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1999 JUN 28

**TOWN OF ERATH  
ERATH, LOUISIANA  
FINANCIAL REPORT  
JUNE 30, 1999**

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

Release Date DEC 01 1999

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INDEPENDENT AUDITORS' REPORT

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

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, 1999, 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, "Disclosures about Year 2000 Issues," requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- Any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;

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

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

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 and except for the omission of the information discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Town of Erath, Louisiana, as of June 30, 1999, 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 and except for the omission of the information discussed in the preceding paragraph, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account group of Town of Erath, Louisiana, as of June 30, 1999, 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 13, 1999, 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 is presented for purposes of additional analysis 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, 1998, which opinion was subject to the same fixed asset qualification of opinion as that expressed on the current financial statements.

*Broussard, Poche, Lewis & Beauvais LLP*

Lafayette, Louisiana  
August 13, 1999

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GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)



TOWN OF ERATH, LOUISIANA  
 COMBINED BALANCE SHEET -  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 June 30, 1999

ASSETS	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Cash	\$ 8,349	\$ 4,294
Certificates of deposit	-	9,555
Receivables, net of allowances for uncollectibles -		
Accounts	-	-
Other	5,505	-
Unbilled services receivable (net)	-	-
Due from other funds	6,058	72,740
Due from other governmental agencies	3,127	38,742
Restricted assets -		
Cash	-	-
Certificates of deposit	-	-
Land	-	-
Buildings	-	-
Improvements other than buildings	-	-
Equipment	-	-
Accumulated depreciation	-	-
Total assets	<u>\$ 23,039</u>	<u>\$ 125,331</u>

<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, 1999</u>	<u>June 30, 1998</u>
\$ 148,581	\$ 547	\$ -	\$ 161,771	\$ 197,071
782,843	-	-	792,398	736,988
182,734	-	-	182,734	203,173
-	-	-	5,505	5,639
56,404	-	-	56,404	57,138
4,900	2,854	-	86,552	89,667
26,385	-	-	68,254	120,571
162,762	-	-	162,762	150,349
251,540	-	-	251,540	251,540
32,253	-	190,888	223,141	223,141
531,068	-	284,923	815,991	799,951
5,299,576	-	899,378	6,198,954	6,054,302
283,479	-	735,600	1,019,079	967,390
<u>(1,713,286)</u>	<u>-</u>	<u>-</u>	<u>(1,713,286)</u>	<u>(1,563,897)</u>
<u>\$ 6,049,239</u>	<u>\$ 3,401</u>	<u>\$ 2,110,789</u>	<u>\$ 8,311,799</u>	<u>\$ 8,293,023</u>

(continued)

TOWN OF ERATH, LOUISIANA  
 COMBINED BALANCE SHEET -  
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)  
 June 30, 1999

LIABILITIES AND FUND EQUITY	Governmental Fund Types	
	General	Special Revenue
Liabilities:		
Accounts payable and accrued expenses	\$ 31,572	\$ 22,024
Retainage payable	6,385	-
Payable from restricted assets -		
Customers' deposits	-	-
Bonds payable	-	-
Accrued interest on bonds	-	-
Due to other funds	4,084	4,572
Deferred revenue	-	-
Revenue bonds payable	-	-
	\$ 42,041	\$ 26,596
Total liabilities		
Fund equity:		
Contributed capital	\$ -	\$ -
Investment in general fixed assets	-	-
Retained earnings -		
Designated for system improvements	-	-
Reserved for revenue bond retirement	-	-
Unreserved - undesignated	-	-
Fund balances (accumulated deficits) -		
Unreserved - undesignated	(19,002)	98,735
Total fund equity	\$ (19,002)	\$ 98,735
Total liabilities and fund equity	\$ 23,039	\$ 125,331

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, 1999</u>	<u>June 30, 1998</u>
\$ 105,074	\$ 3,401	\$ -	\$ 162,071	\$ 182,550
25,465	-	-	31,850	63,580
54,647	-	-	54,647	57,804
34,224	-	-	34,224	26,085
16,000	-	-	16,000	24,725
77,896	-	-	86,552	89,667
52,963	-	-	52,963	-
<u>714,409</u>	<u>-</u>	<u>-</u>	<u>714,409</u>	<u>748,915</u>
<u>\$ 1,080,678</u>	<u>\$ 3,401</u>	<u>\$ -0-</u>	<u>\$ 1,152,716</u>	<u>\$ 1,193,326</u>
\$ 3,144,982	\$ -	\$ -	\$ 3,144,982	\$ 3,219,607
-	-	2,110,789	2,110,789	1,947,753
195,303	-	-	195,303	189,427
114,128	-	-	114,128	103,848
1,514,148	-	-	1,514,148	1,528,003
-	-	-	79,733	111,059
<u>\$ 4,968,561</u>	<u>\$ -0-</u>	<u>\$ 2,110,789</u>	<u>\$ 7,159,083</u>	<u>\$ 7,099,697</u>
<u>\$ 6,049,239</u>	<u>\$ 3,401</u>	<u>\$ 2,110,789</u>	<u>\$ 8,311,799</u>	<u>\$ 8,293,023</u>

## TOWN OF ERATH, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
Year Ended June 30, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
			<u>1999</u>	<u>1998</u>
Revenues:				
Taxes	\$ 32,302	\$ 200,352	\$ 232,654	\$ 224,001
Licenses and permits	58,307	-	58,307	58,944
Intergovernmental	59,010	22,348	81,358	273,655
Charges for services	187	-	187	225
Fines	19,838	-	19,838	15,508
Interest	-	410	410	435
Miscellaneous	<u>17,077</u>	<u>8,490</u>	<u>25,567</u>	<u>18,019</u>
Total revenues	<u>\$ 186,721</u>	<u>\$ 231,600</u>	<u>\$ 418,321</u>	<u>\$ 590,787</u>
Expenditures:				
Current -				
General government	\$ 271,659	\$ 2,176	\$ 273,835	\$ 162,411
Public safety -				
Police	283,204	-	283,204	239,716
Fire	-	71,190	71,190	88,099
Public works	-	198,437	198,437	159,058
Sanitation	48	-	48	115
Health and welfare	1,892	-	1,892	1,892
Culture and recreation	39,513	-	39,513	20,983
Miscellaneous	31,087	-	31,087	31,913
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,739</u>
Total expenditures	<u>\$ 627,403</u>	<u>\$ 271,803</u>	<u>\$ 899,206</u>	<u>\$ 895,926</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (440,682)</u>	<u>\$ (40,203)</u>	<u>\$ (480,885)</u>	<u>\$ (305,139)</u>
Other financing sources (uses):				
Operating transfers in	\$ 494,742	\$ 97,441	\$ 592,183	\$ 390,696
Operating transfers out	<u>(97,249)</u>	<u>(45,375)</u>	<u>(142,624)</u>	<u>(103,148)</u>
Total other financing sources (uses)	<u>\$ 397,493</u>	<u>\$ 52,066</u>	<u>\$ 449,559</u>	<u>\$ 287,548</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (43,189)	\$ 11,863	\$ (31,326)	\$ (17,591)
Fund balances, beginning	<u>24,187</u>	<u>86,872</u>	<u>111,059</u>	<u>128,650</u>
Fund balances (accumulated deficits), ending	<u>\$ (19,002)</u>	<u>\$ 98,735</u>	<u>\$ 79,733</u>	<u>\$ 111,059</u>

See Notes to Financial Statements.

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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, 1999

	General Fund		Variance - Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 33,100	\$ 32,302	\$ (798)
Licenses and permits	60,900	58,307	(2,593)
Intergovernmental	58,100	59,010	910
Charges for services	250	187	(63)
Fines	18,000	19,838	1,838
Interest	-	-	-
Miscellaneous	14,900	17,077	2,177
Total revenues	<u>\$ 185,250</u>	<u>\$ 186,721</u>	<u>\$ 1,471</u>
Expenditures:			
Current -			
General government	\$ 230,192	\$ 271,659	\$ (41,467)
Public safety - police	375,009	283,204	91,805
Public safety - fire	-	-	-
Public works	-	-	-
Sanitation	-	48	(48)
Health and welfare	1,892	1,892	-
Culture and recreation	18,322	39,513	(21,191)
Miscellaneous	32,000	31,087	913
Total expenditures	<u>\$ 657,415</u>	<u>\$ 627,403</u>	<u>\$ 30,012</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (472,165)</u>	<u>\$ (440,682)</u>	<u>\$ 31,483</u>
Other financing sources (uses):			
Operating transfers in	\$ 550,000	\$ 494,742	\$ (55,258)
Operating transfers out	(68,438)	(97,249)	(28,811)
Total other financing sources (uses)	<u>\$ 481,562</u>	<u>\$ 397,493</u>	<u>\$ (84,069)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 9,397</u>	<u>\$ (43,189)</u>	<u>\$ (52,586)</u>
Fund balances, beginning	<u>24,187</u>	<u>24,187</u>	<u>-</u>
Fund balances (accumulated deficits), ending	<u>\$ 33,584</u>	<u>\$ (19,002)</u>	<u>\$ (52,586)</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>
\$ 190,000	\$ 200,352	\$ 10,352	\$ 223,100	\$ 232,654	\$ 9,554
-	-	-	60,900	58,307	(2,593)
22,348	22,348	-	80,448	81,358	910
-	-	-	250	187	(63)
-	-	-	18,000	19,838	1,838
500	410	(90)	500	410	(90)
<u>3,650</u>	<u>8,490</u>	<u>4,840</u>	<u>18,550</u>	<u>25,567</u>	<u>7,017</u>
<u>\$ 216,498</u>	<u>\$ 231,600</u>	<u>\$ 15,102</u>	<u>\$ 401,748</u>	<u>\$ 418,321</u>	<u>\$ 16,573</u>
\$ 2,300	\$ 2,176	\$ 124	\$ 232,492	\$ 273,835	\$ (41,343)
-	-	-	375,009	283,204	91,805
90,636	71,190	19,446	90,636	71,190	19,446
166,821	198,437	(31,616)	166,821	198,437	(31,616)
-	-	-	-	48	(48)
-	-	-	1,892	1,892	-
-	-	-	18,322	39,513	(21,191)
-	-	-	<u>32,000</u>	<u>31,087</u>	<u>913</u>
<u>\$ 259,757</u>	<u>\$ 271,803</u>	<u>\$ (12,046)</u>	<u>\$ 917,172</u>	<u>\$ 899,206</u>	<u>\$ 17,966</u>
<u>\$ (43,259)</u>	<u>\$ (40,203)</u>	<u>\$ 3,056</u>	<u>\$ (515,424)</u>	<u>\$ (480,885)</u>	<u>\$ 34,539</u>
\$ 68,438	\$ 97,441	\$ 29,003	\$ 618,438	\$ 592,183	\$ (26,255)
<u>(46,000)</u>	<u>(45,375)</u>	<u>625</u>	<u>(114,438)</u>	<u>(142,624)</u>	<u>(28,186)</u>
<u>\$ 22,438</u>	<u>\$ 52,066</u>	<u>\$ 29,628</u>	<u>\$ 504,000</u>	<u>\$ 449,559</u>	<u>\$ (54,441)</u>
\$ (20,821)	\$ 11,863	\$ 32,684	\$ (11,424)	\$ (31,326)	\$ (19,902)
<u>86,872</u>	<u>86,872</u>	<u>-</u>	<u>111,059</u>	<u>111,059</u>	<u>-</u>
<u>\$ 66,051</u>	<u>\$ 98,735</u>	<u>\$ 32,684</u>	<u>\$ 99,635</u>	<u>\$ 79,733</u>	<u>\$ (19,902)</u>

TOWN OF ERATH, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS - PROPRIETARY FUND TYPE  
 Year Ended June 30, 1999

	<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Utility Fund</u>	<u>Sewerage Utility Fund</u>	<u>1999</u>	<u>1998</u>
Operating revenues:				
Charges for services	\$ 1,485,906	\$ 102,808	\$ 1,588,714	\$ 1,537,213
Other	<u>13,533</u>	<u>-</u>	<u>13,533</u>	<u>11,681</u>
Total operating revenues	<u>\$ 1,499,439</u>	<u>\$ 102,808</u>	<u>\$ 1,602,247</u>	<u>\$ 1,548,894</u>
Operating expenses:				
Salaries	\$ 121,830	\$ 37,420	\$ 159,250	\$ 132,402
Payroll taxes	9,325	2,863	12,188	10,128
Purchase of electric power	727,390	-	727,390	748,988
Materials and supplies	66,197	15,518	81,715	74,323
Maintenance and repairs	9,234	8,601	17,835	34,872
Telephone and utilities	10,193	24,070	34,263	37,322
Depreciation	65,129	84,460	149,589	132,158
Bad debts	2,452	414	2,866	2,788
Other	<u>59,550</u>	<u>9,428</u>	<u>68,978</u>	<u>60,699</u>
Total operating expenses	<u>\$ 1,071,300</u>	<u>\$ 182,774</u>	<u>\$ 1,254,074</u>	<u>\$ 1,233,680</u>
Income (loss) from operations	<u>\$ 428,139</u>	<u>\$ (79,966)</u>	<u>\$ 348,173</u>	<u>\$ 315,214</u>
Nonoperating revenues (expenses):				
Interest revenue	\$ 45,253	\$ 6,708	\$ 51,961	\$ 57,438
Interest expense	-	(34,317)	(34,317)	(26,765)
Grant revenue	5,000	-	5,000	87,389
Other revenue	2,586	-	2,586	2,214
Construction costs	-	-	-	(75,866)
Environmental cleanup cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,623)</u>
Total nonoperating revenues (expenses)	<u>\$ 52,839</u>	<u>\$ (27,609)</u>	<u>\$ 25,230</u>	<u>\$ 4,787</u>
Income (loss) before operating transfers	\$ 480,978	\$ (107,575)	\$ 373,403	\$ 320,001
Operating transfers in	-	75,375	75,375	42,458
Operating transfers out	<u>(524,933)</u>	<u>-</u>	<u>(524,933)</u>	<u>(330,006)</u>
Net income (loss)	<u>\$ (43,955)</u>	<u>\$ (32,200)</u>	<u>\$ (76,155)</u>	<u>\$ 32,453</u>

(continued)

TOWN OF ERATH, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS - PROPRIETARY FUND TYPE (CONTINUED)  
 Year Ended June 30, 1999

	<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Utility Fund</u>	<u>Sewerage Utility Fund</u>	<u>1999</u>	<u>1998</u>
Net income (loss) (brought forward)	\$ (43,955)	\$ (32,200)	\$ (76,155)	\$ 32,453
Add depreciation and loss on assets contributed or funded by other funds that reduces contributed capital	<u>23,121</u>	<u>55,335</u>	<u>78,456</u>	<u>70,080</u>
Increase (decrease) in retained earnings	\$ (20,834)	\$ 23,135	\$ 2,301	\$ 102,533
Retained earnings, beginning	<u>1,533,379</u>	<u>287,899</u>	<u>1,821,278</u>	<u>1,718,745</u>
Retained earnings, ending	<u>\$ 1,512,545</u>	<u>\$ 311,034</u>	<u>\$ 1,823,579</u>	<u>\$ 1,821,278</u>

See Notes to Financial Statements.

## TOWN OF ERATH, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPE  
Year Ended June 30, 1999

	<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Utility</u>	<u>Sewerage</u>		
	<u>Fund</u>	<u>Utility</u>	<u>1999</u>	<u>1998</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 428,139	\$ (79,966)	\$ 348,173	\$ 315,214
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	65,129	84,460	149,589	132,158
Other	2,586	-	2,586	(37,409)
Changes in assets and liabilities	<u>42,496</u>	<u>12,579</u>	<u>55,075</u>	<u>(57,969)</u>
Net cash provided by operating activities	\$ <u>538,350</u>	\$ <u>17,073</u>	\$ <u>555,423</u>	\$ <u>351,994</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	\$ -	\$ 75,375	\$ 75,375	\$ 42,458
Transfers to other funds	(524,933)	-	(524,933)	(330,006)
Other	<u>(3,157)</u>	<u>-</u>	<u>(3,157)</u>	<u>(330)</u>
Net cash provided by (used in) noncapital financing activities	\$ <u>(528,090)</u>	\$ <u>75,375</u>	\$ <u>(452,715)</u>	\$ <u>(287,878)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	\$ (26,516)	\$ (100,039)	\$ (126,555)	\$ (828,279)
Grant revenue	7,014	-	7,014	183,114
Construction costs	(2,215)	-	(2,215)	(164,150)
Principal paid on revenue bond maturities	-	(26,367)	(26,367)	(25,000)
Interest paid on revenue bonds	-	(43,042)	(43,042)	(20,540)
Contributions received	-	78,836	78,836	339,964
Bonds issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,000</u>
Net cash used in capital and related financing activities	\$ <u>(21,717)</u>	\$ <u>(90,612)</u>	\$ <u>(112,329)</u>	\$ <u>(84,891)</u>

(continued)

TOWN OF ERATH, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPE (CONTINUED)  
Year Ended June 30, 1999

	<u>Enterprise Funds</u>		<u>Totals</u>	
	<u>Utility</u>	<u>Sewerage</u>		
	<u>Fund</u>	<u>Utility</u>	<u>1999</u>	<u>1998</u>
		<u>Fund</u>		
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	\$ 45,253	\$ 6,708	\$ 51,961	\$ 57,438
Purchase of investments	(55,000)	-	(55,000)	-
Net cash provided by (used in) investing activities	\$ (9,747)	\$ 6,708	\$ (3,039)	\$ 57,438
Increase (decrease) in cash and cash equivalents	\$ (21,204)	\$ 8,544	\$ (12,660)	\$ 36,663
Cash and cash equivalents at beginning of year	<u>202,678</u>	<u>121,325</u>	<u>324,003</u>	<u>287,340</u>
Cash and cash equivalents at end of year	<u>\$ 181,474</u>	<u>\$ 129,869</u>	<u>\$ 311,343</u>	<u>\$ 324,003</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 (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government:

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 (1999 \$3,850; 1998 \$3,306) 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, 1999 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 4.40% per annum, mature at various times through November 1999 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, action of the Board of Aldermen 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 36 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, 1999 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, 1999), 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, 1999 (1998 \$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 1998 financial statements have been reclassified to the 1999 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 1998 budget December 14, 1998.
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 \$1,318,907 and the bank balance was \$1,343,128. Of the bank balance, \$361,555 was covered by federal depository insurance. The remaining balance of \$981,573 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, 1999 aggregated \$49,564.

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	\$ 6,058	\$ 4,084
Special revenue funds:		
Sales Tax Fund	71,510	4,572
Special Parish Tax Fund	1,230	-
Enterprise funds:		
Utility Fund	4,900	40,620
Sewerage Utility Fund	-	37,276
Trust and agency fund:		
Withholding Tax Fund	2,854	-
	\$ 86,552	\$ 86,552

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, 1998	Additions	Deductions	Balance, June 30, 1999
Land	\$ 190,888	\$ -	\$ -	\$ 190,888
Buildings	279,004	5,919	-	284,923
Improvements other than buildings	793,950	105,428	-	899,378
Equipment	683,911	51,689	-	735,600
Total	\$1,947,753	\$ 163,036	\$ -0-	\$2,110,789

NOTES TO FINANCIAL STATEMENTS

The following is a summary of proprietary fund-type fixed assets at June 30, 1999:

<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	307,119	-
Water production and storage facilities	262,579	-
Water distribution system	1,592,802	-
Sewerage treatment plant	-	521,709
Sewerage collection system	-	2,892,508
Autos and trucks	114,830	-
Other equipment	42,045	126,604
Water treatment plant	5,000	-
	<u>\$2,333,734</u>	<u>\$3,812,642</u>
Less accumulated depreciation	<u>(786,575)</u>	<u>(926,711)</u>
Totals	<u>\$1,547,159</u>	<u>\$2,885,931</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, 1999 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	\$ 320,000
	02/09/98	02/09/38	4.50	<u>428,633</u>
				<u>\$ 748,633</u>



NOTES TO FINANCIAL STATEMENTS

Debt service requirements to maturity, including \$561,088 of interest on revenue bonds, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Total</u>
2000	\$ 69,426
2001	67,926
2002	66,426
2003	69,926
2004	68,176
2005-2009	297,882
2010-2014	117,132
2015-2019	117,132
2020-2024	117,132
2025-2029	117,132
2030-2034	117,132
2035-2038	<u>84,299</u>
	<u>\$1,309,721</u>

Changes in Long-Term Debt. During the year ended June 30, 1999, the following changes occurred in long-term liabilities:

	<u>Balance</u> <u>07/01/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/99</u>
Revenue bonds	<u>\$ 775,000</u>	<u>\$ -0-</u>	<u>\$ 26,367</u>	<u>\$ 748,633</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>1999</u>	<u>1998</u>
Cash with paying agent	\$ -	\$ 46,000	\$ 46,000	\$ -
Bond sinking fund	-	10,288	10,288	58,483
Bond reserve fund	-	46,559	46,559	41,709
Depreciation and contingency fund	-	61,505	61,505	54,466
Customers' deposits	54,647	-	54,647	57,804
System improvements	<u>195,303</u>	<u>-</u>	<u>195,303</u>	<u>189,427</u>
	<u>\$ 249,950</u>	<u>\$ 164,352</u>	<u>\$ 414,302</u>	<u>\$ 401,889</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, 1999.

Note 9. Tax Revenues

Tax revenues for the year ended June 30, 1999 consisted of the following:

Ad valorem taxes	\$ 18,620
Gas franchise tax	11,499
Cable franchise tax	2,183
Sales taxes	<u>200,352</u>
	<u>\$ 232,654</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, 1999, ad valorem taxes of 3.96 mills were levied on assessed valuations totaling \$4,692,980, and were dedicated to general corporate purposes. Taxes receivable at June 30, 1999 totaled \$11, 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, 1999 is as follows:

	<u>Net Working Capital</u>	<u>Total Assets</u>	<u>Long-Term Liabilities</u>	<u>Total Equity</u>
Utility Fund	\$971,163	\$2,928,316	\$ 52,963	\$2,660,662
Sewerage Utility Fund	<u>22,249</u>	<u>3,120,923</u>	<u>714,409</u>	<u>2,307,899</u>
Total Enterprise Funds	<u>\$993,412</u>	<u>\$6,049,239</u>	<u>\$ 767,372</u>	<u>\$4,968,561</u>

Operating results of individual utilities accounted for in the Utility Fund for the year ended June 30, 1999 were as follows:

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Total</u>
Operating revenues	\$1,439,010	\$ 60,429	\$1,499,439
Operating expenses -			
Depreciation	27,636	37,493	65,129
Other	<u>893,220</u>	<u>112,951</u>	<u>1,006,171</u>
Operating income (loss)	<u>\$ 518,154</u>	<u>\$ (90,015)</u>	<u>\$ 428,139</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 \$4,689 for the year ended June 30, 1999 which covered the employees' salaries of \$52,100. 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, 1999 follows:

Keith Arceneaux, Mayor	\$	6,359
Aldermen:		
Claudette Lacour		2,504
Joseph Cormier		1,171
Robert Domingues		2,343
John LeBlanc		2,569
Myron Manuel		1,269
Robert Vincent		1,364
Carl Broussard		1,268
Alvin Benoit, Chief of Police		<u>25,700</u>
		<u>\$ 44,547</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, 1999, the Vermilion Parish School Board had collected, but not yet remitted, \$38,742 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	\$ -	\$ 3,831	\$ 3,831
Depreciation charged	<u>(23,121)</u>	<u>(55,335)</u>	<u>(78,456)</u>
	\$ (23,121)	\$ (51,504)	\$ (74,625)
 Contributed capital, July 1, 1998	 <u>1,171,238</u>	 <u>2,048,369</u>	 <u>3,219,607</u>
 Contributed capital, June 30, 1999	 <u>\$1,148,117</u>	 <u>\$1,996,865</u>	 <u>\$3,144,982</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, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Cash	\$ 8,349	\$ 12,674
Other receivables	5,505	5,615
Due from other funds -		
Special Parish Tax Fund	-	3,292
Utility Fund	-	4,675
Sales Tax Fund	4,572	3,241
Sewerage Utility Fund	1,486	819
Due from other governmental agencies	<u>3,127</u>	<u>3,140</u>
 Total assets	 <u>\$ 23,039</u>	 <u>\$ 33,456</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 31,572	\$ 6,423
Retainage payable	6,385	-
Due to other funds -		
Withholding Tax Fund	2,854	2,846
Special Parish Tax Fund	<u>1,230</u>	<u>-</u>
 Total liabilities	 \$ 42,041	 \$ 9,269
 Fund balance (accumulated deficit):		
Unreserved and undesignated	<u>(19,002)</u>	<u>24,187</u>
 Total liabilities and fund balance	 <u>\$ 23,039</u>	 <u>\$ 33,456</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, 1999  
With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>1999</u>		Variance -	
	<u>Budget</u>	<u>Actual</u>	Favorable	1998
			(Unfavorable)	<u>Actual</u>
Revenues:				
Taxes	\$ 33,100	\$ 32,302	\$ (798)	\$ 32,880
Licenses and permits	60,900	58,307	(2,593)	58,944
Intergovernmental	58,100	59,010	910	58,568
Charges for services	250	187	(63)	225
Fines	18,000	19,838	1,838	15,508
Miscellaneous	<u>14,900</u>	<u>17,077</u>	<u>2,177</u>	<u>15,290</u>
Total revenues	<u>\$ 185,250</u>	<u>\$ 186,721</u>	<u>\$ 1,471</u>	<u>\$ 181,415</u>
Expenditures:				
General government	\$ 230,192	\$ 271,659	\$ (41,467)	\$ 160,167
Public safety -				
Police	375,009	283,204	91,805	239,716
Fire	-	-	-	4,354
Sanitation	-	48	(48)	115
Health and welfare	1,892	1,892	-	1,892
Culture and recreation	18,322	39,513	(21,191)	20,983
Miscellaneous	<u>32,000</u>	<u>31,087</u>	<u>913</u>	<u>31,913</u>
Total expenditures	<u>\$ 657,415</u>	<u>\$ 627,403</u>	<u>\$ 30,012</u>	<u>\$ 459,140</u>
Deficiency of revenues over expenditures	<u>\$ (472,165)</u>	<u>\$ (440,682)</u>	<u>\$ 31,483</u>	<u>\$ (277,725)</u>
Other financing sources (uses):				
Operating transfers in -				
Utility Fund	\$ 550,000	\$ 494,742	\$ (55,258)	\$ 330,006
Operating transfers out -				
Sales Tax Fund	-	(48,000)	(48,000)	-
Special Parish Tax Fund	<u>(68,438)</u>	<u>(49,249)</u>	<u>19,189</u>	<u>(36,690)</u>
Total other financing sources (uses)	<u>\$ 481,562</u>	<u>\$ 397,493</u>	<u>\$ (84,069)</u>	<u>\$ 293,316</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 9,397	\$ (43,189)	\$ (52,586)	\$ 15,591
Fund balance, beginning	<u>24,187</u>	<u>24,187</u>	<u>-</u>	<u>8,596</u>
Fund balance (accumulated deficit), ending	<u>\$ 33,584</u>	<u>\$ (19,002)</u>	<u>\$ (52,586)</u>	<u>\$ 24,187</u>

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA  
GENERAL FUND

SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 1999  
With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>1999</u>		Variance - Favorable (Unfavorable)	1998 <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>		
Taxes -				
General ad valorem	\$ 17,500	\$ 18,620	\$ 1,120	\$ 17,523
Gas franchise tax	13,500	11,499	(2,001)	13,284
Cable franchise tax	2,100	2,183	83	2,073
Licenses and permits -				
Occupational licenses	15,000	14,522	(478)	13,652
Insurance licenses	45,000	42,357	(2,643)	44,416
Building permits	500	978	478	426
Liquor permits	400	450	50	450
Intergovernmental -				
Tobacco tax	12,600	12,631	31	12,631
Liquor tax	5,000	5,847	847	4,746
Housing Authority payment in lieu of taxes	4,000	3,850	(150)	3,306
State revenue sharing	4,500	3,927	(573)	4,349
Video draw poker	32,000	32,755	755	33,536
Charges for services -				
Police accident reports	250	187	(63)	225
Fines	18,000	19,838	1,838	15,508
Miscellaneous -				
Rent income (Post Office)	9,900	9,900	-	9,075
Other	<u>5,000</u>	<u>7,177</u>	<u>2,177</u>	<u>6,215</u>
Total revenues	<u>\$ 185,250</u>	<u>\$ 186,721</u>	<u>\$ 1,471</u>	<u>\$ 181,415</u>

TOWN OF ERATH, LOUISIANA  
GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended June 30, 1999  
With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>1999</u>		Variance - Favorable (Unfavorable)	1998
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
General government:				
Mayor's salary	\$ 6,294	\$ 5,159	\$ 1,135	\$ 5,129
Council salaries	12,426	12,488	(62)	12,277
Other salaries	23,837	23,948	(111)	22,375
Payroll taxes	5,160	5,273	(113)	4,959
Group insurance	50,000	57,317	(7,317)	50,917
Printing, stationery and supplies	7,500	5,569	1,931	7,345
Building maintenance and repairs	3,000	10,650	(7,650)	4,585
Audit and accounting	7,000	5,044	1,956	6,863
General insurance	8,000	7,346	654	7,050
Mayor's expenses	1,250	1,200	50	1,200
Dues and subscriptions	900	793	107	858
Telephone	4,200	3,601	599	4,168
Utilities	3,200	3,363	(163)	3,206
Publication of minutes	2,000	2,982	(982)	2,270
Tax roll preparation	1,025	1,050	(25)	1,028
Legal fees	7,500	19,250	(11,750)	7,234
Centennial	5,000	4,265	735	-
Miscellaneous	11,750	7,934	3,816	6,912
Capital outlays	58,000	82,686	(24,686)	-
Autopsy fees	150	100	50	150
General liability insurance	<u>12,000</u>	<u>11,641</u>	<u>359</u>	<u>11,641</u>
Total general government	<u>\$ 230,192</u>	<u>\$ 271,659</u>	<u>\$ (41,467)</u>	<u>\$ 160,167</u>
Public safety:				
Police department -				
Chief of Police's salary	\$ 25,700	\$ 25,700	\$ -	\$ 24,177
Other salaries	213,138	157,602	55,536	148,246
Payroll taxes	18,271	14,023	4,248	13,191
Police retirement	5,000	4,689	311	4,460
Uniforms	1,500	3,079	(1,579)	877
Auto expenses	10,000	6,940	3,060	8,079
Building maintenance and repairs	1,800	3,382	(1,582)	1,250

(continued)



TOWN OF ERATH, LOUISIANA  
GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)  
Year Ended June 30, 1999  
With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>1999</u>		Variance - Favorable (Unfavorable)	1998
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Public safety: (continued)				
Police department -				
Auto repairs and maintenance	\$ 8,000	\$ 6,674	\$ 1,326	\$ 7,860
Materials and supplies	1,600	2,012	(412)	1,912
Utilities	3,500	4,214	(714)	3,807
Telephone	3,500	3,633	(133)	3,550
General insurance	9,000	7,399	1,601	7,464
Radio repairs	3,500	3,661	(161)	1,814
Office	1,800	2,827	(1,027)	2,630
Conventions and schools	2,000	1,400	600	792
Capital outlays	59,500	34,083	25,417	6,472
Miscellaneous	<u>7,200</u>	<u>1,886</u>	<u>5,314</u>	<u>3,135</u>
Total police department	<u>\$ 375,009</u>	<u>\$ 283,204</u>	<u>\$ 91,805</u>	<u>\$ 239,716</u>
Fire department -				
Salaries	\$ -	\$ -	\$ -	\$ 3,154
Firemen's suppers	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
Total fire department	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,354</u>
Total public safety	<u>\$ 375,009</u>	<u>\$ 283,204</u>	<u>\$ 91,805</u>	<u>\$ 244,070</u>
Sanitation:				
Miscellaneous	<u>\$ -0-</u>	<u>\$ 48</u>	<u>\$ (48)</u>	<u>\$ 115</u>
Health and welfare:				
Meals on wheels	<u>\$ 1,892</u>	<u>\$ 1,892</u>	<u>\$ -0-</u>	<u>\$ 1,892</u>

(continued)

TOWN OF ERATH, LOUISIANA  
GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)  
Year Ended June 30, 1999  
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Culture and recreation:				
Salaries	\$ 10,192	\$ 10,467	\$ (275)	\$ 10,245
Payroll taxes	780	801	(21)	784
Materials and supplies	1,000	3,567	(2,567)	1,044
Utilities	1,200	1,319	(119)	1,170
Miscellaneous	2,000	2,130	(130)	1,842
Equipment repairs and maintenance	500	3,376	(2,876)	780
Building repairs and maintenance	2,500	9,210	(6,710)	416
Equipment fuel and oil	150	416	(266)	138
Capital outlays	-	8,227	(8,227)	4,564
Total culture and recreation	<u>\$ 18,322</u>	<u>\$ 39,513</u>	<u>\$ (21,191)</u>	<u>\$ 20,983</u>
Miscellaneous:				
Workmen's compensation insurance	<u>\$ 32,000</u>	<u>\$ 31,087</u>	<u>\$ 913</u>	<u>\$ 31,913</u>
Total expenditures	<u>\$ 657,415</u>	<u>\$ 627,403</u>	<u>\$ 30,012</u>	<u>\$ 459,140</u>

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### SPECIAL REVENUE FUNDS

SALES TAX FUND - To account for the receipt and use of proceeds of the Town's 1½ 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, 1999

With Comparative Totals for June 30, 1998

ASSETS	Sales Tax	Special Parish Tax	Totals	
			June 30, 1999	June 30, 1998
Cash in bank	\$ 726	\$ 3,568	\$ 4,294	\$ 8,978
Certificates of deposit	9,555	-	9,555	9,145
Due from other governmental agencies	38,742	-	38,742	13,977
Due from General Fund	-	1,230	1,230	-
Due from Utility Fund	40,620	-	40,620	43,885
Due from Sewerage Utility Fund	<u>30,890</u>	<u>-</u>	<u>30,890</u>	<u>25,356</u>
Total assets	<u>\$ 120,533</u>	<u>\$ 4,798</u>	<u>\$ 125,331</u>	<u>\$ 101,341</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 17,226	\$ 4,798	\$ 22,024	\$ 7,936
Due to General Fund	<u>4,572</u>	<u>-</u>	<u>4,572</u>	<u>6,533</u>
Total liabilities	\$ 21,798	\$ 4,798	\$ 26,596	\$ 14,469
Fund balances:				
Unreserved and undesignated	<u>98,735</u>	<u>-</u>	<u>98,735</u>	<u>86,872</u>
Total liabilities and fund balances	<u>\$ 120,533</u>	<u>\$ 4,798</u>	<u>\$ 125,331</u>	<u>\$ 101,341</u>

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA  
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Year Ended June 30, 1999  
With Comparative Totals for Year Ended June 30, 1998

	Sales Tax	Special Parish Tax	<u>Totals</u>	
			<u>June 30, 1999</u>	<u>June 30, 1998</u>
Revenues:				
Taxes	\$ 200,352	\$ -	\$ 200,352	\$ 191,121
Intergovernmental	-	22,348	22,348	47,348
Interest	410	-	410	435
Miscellaneous	<u>8,483</u>	<u>7</u>	<u>8,490</u>	<u>2,729</u>
Total revenues	<u>\$ 209,245</u>	<u>\$ 22,355</u>	<u>\$ 231,600</u>	<u>\$ 241,633</u>
Expenditures:				
Current -				
General government	\$ 1,762	\$ 414	\$ 2,176	\$ 2,244
Public safety - fire	-	71,190	71,190	83,745
Public works	<u>198,437</u>	<u>-</u>	<u>198,437</u>	<u>159,058</u>
Total expenditures	<u>\$ 200,199</u>	<u>\$ 71,604</u>	<u>\$ 271,803</u>	<u>\$ 245,047</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 9,046</u>	<u>\$ (49,249)</u>	<u>\$ (40,203)</u>	<u>\$ (3,414)</u>
Other financing sources (uses):				
Operating transfers in	\$ 48,192	\$ 49,249	\$ 97,441	\$ 36,690
Operating transfers out	<u>(45,375)</u>	<u>-</u>	<u>(45,375)</u>	<u>(66,458)</u>
Total other financing sources (uses)	<u>\$ 2,817</u>	<u>\$ 49,249</u>	<u>\$ 52,066</u>	<u>\$ (29,768)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 11,863	\$ -0-	\$ 11,863	\$ (33,182)
Fund balances, beginning	<u>86,872</u>	<u>-</u>	<u>86,872</u>	<u>120,054</u>
Fund balances, ending	<u>\$ 98,735</u>	<u>\$ -0-</u>	<u>\$ 98,735</u>	<u>\$ 86,872</u>

See Notes to Financial Statements.



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, 1999  
With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>1999</u>		Variance -	
	<u>Budget</u>	<u>Actual</u>	Favorable	1998
			(Unfavorable)	<u>Actual</u>
<b>Revenues:</b>				
Taxes -				
Sales taxes collected	\$ 190,000	\$ 200,352	\$ 10,352	\$ 191,121
Interest	500	410	(90)	435
Miscellaneous -				
Maintenance agreement	2,500	8,021	5,521	1,616
Other	<u>1,000</u>	<u>462</u>	<u>(538)</u>	<u>1,106</u>
Total revenues	<u>\$ 194,000</u>	<u>\$ 209,245</u>	<u>\$ 15,245</u>	<u>\$ 194,278</u>
<b>Expenditures:</b>				
Current -				
General government				
(financial administration):				
Auditing, accounting				
and legal	\$ 1,950	\$ 1,506	\$ 444	\$ 1,905
Office supplies	<u>50</u>	<u>256</u>	<u>(206)</u>	<u>39</u>
	<u>\$ 2,000</u>	<u>\$ 1,762</u>	<u>\$ 238</u>	<u>\$ 1,944</u>
Public works (streets and bridges):				
Salaries and wages -				
Street commissioner	\$ 12,636	\$ 8,100	\$ 4,536	\$ 10,845
Public works director	11,065	4,256	6,809	-
Other	79,474	97,542	(18,068)	69,796
Payroll taxes	7,046	8,407	(1,361)	6,169
Insurance	1,500	1,331	169	1,433
Materials and supplies	25,000	30,325	(5,325)	23,170
Utilities	1,500	1,640	(140)	1,420
Telephone	750	700	50	673
Capital outlays	2,800	23,680	(20,880)	22,078
Repairs and maintenance	14,650	13,180	1,470	14,023
Street lighting material	1,900	254	1,646	2,195
Fuel and oil	4,000	3,598	402	3,243
Professional services	1,500	474	1,026	-
Miscellaneous	1,500	2,671	(1,171)	2,032
Uniforms	<u>1,500</u>	<u>2,279</u>	<u>(779)</u>	<u>1,981</u>
	<u>\$ 166,821</u>	<u>\$ 198,437</u>	<u>\$ (31,616)</u>	<u>\$ 159,058</u>
Total expenditures	<u>\$ 168,821</u>	<u>\$ 200,199</u>	<u>\$ (31,378)</u>	<u>\$ 161,002</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, 1999  
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Excess of revenues over expenditures	\$ 25,179	\$ 9,046	\$ (16,133)	\$ 33,276
Other financing sources (uses):				
Operating transfers in -				
General Fund	\$ -	\$ 48,000	\$ 48,000	\$ -
Utility Fund	-	192	192	-
Operating transfers out -				
Sewerage Utility Fund	(46,000)	(45,375)	625	(42,458)
LCDBG - Street Improvement Fund	-	-	-	(24,000)
Total other financing sources (uses)	\$ (46,000)	\$ 2,817	\$ 48,817	\$ (66,458)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (20,821)	\$ 11,863	\$ 32,684	\$ (33,182)
Fund balance, beginning	86,872	86,872	-	120,054
Fund balance, ending	\$ 66,051	\$ 98,735	\$ 32,684	\$ 86,872

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, 1999  
With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>1999</u>		Variance -	
	<u>Budget</u>	<u>Actual</u>	Favorable	1998
			(Unfavorable)	<u>Actual</u>
Revenues:				
Intergovernmental -				
Appropriation from Vermilion				
Parish Police Jury:				
Special parish tax	\$ 22,348	\$ 22,348	\$ -	\$ 22,348
State grant	-	-	-	25,000
Miscellaneous	<u>150</u>	<u>7</u>	<u>(143)</u>	<u>7</u>
Total revenues	<u>\$ 22,498</u>	<u>\$ 22,355</u>	<u>\$ (143)</u>	<u>\$ 47,355</u>
Expenditures:				
Current -				
General government:				
Audit and accounting	\$ 300	\$ 414	\$ (114)	\$ 300
Public safety (fire				
department):				
Salaries	26,654	24,446	2,208	20,499
Payroll taxes	2,039	1,588	451	1,568
Training	4,000	2,116	1,884	2,034
Firemen's suppers	1,200	1,200	-	-
Materials and supplies	1,250	784	466	88
Truck expense	10,000	7,345	2,655	7,843
Insurance	10,738	9,852	886	12,177
Telephone	2,800	2,106	694	2,677
Uniforms	4,500	1,601	2,899	-
Building repair and				
maintenance	4,000	212	3,788	219
Gas	605	482	123	634
Utilities	475	593	(118)	529
Miscellaneous	3,200	1,497	1,703	398
Capital outlays	17,675	15,904	1,771	33,536
Radio maintenance	<u>1,500</u>	<u>1,464</u>	<u>36</u>	<u>1,543</u>
Total expenditures	<u>\$ 90,936</u>	<u>\$ 71,604</u>	<u>\$ 19,332</u>	<u>\$ 84,045</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, 1999  
With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>1999</u>		Variance - Favorable (Unfavorable)	1998 <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>		
Deficiency of revenues over expenditures	\$ (68,438)	\$ (49,249)	\$ 19,189	\$ (36,690)
Other financing sources:				
Transfer from General Fund	<u>68,438</u>	<u>49,249</u>	<u>(19,189)</u>	<u>36,690</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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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, 1999  
With Comparative Totals for June 30, 1998

ASSETS	<u>Utility Fund</u>	<u>Sewerage Utility Fund</u>	<u>Totals</u>	
			<u>June 30, 1999</u>	<u>June 30, 1998</u>
<b>CURRENT ASSETS</b>				
Cash	\$ 135,084	\$ 13,497	\$ 148,581	\$ 173,654
Certificates of deposit	735,545	47,298	782,843	727,843
Accounts receivable (net)	172,889	9,845	182,734	203,173
Unbilled service receivable (net)	56,404	-	56,404	57,138
Due from other governmental agencies	26,385	-	26,385	103,404
Due from other funds	<u>4,900</u>	<u>-</u>	<u>4,900</u>	<u>5,553</u>
Total current assets	<u>\$1,131,207</u>	<u>\$ 70,640</u>	<u>\$ 1,201,847</u>	<u>\$ 1,270,765</u>
<b>RESTRICTED ASSETS</b>				
Cash	\$ 46,390	\$ 116,372	\$ 162,762	\$ 150,349
Certificates of deposit	<u>203,560</u>	<u>47,980</u>	<u>251,540</u>	<u>251,540</u>
Total restricted assets	<u>\$ 249,950</u>	<u>\$ 164,352</u>	<u>\$ 414,302</u>	<u>\$ 401,889</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Land	\$ -	\$ 32,253	\$ 32,253	\$ 32,253
Buildings	9,359	521,709	531,068	520,947
Improvements other than buildings	2,167,500	3,132,076	5,299,576	5,260,352
Machinery and equipment	<u>156,875</u>	<u>126,604</u>	<u>283,479</u>	<u>283,479</u>
	\$2,333,734	\$3,812,642	\$ 6,146,376	\$ 6,097,031
Less accumulated depreciation	<u>(786,575)</u>	<u>(926,711)</u>	<u>(1,713,286)</u>	<u>(1,563,897)</u>
Net property, plant and equipment	<u>\$1,547,159</u>	<u>\$2,885,931</u>	<u>\$ 4,433,090</u>	<u>\$ 4,533,134</u>
Total assets	<u>\$2,928,316</u>	<u>\$3,120,923</u>	<u>\$ 6,049,239</u>	<u>\$ 6,205,788</u>

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	Utility	Sewerage	Totals	
	Utility Fund	Utility Fund	June 30, 1999	June 30, 1998
<b>CURRENT LIABILITIES (payable from current assets)</b>				
Accounts payable and accrued expenses	\$ 93,959	\$ 11,115	\$ 105,074	\$ 163,506
Due to other funds	40,620	37,276	77,896	80,288
Retainage payable	<u>25,465</u>	<u>-</u>	<u>25,465</u>	<u>63,580</u>
Total	<u>\$ 160,044</u>	<u>\$ 48,391</u>	<u>\$ 208,435</u>	<u>\$ 307,374</u>
<b>CURRENT LIABILITIES (payable from restricted assets)</b>				
Customers' deposits	\$ 54,647	\$ -	\$ 54,647	\$ 57,804
Revenue bonds payable	-	34,224	34,224	26,085
Accrued interest on bonds	<u>-</u>	<u>16,000</u>	<u>16,000</u>	<u>24,725</u>
Total	<u>\$ 54,647</u>	<u>\$ 50,224</u>	<u>\$ 104,871</u>	<u>\$ 108,614</u>
<b>OTHER LIABILITIES</b>				
Deferred revenue	\$ 52,963	\$ -	\$ 52,963	\$ -
Revenue bonds payable	<u>-</u>	<u>714,409</u>	<u>714,409</u>	<u>748,915</u>
Total	<u>\$ 52,963</u>	<u>\$ 714,409</u>	<u>\$ 767,372</u>	<u>\$ 748,915</u>
Total liabilities	<u>\$ 267,654</u>	<u>\$ 813,024</u>	<u>\$ 1,080,678</u>	<u>\$ 1,164,903</u>
<b>FUND EQUITY</b>				
Contributed capital	\$1,148,117	\$1,996,865	\$ 3,144,982	\$ 3,219,607
Retained earnings -				
Designated for system improvements	195,303	-	195,303	189,427
Reserved for revenue bond retirement	-	114,128	114,128	103,848
Unreserved, undesignated	<u>1,317,242</u>	<u>196,906</u>	<u>1,514,148</u>	<u>1,528,003</u>
Total fund equity	<u>\$2,660,662</u>	<u>\$2,307,899</u>	<u>\$ 4,968,561</u>	<u>\$ 5,040,885</u>
Total liabilities and fund equity	<u>\$2,928,316</u>	<u>\$3,120,923</u>	<u>\$ 6,049,239</u>	<u>\$ 6,205,788</u>

TOWN OF ERATH, LOUISIANA  
UTILITY FUND

BALANCE SHEETS  
June 30, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
<b>CURRENT ASSETS</b>		
Cash -		
Cash on hand	\$ 3,340	\$ 6,980
Operating account	32,505	67,739
Water well account	99,239	84,288
Certificates of deposit	735,545	680,545
Accounts receivable, net of allowance for uncollectible accounts 1999 \$1,687; 1998 \$1,687	172,889	194,080
Unbilled service receivable, net of allowance for uncollectible accounts 1999 \$509; 1998 \$509	56,404	57,138
Due from other funds	4,900	5,553
Due from other governmental agencies	<u>26,385</u>	<u>28,399</u>
Total current assets	<u>\$ 1,131,207</u>	<u>\$ 1,124,722</u>
<b>RESTRICTED ASSETS</b>		
Cash	\$ 46,390	\$ 43,671
Certificates of deposit	<u>203,560</u>	<u>203,560</u>
Total restricted assets	<u>\$ 249,950</u>	<u>\$ 247,231</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Buildings	\$ 9,359	\$ 9,359
Improvements other than buildings	2,167,500	2,140,984
Machinery and equipment	<u>156,875</u>	<u>156,875</u>
	\$ 2,333,734	\$ 2,307,218
Less accumulated depreciation	<u>(786,575)</u>	<u>(721,446)</u>
Net property, plant and equipment	<u>\$ 1,547,159</u>	<u>\$ 1,585,772</u>
Total assets	<u>\$ 2,928,316</u>	<u>\$ 2,957,725</u>

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	<u>1999</u>	<u>1998</u>
CURRENT LIABILITIES (payable from current assets)		
Accounts payable and accrued expenses	\$ 93,959	\$ 119,064
Due to other funds	40,620	48,560
Retainage payable	<u>25,465</u>	<u>27,680</u>
	<u>\$ 160,044</u>	<u>\$ 195,304</u>
CURRENT LIABILITIES (payable from restricted assets)		
Customers' deposits	<u>\$ 54,647</u>	<u>\$ 57,804</u>
OTHER LIABILITIES		
Deferred revenue	<u>\$ 52,963</u>	<u>\$ -0-</u>
Total liabilities	<u>\$ 267,654</u>	<u>\$ 253,108</u>
FUND EQUITY		
Contributed capital	\$ 1,148,117	\$ 1,171,238
Retained earnings -		
Designated for system improvements	195,303	189,427
Unreserved - undesignated	<u>1,317,242</u>	<u>1,343,952</u>
Total fund equity	<u>\$ 2,660,662</u>	<u>\$ 2,704,617</u>
Total liabilities and fund equity	<u>\$ 2,928,316</u>	<u>\$ 2,957,725</u>

TOWN OF ERATH, LOUISIANA  
UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Years Ended June 30, 1999 and 1998

	Total	
	1999	1998
Operating revenues:		
Charges for services	\$ 1,485,906	\$ 1,440,608
Penalties for delinquent payment	12,970	10,701
Miscellaneous	563	980
Total operating revenues	<u>\$ 1,499,439</u>	<u>\$ 1,452,289</u>
Operating expenses:		
Salaries	\$ 121,830	\$ 105,407
Payroll taxes	9,325	8,063
Purchase of electric power	727,390	748,988
Materials and supplies	66,197	64,158
Repairs and maintenance	9,234	23,218
Contracted repairs	6,305	1,519
Fuel	3,355	3,979
Insurance	1,857	2,744
Office supplies and postage	4,535	2,918
Telephone and utilities	10,193	13,718
Audit and accounting	12,928	13,600
Depreciation	65,129	65,022
Bad debts	2,452	2,572
Professional services	4,816	18,013
Transformer disposal	18,193	-
Miscellaneous	7,561	8,470
Total operating expenses	<u>\$ 1,071,300</u>	<u>\$ 1,082,389</u>
Income (loss) from operations	<u>\$ 428,139</u>	<u>\$ 369,900</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 45,253	\$ 50,427
Other revenue	2,586	2,214
Federal grant revenue	-	69,911
State grant revenue	5,000	17,478
Construction costs	-	(75,866)
Environmental cleanup cost	-	(39,623)
Total nonoperating revenues (expenses)	<u>\$ 52,839</u>	<u>\$ 24,541</u>
Income before operating transfers	<u>\$ 480,978</u>	<u>\$ 394,441</u>
Operating transfers (out):		
Transfer to General Fund	\$ (494,741)	\$ (330,006)
Transfer to Sewer Utility	(30,000)	-
Transfer to Sales Tax Fund	(192)	-
Total operating transfers (out)	<u>\$ (524,933)</u>	<u>\$ (330,006)</u>
Net income (loss)	<u>\$ (43,955)</u>	<u>\$ 64,435</u>

<u>Electric</u>		<u>Water</u>	
<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
\$1,425,477	\$1,380,524	\$ 60,429	\$ 60,084
12,970	10,701	-	-
563	980	-	-
<u>\$1,439,010</u>	<u>\$1,392,205</u>	<u>\$ 60,429</u>	<u>\$ 60,084</u>
\$ 68,714	\$ 61,073	\$ 53,116	\$ 44,334
5,261	4,672	4,064	3,391
727,390	748,988	-	-
35,892	41,362	30,305	22,796
3,327	9,598	5,907	13,620
6,305	1,519	-	-
1,961	2,609	1,394	1,370
1,504	2,211	353	533
3,855	2,480	680	438
1,197	1,558	8,996	12,160
10,989	11,560	1,939	2,040
27,636	27,402	37,493	37,620
2,127	2,271	325	301
423	3,956	4,393	14,057
18,193	-	-	-
6,082	6,257	1,479	2,213
<u>\$ 920,856</u>	<u>\$ 927,516</u>	<u>\$ 150,444</u>	<u>\$ 154,873</u>
<u>\$ 518,154</u>	<u>\$ 464,689</u>	<u>\$ (90,015)</u>	<u>\$ (94,789)</u>

(continued)



TOWN OF ERATH, LOUISIANA  
UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS (CONTINUED)  
Years Ended June 30, 1999 and 1998

	<u>Total</u>	
	<u>1999</u>	<u>1998</u>
Net income (loss) (brought forward)	\$ (43,955)	\$ 64,435
Add depreciation and loss on assets contributed or funded by other funds that reduces contributed capital	<u>23,121</u>	<u>23,121</u>
Increase (decrease) in retained earnings	\$ (20,834)	\$ 87,556
Retained earnings, beginning	<u>1,533,379</u>	<u>1,445,823</u>
Retained earnings, ending	<u>\$ 1,512,545</u>	<u>\$ 1,533,379</u>

See Notes to Financial Statements.

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TOWN OF ERATH, LOUISIANA  
UTILITY FUND

STATEMENTS OF CASH FLOWS  
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 428,139	\$ 369,900
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	65,129	65,022
Other	2,586	2,214
Environmental cleanup cost	-	(39,623)
Changes in assets and liabilities:		
Decrease (increase) in assets -		
Accounts receivable	21,191	(36,920)
Unbilled service	734	(2,501)
Due from other funds	653	408
Increase (decrease) in liabilities -		
Accounts payable and accrued expenses	27,858	(18,429)
Due to other funds	<u>(7,940)</u>	<u>(4,249)</u>
Net cash provided by operating activities	<u>\$ 538,350</u>	<u>\$ 335,822</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	\$ (524,933)	\$ (330,006)
Decrease in customer deposits, net of refunds	<u>(3,157)</u>	<u>(330)</u>
Net cash used in noncapital financing activities	<u>\$ (528,090)</u>	<u>\$ (330,336)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	\$ (26,516)	\$ (46,541)
Grant revenue	7,014	183,114
Construction costs	<u>(2,215)</u>	<u>(164,150)</u>
Net cash used in capital and related financing activities	<u>\$ (21,717)</u>	<u>\$ (27,577)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	\$ 45,253	\$ 50,427
Purchase of investments	<u>(55,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>\$ (9,747)</u>	<u>\$ 50,427</u>
Increase (decrease) in cash and cash equivalents	<u>\$ (21,204)</u>	<u>\$ 28,336</u>

(continued)

TOWN OF ERATH, LOUISIANA  
UTILITY FUND

STATEMENTS OF CASH FLOWS (CONTINUED)  
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Increase (decrease) in cash and cash equivalents (brought forward)	\$ (21,204)	\$ 28,336
Cash and cash equivalents at beginning of year	<u>202,678</u>	<u>174,342</u>
Cash and cash equivalents at end of year	<u>\$ 181,474</u>	<u>\$ 202,678</u>
Cash and cash equivalents shown on balance sheet as:		
Current assets: Cash	\$ 135,084	\$ 159,007
Restricted assets: Cash	<u>46,390</u>	<u>43,671</u>
Total	<u>\$ 181,474</u>	<u>\$ 202,678</u>

See Notes to Financial Statements.



LIABILITIES AND FUND EQUITY	<u>1999</u>	<u>1998</u>
CURRENT LIABILITIES (payable from current assets)		
Accounts payable	\$ 11,115	\$ 44,442
Due to other funds	37,276	31,728
Retainage payable	-	35,900
	<u>\$ 48,391</u>	<u>\$ 112,070</u>
CURRENT LIABILITIES (payable from restricted assets)		
Bonds payable, due currently	\$ 34,224	\$ 26,085
Accrued interest on bonds	16,000	24,725
	<u>\$ 50,224</u>	<u>\$ 50,810</u>
OTHER LIABILITIES		
Bonds payable, net of current portion	<u>\$ 714,409</u>	<u>\$ 748,915</u>
Total liabilities	<u>\$ 813,024</u>	<u>\$ 911,795</u>
FUND EQUITY		
Contributed capital -		
Federal	\$ 1,668,572	\$ 1,710,356
State	104,588	107,682
Municipality	203,426	209,451
Other	20,279	20,880
Total contributed capital	<u>\$ 1,996,865</u>	<u>\$ 2,048,369</u>
Retained earnings -		
Reserved for revenue bond retirement	\$ 114,128	\$ 103,848
Unreserved, undesignated	196,906	184,051
Total retained earnings	<u>\$ 311,034</u>	<u>\$ 287,899</u>
Total fund equity	<u>\$ 2,307,899</u>	<u>\$ 2,336,268</u>
Total liabilities and fund equity	<u>\$ 3,120,923</u>	<u>\$ 3,248,063</u>

TOWN OF ERATH, LOUISIANA  
SEWERAGE UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services	\$ 102,808	\$ 96,605
Operating expenses:		
Salaries	\$ 37,420	\$ 26,995
Payroll taxes	2,863	2,065
Materials and supplies	15,518	10,165
Depreciation	84,460	67,136
Bad debts	414	216
Contracted repairs	5,301	9,311
Utilities	23,452	23,095
Fuel	390	349
Repairs and maintenance	3,300	2,343
Telephone	618	509
Insurance	666	757
Professional services	7,105	5,368
Permits and fees	-	1,121
Miscellaneous	<u>1,267</u>	<u>1,861</u>
Total operating expenses	\$ 182,774	\$ 151,291
Loss from operations	\$ (79,966)	\$ (54,686)
Nonoperating revenues (expenses):		
Interest on investments	\$ 6,708	\$ 7,011
Interest expense	<u>(34,317)</u>	<u>(26,765)</u>
Total nonoperating revenues (expenses)	\$ (27,609)	\$ (19,754)
Loss before operating transfers	\$ (107,575)	\$ (74,440)
Operating transfers in:		
Sales Tax Fund	45,375	42,458
Utility Fund	<u>30,000</u>	<u>-</u>
Net loss	\$ (32,200)	\$ (31,982)

(continued)



TOWN OF ERATH, LOUISIANA  
SEWERAGE UTILITY FUND

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS (CONTINUED)  
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Net loss (brought forward)	\$ (32,200)	\$ (31,982)
Add depreciation and loss on assets contributed or funded by other funds that reduces contributed capital	<u>55,335</u>	<u>46,959</u>
Increase in retained earnings	\$ 23,135	\$ 14,977
Retained earnings, beginning	<u>287,899</u>	<u>272,922</u>
Retained earnings, ending	<u>\$ 311,034</u>	<u>\$ 287,899</u>

See Notes to Financial Statements.

TOWN OF ERATH, LOUISIANA  
SEWERAGE UTILITY FUND

STATEMENTS OF CASH FLOWS  
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (79,966)	\$ (54,686)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	84,460	67,136
Changes in assets and liabilities:		
Decrease (increase) in assets -		
Accounts receivable	(752)	4
Increase (decrease) in liabilities -		
Accounts payable	7,783	(662)
Due to other funds	<u>5,548</u>	<u>4,380</u>
Net cash provided by operating activities	<u>\$ 17,073</u>	<u>\$ 16,172</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	<u>\$ 75,375</u>	<u>\$ 42,458</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	\$ (100,039)	\$ (781,738)
Principal paid on revenue bond maturities	(26,367)	(25,000)
Interest paid on revenue bonds	(43,042)	(20,540)
Contributions received	78,836	339,964
Bonds issued	<u>-</u>	<u>430,000</u>
Net cash used in capital and related financing activities	<u>\$ (90,612)</u>	<u>\$ (57,314)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>\$ 6,708</u>	<u>\$ 7,011</u>
Increase in cash and cash equivalents	\$ 8,544	\$ 8,327
Cash and cash equivalents at beginning of year	<u>121,325</u>	<u>112,998</u>
Cash and cash equivalents at end of year	<u>\$ 129,869</u>	<u>\$ 121,325</u>
Cash and cash equivalents shown on balance sheet as:		
Current assets: Cash	\$ 13,497	\$ 14,647
Restricted assets: Cash	<u>116,372</u>	<u>106,678</u>
Total	<u>\$ 129,869</u>	<u>\$ 121,325</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, 1999

ASSETS	Balances, July 1, <u>1998</u>	<u>Additions</u>	<u>Deductions</u>	Balances, June 30, <u>1999</u>
Cash	\$ 1,765	\$ 596,560	\$ 597,778	\$ 547
Accounts receivable - other	24	-	24	-
Due from General Fund	2,846	8	-	2,854
Due from other governmental agencies	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
Total assets	<u>\$ 4,685</u>	<u>\$ 596,568</u>	<u>\$ 597,852</u>	<u>\$ 3,401</u>
 LIABILITIES				
Accrued payroll	\$ -	\$ 428,659	\$ 428,659	\$ -
Income taxes withheld	771	57,096	57,044	823
Social security taxes payable	-	85,217	85,217	-
Other payables	<u>3,914</u>	<u>25,596</u>	<u>26,932</u>	<u>2,578</u>
Total liabilities	<u>\$ 4,685</u>	<u>\$ 596,568</u>	<u>\$ 597,852</u>	<u>\$ 3,401</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, 1999

	Balance, July 1, <u>1998</u>	<u>Additions</u>	<u>Retirements</u>	Balance, June 30, <u>1999</u>
General fixed assets, at cost:				
Land	\$ 190,888	\$ -	\$ -	\$ 190,888
Buildings	279,004	5,919	-	284,923
Improvements other than buildings	793,950	105,428	-	899,378
Equipment	<u>683,911</u>	<u>51,689</u>	<u>-</u>	<u>735,600</u>
Total general fixed assets	<u>\$1,947,753</u>	<u>\$ 163,036</u>	<u>\$ -0-</u>	<u>\$2,110,789</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	255,612	124,104	-	379,716
Federal revenue sharing funds	42,761	-	-	42,761
Other special revenue funds	877,819	38,932	-	916,751
Donations	<u>130</u>	<u>-</u>	<u>-</u>	<u>130</u>
Total investment in general fixed assets	<u>\$1,947,753</u>	<u>\$ 163,036</u>	<u>\$ -0-</u>	<u>\$2,110,789</u>



**BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.**  
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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

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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, 1999, and have issued our report thereon dated August 13, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Town's 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 an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 99-1.

**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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize

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



and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-2 and 99-3.

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 conditions described above are material weaknesses.

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

*Broussard, Roche, Lewis + Breau LLP*

Lafayette, Louisiana  
August 13, 1999

TOWN OF ERATH, LOUISIANA  
ERATH, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 1999

We have audited the financial statements of Town of Erath as of and for the year ended June 30, 1999, and have issued our report thereon dated August 13, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 1999 resulted in a qualified opinion.

Section I - Summary of Auditors' Reports

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

Internal Control

Material Weaknesses     Yes     No  
Reportable Conditions    Yes     No

Compliance

Compliance Material to Financial Statements     Yes     No

Section II - Financial Statement Findings

99-1 Public Bid Law

Finding: The Town violated the state public bid law by purchasing a police car during the year and not obtaining bids.

Recommendation: Procedures need to be established to ensure compliance with public bid law in the future.

99-2 Segregation of Duties

Finding: 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 1998 audit as item 98-1.

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

99-3 Accumulated Deficit

Finding: The General Fund has an accumulated deficit of \$19,002 at June 30, 1999.

Recommendation: The Town needs to establish procedures to better monitor spending to ensure that each fund is not spending in excess of its available resources.

# TOWN OF ERATH

Carla Richard, Town Clerk  
Brenda Brasseux, Utility Clerk

Keith Arceneaux, Mayor  
Robert Vincent, Mayor Pro-Tem  
John E. LeBlanc, Alderman  
Claudette C. Lacour, Alderwoman  
Robert Domingues, Alderman  
Carl Broussard, Alderman



90 JUN 27 11 52 20

115 West Edwards  
Erath, Louisiana, 70533

Phone (318) 937-8401  
FAX (318) 937-5932

July 26, 1999

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

Town of Erath respectfully submits the following schedule of prior year findings for the year ended June 30, 1999.

## I. Internal Control and Compliance Material to the Financial Statements

1998 Finding No. 98-1: Inadequate Segregation of Duties

This same finding is included in the current year's schedule of findings and questioned costs as Finding No. 99-2. The Town has provided as much segregation as possible with resources available.

## II. Internal Control and Compliance Material to Federal Awards

Not applicable.

## III. Management Letter

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

Sincerely yours,

TOWN OF ERATH

  
Keith Arceneaux  
Mayor



# TOWN OF ERATH

Keith Arceneaux, Mayor  
Robert Vincent, Mayor Pro-Tem  
John E. LeBlanc, Alderman  
Claudette C. Lacour, Alderwoman  
Robert Domingues, Alderman  
Carl Broussard, Alderman



Carla Richard, Town Clerk  
Brenda Brasseux, Utility Clerk  
115 West Edwards  
Erath, Louisiana, 70533  
9284 97 111 9:28  
Phone (318) 937-8401  
FAX (318) 937-5932

September 16, 1999

Dr. Daniel Kyle  
Legislative Auditor  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

Town of Erath respectfully submits the following corrective action plan for the year ended June 30, 1999.

Name and address of independent public accounting firm:

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

Audit period: July 1, 1998 through June 30, 1999.

The findings from the 1999 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

## Section II - Financial Statement Findings

### 99-1 Public Bid Law

Recommendation: Procedures need to be established to ensure compliance with public bid law in the future.

Action Taken: Procedures are now in place to ensure compliance with public bid law.

### 99-2 Segregation of Duties

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



Dr. Daniel Kyle  
Legislative Auditor  
September 16, 1999  
Page - 2 -

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

99-3 Accumulated Deficit

Recommendation: The Town needs to establish procedures to better monitor spending to ensure that each fund is not spending in excess of its available resources.

Action Taken: Procedures are now in place to monitor spending on a monthly basis.

If the Legislative Auditor has questions regarding this plan, please call Carla Richard at (318)937-8401.

Sincerely yours,

TOWN OF ERATH



Keith Arceneaux  
Mayor