875</u>	<u>155,875</u>	<u>-</u>	<u>135,992</u>
Fund balance, ending	<u><u>148,809</u></u>	<u><u>171,085</u></u>	<u><u>22,276</u></u>	<u><u>155,875</u></u>

The accompanying notes are an integral part of this statement.

STATEMENTS OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED APRIL 30, 1998
(With Comparative Actual Amounts for Year Ended April 30, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Taxes:				
Ad valorem	\$ 53,000	\$ 52,960	\$ (40)	\$ 53,721
Sales tax	130,000	136,233	6,233	134,471
	<u>183,000</u>	<u>189,193</u>	<u>6,193</u>	<u>188,192</u>
Licenses:				
Occupational license	37,000	39,947	2,947	37,448
Insurance license	43,000	41,422	(1,578)	47,870
	<u>80,000</u>	<u>81,369</u>	<u>1,369</u>	<u>85,318</u>
Intergovernmental:				
Video poker revenue	22,000	17,502	(4,498)	22,358
Tobacco tax	20,000	19,978	(22)	19,978
Grant	16,000	33,719	17,719	12,106
Beer tax	2,500	2,225	(275)	1,806
	<u>60,500</u>	<u>73,424</u>	<u>12,924</u>	<u>56,248</u>
Charges for services:				
Refuse collection	<u>165,000</u>	<u>163,534</u>	<u>(1,466)</u>	<u>163,343</u>
Commissions:				
Electric franchise fee	41,000	42,852	1,852	44,025
Gas franchise fee	6,800	8,537	1,737	8,762
Cable franchise fee	8,500	9,438	938	9,495
	<u>56,300</u>	<u>60,827</u>	<u>4,527</u>	<u>62,282</u>
Fines	<u>12,000</u>	<u>12,360</u>	<u>360</u>	<u>12,970</u>
Miscellaneous:				
Interest earned	3,000	4,118	1,118	3,616
Mineral leases	6,000	5,089	(911)	6,281
Rent	2,100	2,100	-	2,100
Insurance reimbursement	1,500	907	(593)	884
All other	12,000	19,859	7,859	18,881
	<u>24,600</u>	<u>32,073</u>	<u>7,473</u>	<u>31,762</u>

The accompanying notes are an integral part of this statement.

STATEMENTS OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED APRIL 30, 1998
(With Comparative Actual Amounts for Year Ended April 30, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
General government:				
Salaries -				
Mayor	\$ 4,800	\$ 4,800	\$ -	\$ 4,800
Aldermen	21,000	21,000	-	21,000
Other office	21,936	22,431	(495)	21,398
Zoning administration	480	480	-	480
Planning and zoning	2,100	2,075	25	1,900
Supplies and maintenance	12,500	9,695	2,805	9,201
Miscellaneous	2,000	1,959	41	3,476
Insurance - property and liability	20,000	20,637	(637)	22,081
Legal expense	5,500	5,232	268	8,732
Office supplies	2,500	1,973	527	1,866
Dues and subscriptions	2,000	2,062	(62)	967
Telephone	2,500	2,914	(414)	2,785
Electricity	7,000	5,737	1,263	6,679
General publishing	6,000	5,076	924	4,990
Printing	1,500	2,477	(977)	989
Payroll tax	12,500	11,351	1,149	10,832
Health insurance	16,500	13,059	3,441	15,909
Retirement	3,000	2,916	84	2,863
Workmen's compensation	20,500	16,280	4,220	15,502
Auditing	4,500	5,075	(575)	4,217
Education and conventions	4,000	3,415	585	3,120
Per diem	600	753	(153)	471
Expense account - mayor	2,400	2,400	-	2,400
Postage	2,000	1,840	160	2,142
Engineering services	1,000	289	711	-
Computer expense	1,500	-	1,500	2,184
Capital outlay	-	2,290	(2,290)	450
Uniforms	750	-	750	-
Lawsuit (previous administration)	-	-	-	13,885
	<u>181,066</u>	<u>168,216</u>	<u>12,850</u>	<u>185,319</u>
Public safety:				
Payroll	72,000	63,016	8,984	70,814
Supplies and maintenance	5,000	5,849	(849)	2,598
Police - miscellaneous	4,500	1,854	2,646	2,447
Police - gasoline and oil	3,000	4,797	(1,797)	3,970
Police - car expense/repairs	5,000	8,544	(3,544)	4,698
Police - uniforms	600	316	284	278
Telephone	1,200	1,137	63	1,341
Capital outlay	-	5,910	(5,910)	1,998
	<u>91,300</u>	<u>91,423</u>	<u>(123)</u>	<u>88,144</u>

Continued

STATEMENTS OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
YEAR ENDED APRIL 30, 1998
(With Comparative Actual Amounts for Year Ended April 30, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Streets and drainage:				
Payroll	\$ 56,000	\$ 53,630	\$ 2,370	\$ 46,598
Supplies and maintenance	18,000	23,147	(5,147)	17,780
Gasoline, oil, and diesel	4,000	1,301	2,699	2,725
Electricity	45,000	47,934	(2,934)	50,075
Street - drainage and ditching	7,500	7,208	292	5,062
Street - signs	1,500	692	808	471
Truck and tractor expense	10,000	8,162	1,838	12,457
Miscellaneous	7,500	10,707	(3,207)	2,439
Drainage and street improvements	-	22,105	(22,105)	2,296
Uniforms	600	644	(44)	499
Ditching	1,000	-	1,000	450
	<u>151,100</u>	<u>175,530</u>	<u>(24,430)</u>	<u>140,852</u>

The accompanying notes are an integral part of this statement.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general long-term debt principal and interest from governmental resources.

TOWN OF LUTCHER, LOUISIANA
DEBT SERVICE FUND

BALANCE SHEETS
APRIL 30, 1998 AND 1997

	ASSETS	
	<u>1998</u>	<u>1997</u>
Cash	\$ 131,187	\$ 113,153
Receivables - taxes	<u>3,043</u>	<u>1,944</u>
Total assets	<u>134,230</u>	<u>115,097</u>
	LIABILITIES AND FUND BALANCE	
Liabilities:		
Deferred property tax revenue	1,387	1,139
Fund balance:		
Reserved for debt service	<u>132,843</u>	<u>113,958</u>
Total liabilities and fund balance	<u>134,230</u>	<u>115,097</u>

The accompanying notes are an integral part of this statement.

TOWN OF LUTCHER, LOUISIANA
DEBT SERVICE FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE
YEARS ENDED APRIL 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Taxes -		
Ad valorem tax	\$ 94,312	\$ 92,564
Other -		
Interest	2,768	2,374
Total revenues	<u>97,080</u>	<u>94,938</u>
Expenditures:		
Debt service -		
Principal	30,000	30,000
Interest and fiscal charges	48,195	50,895
Total expenditures	<u>78,195</u>	<u>80,895</u>
Excess of revenues over expenditures	18,885	14,043
Fund balance, beginning	<u>113,958</u>	<u>99,915</u>
Fund balance, ending	<u><u>132,843</u></u>	<u><u>113,958</u></u>

The accompanying notes are an integral part of this statement.

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED APRIL 30, 1998
(With Comparative Actual Amounts for Year Ended April 30, 1997)

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes -				
Ad valorem tax	\$ 92,000	\$ 94,312	\$ 2,312	\$ 92,564
Other -				
Interest	2,000	2,768	768	2,374
Total revenues	<u>94,000</u>	<u>97,080</u>	<u>3,080</u>	<u>94,938</u>
Expenditures:				
Debt service -				
Principal	30,000	30,000	-	30,000
Interest and fiscal charges	49,145	48,195	950	50,895
Total expenditures	<u>79,145</u>	<u>78,195</u>	<u>950</u>	<u>80,895</u>
Excess of revenues over expenditures	14,855	18,885	4,030	14,043
Fund balance, beginning	<u>113,958</u>	<u>113,958</u>	<u>-</u>	<u>99,915</u>
Fund balance, ending	<u><u>128,813</u></u>	<u><u>132,843</u></u>	<u><u>4,030</u></u>	<u><u>113,958</u></u>

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND

The Enterprise Fund is used to account for the provisions of water and sewer services to the residents of the Town.

**TOWN OF LUTCHER, LOUISIANA
UTILITY FUND**

**BALANCE SHEETS
APRIL 30, 1998 AND 1997**

	ASSETS	<u>1998</u>	<u>1997</u>
Current assets:			
Cash		\$ 67,657	\$ 45,635
Certificates of deposit		117,807	160,393
Accounts receivable, net of allowance for uncollectible accounts (1998 - \$2,084; 1997 - \$1,212)		77,163	63,420
Other receivables		10,686	37,960
Inventory (estimated)		12,000	12,000
Prepaid insurance		19,515	14,565
Total current assets		<u>304,828</u>	<u>333,973</u>
Restricted assets:			
Assets restricted for revenue bond debt service -			
Cash		34,319	28,288
Customers' deposits -			
Cash and cash equivalent		17,715	13,066
Investments, at market value		39,331	38,700
Total restricted assets		<u>91,365</u>	<u>80,054</u>
Property and equipment, at cost, net of accumulated depreciation (1998 - \$2,187,050; 1997 - \$2,004,798)		<u>2,737,245</u>	<u>2,888,216</u>
Other assets - unamortized bond issue cost		<u>5,745</u>	<u>6,143</u>
 Total assets		 <u><u>3,139,183</u></u>	 <u><u>3,308,386</u></u>

The accompanying notes are an integral part of this statement.

LIABILITIES AND FUND EQUITY

	<u>1998</u>	<u>1997</u>
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 11,818	\$ 45,679
Compensated absences	9,836	8,434
Accrued payables	7,635	6,075
Total current liabilities (payable from current assets)	<u>29,289</u>	<u>60,188</u>
Current liabilities (payable from restricted assets) -		
Revenue bonds payable	15,181	14,282
Accrued interest payable	1,455	1,516
Customers' deposits	57,780	54,805
Total current liabilities (payable from restricted assets)	<u>74,416</u>	<u>70,603</u>
Long-term liabilities - revenue bonds payable	<u>326,895</u>	<u>342,075</u>
Total liabilities	<u>430,600</u>	<u>472,866</u>
Fund equity:		
Contributed capital	<u>2,518,434</u>	<u>2,590,610</u>
Retained earnings:		
Reserved for revenue bond retirement	17,683	12,490
Unreserved	172,466	232,420
Total retained earnings	<u>190,149</u>	<u>244,910</u>
Total fund equity	<u>2,708,583</u>	<u>2,835,520</u>
Total liabilities and fund equity	<u><u>3,139,183</u></u>	<u><u>3,308,386</u></u>

**TOWN OF LUTCHER, LOUISIANA
UTILITY FUND**

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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
YEARS ENDED APRIL 30, 1998 AND 1997

Presented on Page 10

STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 1998 AND 1997

Presented on Page 11

**TOWN OF LUTCHER, LOUISIANA
UTILITY FUND**

**STATEMENTS OF OPERATING EXPENSES BY DEPARTMENT
YEARS ENDED APRIL 30, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
Water department:		
Salaries	\$ 125,894	\$ 124,411
Electricity, telephone, and fuel	18,023	19,058
Materials, supplies, and repairs	21,823	23,900
Analysis - water plant	2,373	2,245
Treatment expense	9,975	18,592
Gasoline, oil, and diesel	1,300	1,848
Insurance	35,549	31,015
Truck and tractor expense	3,900	1,853
Other	2,478	2,386
	<u>221,315</u>	<u>225,308</u>
 Sewer department:		
Salaries	36,595	38,379
Electricity and fuel	37,559	33,718
Materials, supplies, and repairs	23,118	28,223
Analysis - oxidation pond	8,592	8,642
Treatment expense	2,475	3,217
Gasoline, oil, and diesel	876	1,561
Other	1,403	342
	<u>110,618</u>	<u>114,082</u>
 General and administrative:		
Salaries	32,744	34,244
Insurance	46,932	45,234
Payroll taxes	14,490	14,219
Professional services	10,150	8,433
Office supplies and postage	5,067	5,062
Computer expense	963	1,230
Retirement	5,425	6,144
Uniforms	1,110	1,225
Other	5,114	5,561
	<u>121,995</u>	<u>121,352</u>
 Depreciation	<u>182,252</u>	<u>168,473</u>
 Total operating expenses	<u><u>636,180</u></u>	<u><u>629,215</u></u>

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)

April 30, 1998

<u>Expires</u>	<u>Rate</u>	<u>Coverage</u>
February 3, 1999	\$11,472	Automobile liability
March 23, 1999	\$180	Public employee bond
February 17, 1999	\$10,155	Physical damage
April 26, 1999	\$165	Computer equipment
February 16, 1999	\$3,440	Fire
March 2, 1999	\$449	Tractors
April 10, 1999	\$6,956	Water intake structure
January 27, 1999	\$350	FHA bond
May 1, 1998	\$1,847	Sewer equipment
May 1, 1998	\$20,352	General liability
May 1, 1998	\$5,760	Law enforcement
May 1, 1998	\$2,795	Error and omissions

TOWN OF LUTCHER, LOUISIANA

AGED ACCOUNTS RECEIVABLE
APRIL 30, 1998

The total receivable of the Utility Fund is	\$ 79,247
Past due amounts	<u>12,505</u>
Net	<u><u>66,742</u></u>

TOWN OF LUTCHER, LOUISIANA

NUMBER OF WATER USERS (UNAUDITED)
APRIL 30, 1998

Residential customers	1,375
Nonresidential customers	<u>36</u>
Total	<u><u>1,411</u></u>

JAMES R. DOUGLAS, LTD.
(PROFESSIONAL ACCOUNTING CORPORATION)

RECEIVED
LEGISLATIVE AUDITOR
08 AUG 26 PM 3:12

2820 CONTINENTAL DRIVE
BATON ROUGE, LOUISIANA 70808
(504) 927-3946

August 27, 1998

Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Sir:

Enclosed are seven copies of the audit of the Town of Litcher, Louisiana for the year ended April 30, 1998, along with seven copies of a management letter.

<u>Name</u>	<u>Compensation</u>	<u>Per diem</u>	<u>Total</u>
Elmore J. Trosclair	\$4,800	\$2,400	\$7,200
Danny B. Manuel	4,200	-	4,200
Floyd A. Marshall	4,200	-	4,200
Troas A. Poche	4,200	-	4,200
Patrick P. St. Pierre	4,200	-	4,200
C. C. Whitney, Jr.	4,200	-	4,200

Our working papers are available for your inspection and will be retained for a period of three years.

Yours truly,

James R. Douglas, Ltd.
Certified Public Accountants

By: James R. Douglas

cc: / Town of Litcher

Receipt Acknowledged
Legislative Auditor

By: J. Smith

JAMES R. DOUGLAS, LTD.
(PROFESSIONAL ACCOUNTING CORPORATION)

RECEIVED
TOWN CLERK
98 AUG 26 PM 3:13

2820 CONTINENTAL DRIVE
BATON ROUGE, LOUISIANA 70808
(504) 927-3946

To the Honorable Mayor and Members of the
Board of Directors
Town of Litcher
State of Louisiana
Litcher, LA 70071

Gentlemen:

In planning and performing the audit for the Town of Litcher (the Town) as of April 30, 1998, we have reviewed certain records to gain an understanding of the financial operations and internal control structure.

During the course of our engagement, we identified certain areas of concern that should be brought to the attention of the Town's management.

RECEIPT BOOKS

Findings: There is no accounting for the receipt books being issued by the Police Department.

Recommendation: All receipt books used by the Police Department should be issued by the Town Clerk, and there should be an accounting (by using numerical sequences) for each receipt.

LOAN RESOLUTION

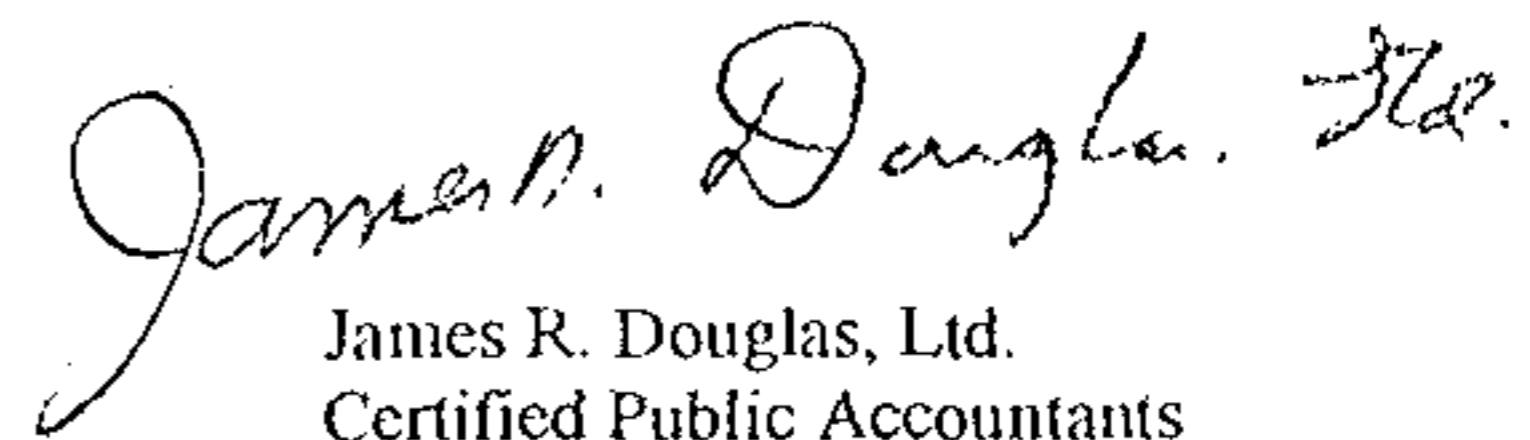
Findings: The Loan Resolution pertaining to the Utility Fund Revenue Bonds states that the Town is "To provide for the receipt of adequate revenues to meet the requirements of debt service, operations and maintenance, and the establishment of adequate reserves." The cash flow of the Utility Fund does not comply with the Loan Resolution.

Recommendation: The Town should plan for adequate cash flow to meet the Loan Resolution requirements.

Management has responded that both recommendations would be followed.

This information is intended for the use of management and the Board of Aldermen and is a matter of public record.

July 30, 1998


James R. Douglas, Ltd.
Certified Public Accountants